If you are considering outsourcing in the Philippines, there may be a few things you should know first.

A few things that you should know before visiting

the Philippines

BPO Edition

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BPO Edition

Introduction

I have been working in the outsourcing industry in Asia for over 12 years, and the most important lesson I have learnt, is that providing outsourcing solutions can be very challenging. There are many moving parts, unexpected constraints and there are so many rules to follow.

Businesses that come to the Philippines with plans of creating their own workforce supply companies often underestimate the planning, processes and infrastructure needed to deliver a successful solution.

I have dealt closely with customers who have been remarkably successful, and others that have not been able to make it work. These experiences, good and bad, have taught me a lot about successful outsourcing, both as a provider and a consumer of workforce solutions.

I have written this book to share some of the things I have learnt while working in the outsourcing industry over the years. While it only provides a general overview, I think you may find it useful.

Lloyd

Lloyd Ernst
CEO, Cloudstaff

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Before we start

About this booklet

The purpose of this book is to provide general information for business managers and consultants that are exploring offshoring and outsourcing opportunities in the Philippines.

It contains observations, opinions, experiences and solutions from the author's point of view, and is intended to provide a general overview of the Philippines and challenges associated with doing business in the region.

About Cloudstaff

Cloudstaff was established in 2005 by Australian Internet pioneer and entrepreneur, Mr Lloyd Ernst. In 2010, Cloudstaff identified the Philippines as an emerging market for outsourcing services and expanded its operations to the region. As a result of the successful expansion, the company was able to extend its service offerings and grow its workforce.

Cloudstaff is committed to creating new and exciting careers for its staff, building great tools and services for its global client base, and the development of innovative technologies that will help shape the future of the outsourcing industry.

About StaffCentral

StaffCentral is Cloudstaff's customer portal. It provides an interface for managing remote teams, live reports, time management, leave tracking, and a number of other useful tools for staff management. StaffCentral is available to all Cloudstaff customers.

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About the Philippines

A few things you should know before visiting.

The Philippines has a rich past

The Philippines was a colony of Spain for about 377 years, America for around 48 years and Japan for about three years. In fact, even the British ruled Manila for a time.

The Philippines was named by Ruy Lopez de Villalobos, a Spanish explorer who named it Las Islas Filipinas in honour of King Philip II of Spain, originally referring to the islands of Samar and Leyte (until the Spanish colonised the entire group of islands).

During American rule, the group of islands became known as The Philippine Islands, the English version of Las Islas Filipinas.

Today, the Philippines is officially referred to as the Republika ng Pilipinas in Filipino, and Republic of the Philippines in English.

Some interesting facts about the Philippines

The Philippines was the first country in Southeast Asia to gain independence after World War II in 1946.

The Philippines has a current population of more than 103 million people, which makes it the 13th most populous country in the world. Its annual growth rate of around 2% makes it one of the fastest growing countries in the world.

The Philippine economy grew by 6.8 percent in 2016, according to the Philippine Statistics Authority (PSA), making it one of the fastest growing economies in southeast Asia.

Three of the top ten largest shopping malls in the world are found in the Philippines (SM Megamall, SM North Edsa, and SM Mall of Asia).

Over 11 million Filipinos work abroad, which is about 11% of the entire population of the country. Filipinos are the second-largest Asian-American group in the United States.

The capital of the Philippines is Manila. It is considered the world's most densely populated city, with a population of over 1,660,700 and an area of just 38 square kilometres (24 square miles). Its population density is about 43,079 people per square kilometre (55,446 people per square mile). The Greater Manila area (National Capital Region or NCR) has a population of over 26 million.

The Philippines is considered the "text messaging capital of the world". Everyday, 35 million Filipinos send about 450 million SMS messages, this is more than the total number of daily text messages sent in the U.S. and Europe combined.

A few things you should know before visiting.
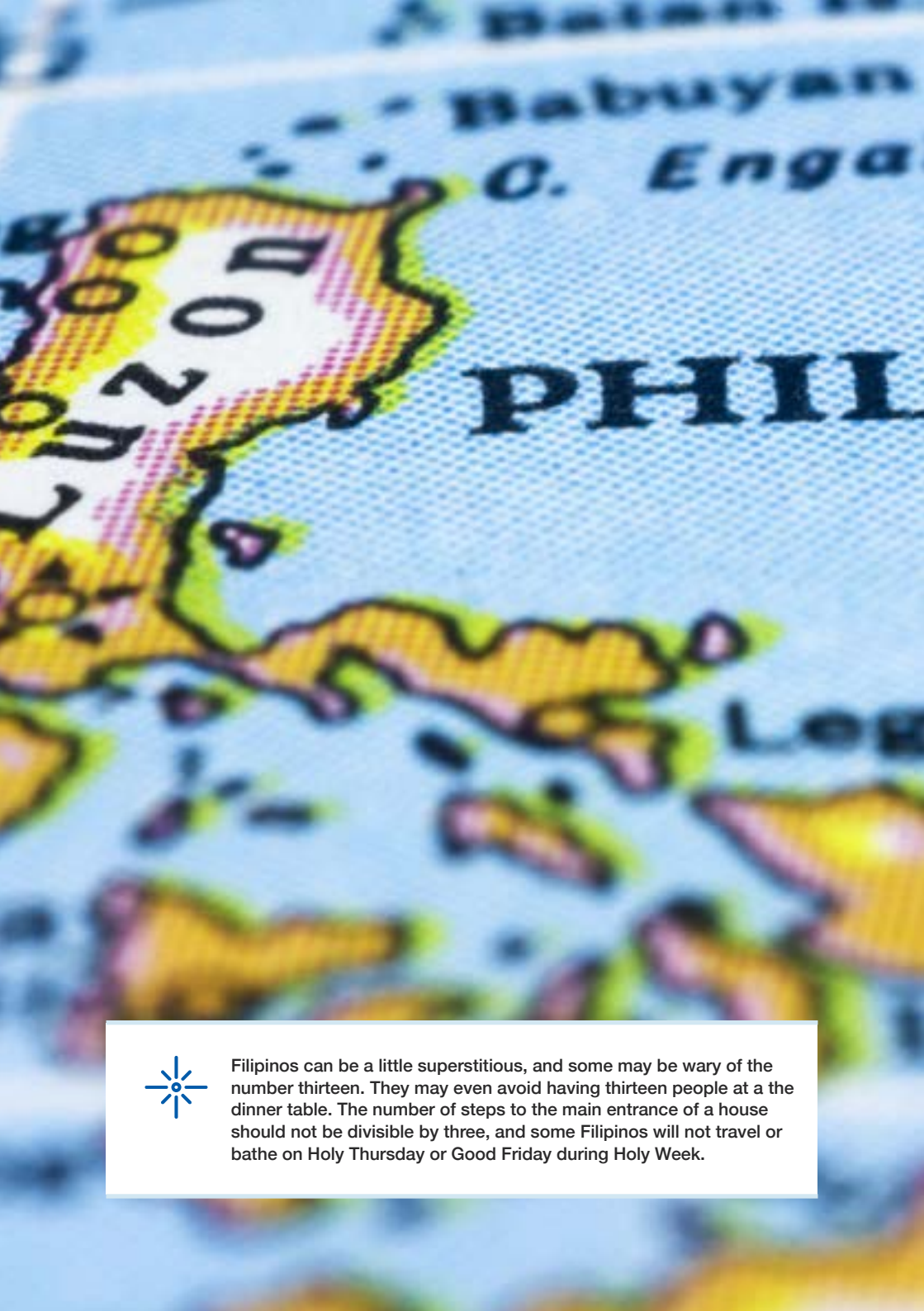
Filipinos can be a little superstitious, and some may be wary of the number thirteen. They may even avoid having thirteen people at a the dinner table. The number of steps to the main entrance of a house should not be divisible by three, and some Filipinos will not travel or bathe on Holy Thursday or Good Friday during Holy Week.

Over 7,600 islands make up the Philippines

The Philippines is made up of about 7,641 islands (only 2,000 are inhabited) which are divided into three major island groups, namely Luzon (North), Visayas (Central), and Mindanao (South).

Luzon is the largest island group in the Philippines, and is the economic and political centre of the country. Manila and Quezon City are located in Luzon, and it is home to 53% of the country's total population, about 52.9 million people.

Visayas, while being the smallest of the three island groups, is very popular with BPO companies and has a strong tourist industry. Cebu City is considered the main hub of the group. Visayas has a population of 19.4 million.

Mindanao is the second-largest of the three island groups. Davao City is the largest city in the group and home to President Duterte. Some parts of southwestern Mindanao are unstable, with a history of insurgency and separatist movements. Mindanao has a population of 21.9 million.

A few things you should know before visiting.

The island of Palawan has been named as one of the best islands in the world by many popular travel publications, thanks to its spectacular natural beauty. Visitors can enjoy the white sand beaches, beautiful lagoons, and go island hopping. It is known for its incredible scuba diving and is home to the second longest underground river in the world.

The ten largest cities

Of the ten largest cities (by population) in the Philippines, six are in Luzon. They adjoin each other and merge to form one large continuous built up area.

City Name	Population	Geography
Quezon City	2,936,116	North
Manila	1,780,148	North
Davao City	1,632,588	South
Cebu City	922,611	Central
Zamboanga City	861,799	South
Taguig	804,915	North
Antipolo	776,386	North
Pasig	755,300	North
Cagayan de Oro	675,950	South

Cloudstaff's StaffCentral portal provides detailed information on all Cloudstaff operation centres. It can be used to access an overview of the geography, security and features of each centre. It also provides useful staff-centric information, including specializations and availability, housing availability, transportation options, and average staff travel time.

Ayala avenue in Makati City

The weather is typically hot or wet

The Philippines is generally a warm, wet country with the average maximums between 26-30° Celsius (78-86° Fahrenheit) all year round. While there are technically only two seasons, Rainy and Dry, the Dry season is subdivided into Cool and Hot.

Most rain falls between June and November, but due to its location in the typhoon belt, it is not uncommon to experience prolonged rain in other times of the year too. Excessive rain can cause many issues including power outages, travel delays, supply issues, and residential flooding.

The Dry Hot season (March to May)

This season is the equivalent of Summer in many other countries of the world, it is the hottest of the seasons. The sky is at its bluest and the water at its clearest during this time of the year. It is known locally as Tag-init.

The Rainy season (June to November)

While the rainfall peaks during this season, it isn't always torrential rain, and days can be hot and sunny, with short, intense downpours. It is known locally as Tag-ulan.

The Dry Cool season (December to February)

Don't be fooled, the Cool season is not that cool, it is just less hot (well, from an Australian's point of view). Typically, it is just a few degrees cooler than the Hot season. It is known locally as Tag-lamig.

A few things you should know before visiting.
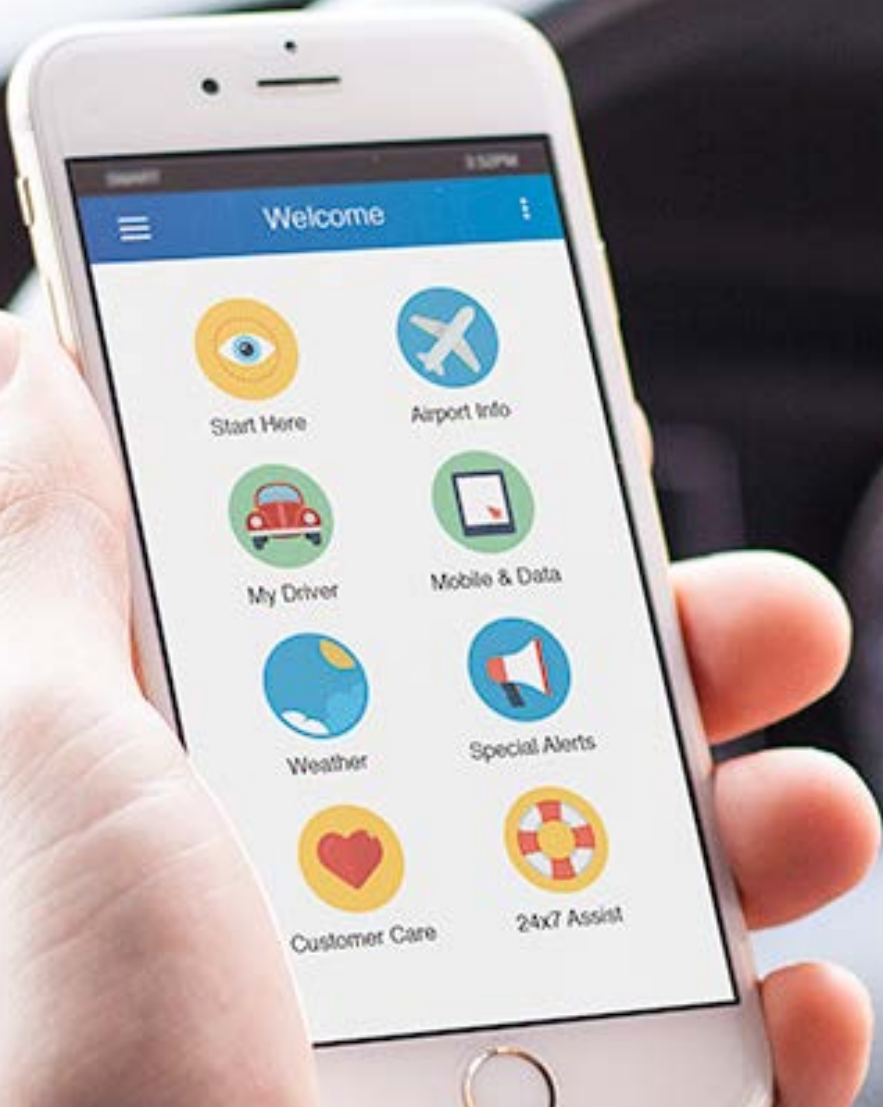
Keeping staff updated on weather conditions, natural disasters and other events that might affect their safety is vital. Cloudstaff Tap is a mobile application that provides staff with up-to-date information on weather conditions and safety issues. Staff can also use the app to report travel delays and notify managers if they are going to be late.

The people and culture

A few things you should know before visiting.

The people are friendly

The Philippine people are generally called "Filipinos", although the women may be referred to as Filipinas.

The people are known for their incredible resilience, hospitality and their "don't worry, it will be OK" attitude. They are very welcoming to local travelers and foreign visitors. You will not have to look far to find a smile or a wave.

Filipinos are very generous, and on special occasions, there is usually lots of food prepared for family, friends, friends of friends, and pretty well everyone else. They are such generous hosts that sometimes they will borrow money just to entertain guests on these occasions.

When I first came to the Philippines, I was told that if a farmer was saving his last sheep from the flood, while carrying it on his back through the swollen waters, he would still find time to give you a warm smile and a wave. While I have never actually experienced that scenario, I have found this general sentiment to be true.

Religion is important

The Philippines is the fourth largest Christian country in the world, with about 90% of the population are practicing Christians. It is one of the two predominantly Roman Catholic nations in Asia.

In many cases, people's priorities in life reflect the cultural and spiritual importance of religion. For many people, faith is often their primary priority, and is followed by family, work and self, in that order.

Holy Week (Easter) and Christmas are particularly important in the Philippines. You may not see many chocolate eggs over Holy Week but churches will be full, and there will be many street processions. Christmas is also a very important religious event, with people making the most of the occasion to celebrate this special event with family and friends.

You may need to plan your business activity around religious holidays and special occasions, as staff may want to spend this time with their loved ones.

Keeping track of Philippine holidays and special events can be challenging. Cloudstaff's StaffCentral portal provides complete visibility of staff holidays and important dates, allowing you to plan your work tasks accordingly.

Family is important

In the Philippines, the local culture places enormous emphasis on the family unit. Everyone has responsibilities and contributes what they can, regardless of age or gender. This is known as the extended family structure, and is the reason you may find several generations and families living in the one home.

The achievements of loved ones is widely celebrated. Staff may request time off to attend the graduation ceremony of a child who has just completed Year Two at school.

The family structure also provides support for the sick and the old. It is rare for Filipinos to place their parents in an aged care facility. Normally, the eldest child or, the child with sufficient means, will take responsibility for the care of their parents. Staff may leave a well-paying job to return home and look after the family farm or business if that is what the family needs.

In the early days of Cloudstaff, we noticed reliable staff would sometimes be absent without giving any prior notice. We found the cause was usually an important family event. We were able to resolve this matter with education, policies, and the creation of a special team who work with our staff and customers to ensure we can accommodate these special needs.

Respect & appreciation

Respect and appreciation are ingrained in Philippine culture, and very important in the workplace. Acknowledging and communicating with staff in a mindful, respectful manner, contributes to job satisfaction, staff retention, and improved outcomes. You should never belittle or berate people publicly.

A job title is a very important part of worklife in the Philippines, it provides a sense of purpose, status, and commands respect. Choosing job titles should be taken seriously. In some instances, they are even more desirable than pay increases (of course these things often come together).

Certificates and awards are prized possessions. They are often framed and kept on display. Verbal praise is also a very important way for managers and team leads to show their appreciation.

Pasalubong is the act of gift giving. Once, this practice was closely tied to travel, however, now it is a little more general. Small gifts are given to show your staff, workmates, friends, and family you care.

One way Cloudstaff shows appreciation to staff is the "Dream Card" reward program. Staff are rewarded with points for attendance, event participation, or work achievements. Once enough points have been collected, they can be redeemed in the "Dream Store", used in Cloudstaff vending machines, or presented to get discounts from preferred suppliers.

Filipino time

Philippine culture tends to treat schedules as a vague guideline instead of an exact time of day. This is affectionately known as "Filipino Time". Often, a 9am meeting may start at 10am. It is generally understood that time is just an approximation in the Philippines.

This, of course, is a significant departure from Western time, which is much more precise and much less forgiving.

Filipino time has a compounding effect on schedules. If you are making appointments, there might be an advantage in scheduling them earlier in the day. If you are attending appointments, you may find it is better to schedule them in the afternoon to reduce delays that may impact the rest of your day.

If staff request time off for an appointment, there is a good chance the appointment they are attending will start late. This needs to be taken into account when granting part time leave requests.

Cloudstaff is a Western company and punctuality is a critical part of every role. The StaffCentral portal provides Cloudstaff customers with complete visibility of their staff's shift commencements, their breaks, and their shift completion. These tools reinforce the importance of time accountability.

Filipinos love music

It is an understatement to say that Filipinos love music. Whether you are in the biggest city, or the smallest village, you will always find someone singing or dancing.

Karaoke is everywhere, with many Filipino homes having their own karaoke machine. Karaoke bars are everywhere too, and are usually open until the early hours of the morning. Philippine's Karaoke is largely non-judgemental, but the louder you sing, the better the audience will respond.

Live music is also very popular. You can go out any time and find incredibly talented performers and musicians playing in great venues. Singing, dancing, and performing seems to be a part of Filipino DNA.

Music is part of Cloudstaff culture too. Cloudstaffers can use the CS Radio mobile app, or their web browser to tune in to one of our three professional radio stations. In addition to this, we have four karaoke lounges (where you might find me singing occasionally), three music clubs and an incredible End-of-year Music Festival which features some of the biggest artists in the Philippines, and of course, our own super-talented Cloudstaffers.

Cloudstaff Rockfest II

The language

A few things you should know before visiting.

Filipino is the national language

The constitution states that Filipino is the national language of the Philippines, but for purpose of communication and instruction, the official languages are Filipino and English.

Spanish was the national and official language of the Philippines for more than three centuries under Spanish colonial rule. Today, there are some 175 languages and dialects in the country.

Most people consider Filipino and Tagalog to be the same language, while they are not, Filipino is almost completely composed of the Tagalog language. For the purpose of simplicity, they are grouped together.

Language	Native speakers
Filipino/Tagalog	26,387,855
Cebuano	21,340,000
Ilocano	7,779,000
Hiligaynon	7,000,979
Waray-Waray	3,100,000

Cloudstaff has an English First policy in the workplace. It encourages better communication and provides a wider range of exposure to less common words and phrases. However, we do find in some specialist areas, it can be an advantage to allow staff to use their preferred native language to ensure efficient and direct communication.

English is embedded in the culture

English education began in the Philippines in the early 1900s after the arrival of some 540 teachers from the United States of America. English quickly became the preferred language of the Philippine Government, Education system, and Legal system.

English was also widely adopted for public signage, newspapers and magazines, and literary writing. A recent survey indicated that 65% of the population claim the ability to understand spoken and written English.

Most of the staff employed in the BPO industry are university educated, and have excellent English language skills, however, you may find that the general population have varied levels of English comprehension.

Cloudstaff has a dedicated training team that develop programs designed to enhance the skills of staff and provide added benefits to customers. One of the most popular courses we offer is our Public Speaking program. While this course teaches general communication, annunciation, and interaction skills, it also focuses on building confidence and helping staff understand international slang.

The trouble with accents

The Philippines has embraced English as one of its official languages. As a result, when doing business in the Philippines, you will not experience the communication blockages associated with countries like China and other Asian nations.

Filipinos often find American accents are easier to understand than Australian or British accents. This is due of the exposure to US English over many years through television, movies and education.

If you are having trouble being understood, you can follow these simple tips to help improve communication:

- Be clear and direct;
- Avoid merging syllables or running words together;
- Speak at a reasonable speed;
- Speak distinctly, not loudly;
- Do not over-emphasise non-key words;
- Have a clear break between abstract concepts;
- Be prepared to explain colloquialisms, sarcasm, and sporting analogies;
- Remember that your language may contain local flourish or slang that may not be recognised internationally;
- Don't use ten words when two will do; and
- Understand that even if someone does not understand you, they may respond with a nod and a "Yes".

> When speaking rapidly to people who are not fluent in English, you may find that they pick out keywords and extrapolate the meaning. I would frequently greet people with "How are you going?". The response was often, "I am going over here".

"Yes" does not always mean "Yes"

Filipinos, like most cultures, consider 'saving face' very important. When asked a question that is not fully understood, or they are uncertain of the answer, you may get a polite 'yes' rather than the more accurate 'no'.

False affirmative responses may occur for a number of reasons, including:

◻ They did not hear you correctly, and do not want to ask you to repeat yourself;

◻ They may be too embarrassed to admit they do not fully understand what you are saying;

◻ They may not want their peers to know that they did not understand what you were saying; or

◻ They may be trying to avoid confrontation, especially when a superior is involved.

There are many non-verbal cues that indicate whether you are getting a false affirmative response, but just keep in mind, until you develop a good rapport, you may have to choose the way you phrase some questions carefully.

> The StaffCentral portal is a valuable tool for Cloudstaff customers. It contains many hints, tips, tools and other resources that are designed to help resolve common issues like these.

This is definitely a "Yes"!

The economy

A few things you should know before visiting.

The currency is the Philippine Peso

The "Philippine Peso" is the official currency of the Philippines. Notes are issued in denominations of 20, 50, 100, 200, 500 and 1000 pesos. Coins are issued in 1, 5 and 10 peso denominations. There is a smaller denomination called a "Centavo" but they are rarely used.

USD to PHP

SOURCE: XE.COM

You can change your currency at any of the many currency exchange establishments, but check the exchange rate first.

When visiting Cloudstaff, customers are assigned a Customer Care Representative for the duration of their stay. They can assist with many tasks including exchanging currency, helping with general office requirements and even being a great tour guide!

The economy is strong

The Philippine economy, one of the Tiger Cub economies[1], is currently the fastest growing economy in Southeast Asia, and 36th largest in the world. Propelled by a culture of hard work and an investment in education, it is expected to become the 16th largest economy by 2050.

Philippines GDP Annual Growth Rate (%)
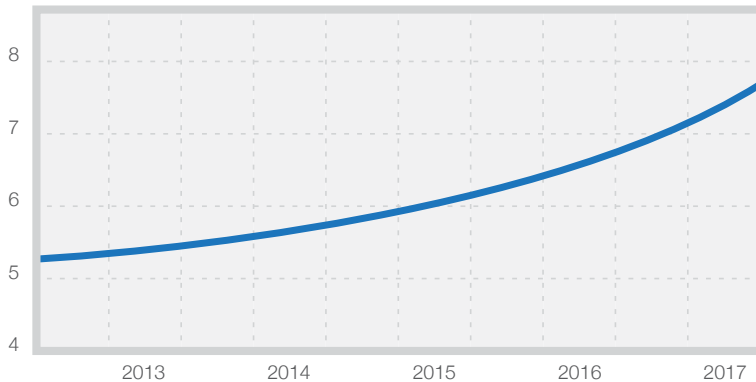
SOURCE: PHILIPPINE NATIONAL STATISTICAL COORDINATION BOARD

The growth is fueled by the business process outsourcing (BPO) industry which in turn is spawning a growing middle class. Despite the exceptionally strong growth, inflation is tightly managed and is currently running at 3.8%. However, the growth increases demand for highly skilled workers, especially professional-level employees.

1. The four Southeast Asian economies of Indonesia, Malaysia, the Philippines, and Thailand. Tiger cub economy indicates that these economies are on a similar, albeit slower, growth trajectory as the original Asian tigers: Hong Kong, Singapore, South Korea, and Taiwan.

A few things you should know before visiting.

A strong economy results in inflationary and competitive pressures on local staff salaries. Cloudstaff strives to deliver a yearly efficiency dividend to customers by providing ongoing staff training, upgrading skills and development of tools that add value for the customer.

Labour costs are low

Labour costs in the Philippines are amongst the most competitive in the world, most significantly at the professional level which represents 40% of the workforce. Based on projections, it is expected to remain one of the most cost-effective workforces in the foreseeable future.

Global monthly labour cost projections (2030)
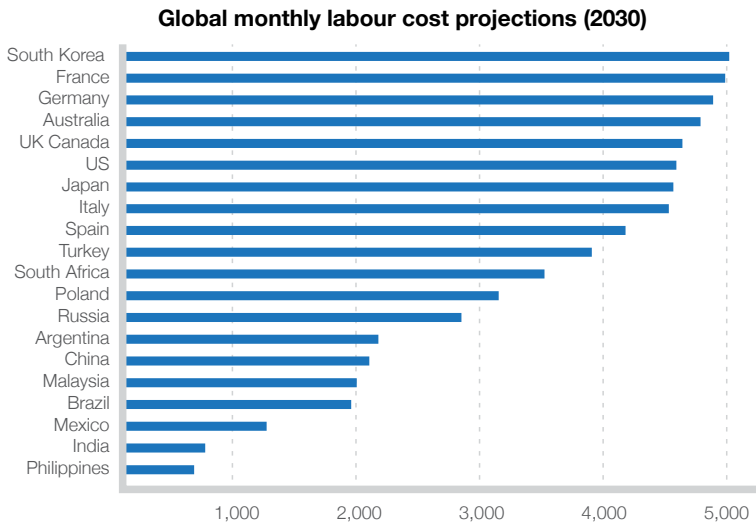
SOURCE: ILO, IMF, PWC ANALYSIS

While in most countries, aging populations and shrinking workforces are driving salaries higher, the Philippines is seeing an increase in highly educated workers and a reduction of the average age of the workforce.

The StaffCentral portal provides the tools for customers to benchmark staff salaries and compare them with other teams and other general workforce.

Not everything is cheap

While some things may be cheaper (labour, rent, alcohol), many things will still have a premium price tag (technology, medicine, shoes and clothing). Western products come with Western prices. If you are expecting everything to be cheap, then you are going to be disappointed.

	Manila	New York	Sydney
Apple iPhone 7	$1,069	$869	$1,076
Starbucks Coffee	$4.14	$5.95	$4.70
Electricity (per kWh)	$0.50	$0.14	$0.16
50Mbps Internet	$2,700	$439.99	$644
Dell PowerEdge	$3,031	$2,493	$2750
Max-E-Therm Heat Pump	$3,645	$2,187	$2,343

Prices shown are in USD. This data has been sourced from various suppliers and prices may vary. Where possible, the same suppliers were used for all three costings. This data is an approximation designed to illustrate the relative pricing of similar products in different locations.

You may need to use cash for purchases

Always be prepared to settle an account in cash. There are many reasons your credit card may not be successfully processed, communication and bank connection errors are quite common. If a credit card terminal fails, it could be offline for a week or two while waiting to be serviced.

Some businesses may only accept bank transfers or cash, ensure you have the provisions to make these types of payments.

All of that being said, one of the largest credit card purchases I have made in the Philippines was purchasing a Honda City (the major prize for a recent end-of-year event) and it went without a hitch. Interestingly, when the bank representative called to verify the transaction, they had family working at Cloudstaff, and wanted to know if any positions were available.

Supply chain challenges

The supply chain in the Philippines may differ from what you are used to in most Western countries. Supplier details, stock control data, reordering statuses, and re-supply information is often unavailable to staff. They have no way of knowing when, or even if the next shipment is coming in. If you see it, buy it!

Also, you cannot rely on expected delivery dates for items you order, even if you have paid for them in full. The new laptop you purchased may not arrive on the expected delivery date, it could be days, weeks or even months late.

Product warranty can suffer from supply delays too. While most products have warranty, they are often actioned by external suppliers. Sometimes, it can be months before warranty claims are returned, even on big brand products.

To help reduce supply chain frustrations, the StaffCentral portal can be used to manage purchases for your staff. It allows Cloudstaff customers to upgrade PCs or purchase common items, like keyboards, headsets and monitors. It will even provide estimated delivery times based on stock levels, some items may be delivered in as little as 15 minutes.

Education

Strong education sector

The Philippines has a very active tertiary education sector. Over half a million graduates join the labour force each year.

> There are over 2,300 higher education facilities in the Philippines, and education has become a very high priority for many Filipinos. Education is providing new opportunities for students, particularly in the areas of technology and business.

Education is incredibly important in a country's development. In fact, the quality of the education system may be one of the best predictors of a strong economic future.

Cloudstaff is very active in higher education, partnering with many of the learning facilities in the region to provide technology, expertise, support, training, and careers for many talented students. And our commitment does not stop there, we have worked with universities to develop subjects based on Cloudstaff IP and processes, preparing the students with real-world experience, and practical applications.

Discipline (2014-15)	Graduates
Business Administration and related courses	142,061
Medical and Allied disciplines	110,280
Information Technology	68,178
Education and Teacher Training	65,092
Engineering and Technology	61,786
Other disciplines	26,298
Maritime	18,725
Social and Behavioral Science	13,144
Agriculture, Forestry, Fisheries and Veterinary Medicine	9,109
Service Trades	8,283
Mass Communication and Documentation	6,153
Humanities	5,362
Natural Science	4,171
Law and Jurisprudence	2,870
Architectural and Town Planning	2,268
Mathematics majors	2,094
General courses	1,863
Religion and Theology	1,280
Trade, Craft and Industrial	403

A few things you should know before visiting.

Getting around

A few things you should know before visiting.

Plan around the traffic

Travel in Manila is unpredictable at best. A trip might take an hour one day and seven the next. A journey between Makati and Ortigas can take from 20 minutes to three hours, and a trip from Makati to Clark (108km) can take from one to seven hours (up to 17 hours during wet season). At a recent concert in Manila, it took three hours just to get out of the car park at 11pm at night.

You have to plan your day and meetings around locations, times, peak hours, holidays and special events. A good driver will know when, and when not to travel.

Cloudstaff's transport partner has a team of professional drivers who know the traffic intimately. They are experts at predicting typical traffic behaviour, however, I once travelled seven hours for a seven minute meeting. My advice is, have a car with lots of space, a phone, laptop, charger, a bunch of snacks, and be prepared.

Using Uber or taxis

Uber is available in Manila but is not currently operating in Clark or Cebu (at the time of production). The main disadvantage with Uber is unpredictable traffic. Getting a car in peak hour can sometimes be very slow. A driver might be 500m away from you, but the estimated pickup time could still be 20 to 40 minutes.

Taxis are fairly reliable, but you should still have a good idea of where you are, and where you are going. It is also a good idea to get an estimate of the cost before you start your journey. The most common complaint about taxis is the cleanliness and condition of the vehicle. Also be aware of scams, people in business attire might be a target.

A few things you should know before visiting.

Should you drive yourself?

Unless you have a lot of experience driving in Philippine traffic, and have a good knowledge of the areas you are travelling in, then you should probably avoid driving yourself. Unexpected road closures, upgrades, dense traffic, and general driving culture can be stressful and challenging for inexperienced drivers.

If you choose to drive yourself, be aware that traffic conditions and enforcement can be unpredictable, and in the case of an accident, sometimes determining who is at fault can be difficult. Road rules can be summarised as "mostly right".

If you are relying on GPS navigation, you might find that due to connectivity and latency issues in transit, WAZE and other navigation software may not always be reliable. You will still need to have a basic idea of where you are going.

Many parts of the Philippines use a system of plate coding to reduce traffic congestion. Driving restrictions apply on certain days depending on your registration plate number. The coding system varies between regions, so remember to check before you drive.

Hiring a car and a driver

If you are fairly new to the Philippines, and do not have a lot of experience with the local traffic, you should consider hiring a car and driver as a package.

You can hire a car and driver on a daily basis, and the costs are relatively low, especially when you consider the benefits of not having to deal with the unpredictable traffic, unexpected road closures, diversions, and getting lost.

Rather than wasting your time being stuck behind the wheel of a car in traffic, you could be relaxing, having a nap, or catching up on your email.

Cloudstaff Guest Services can provide Cloudstaff customers with a driver and car for the duration of their stay. Customers then use the Cloudstaff Tap mobile app to keep in touch with their driver to organise pickup times and locations. Tap can even help them find their way to the office or their accommodation.

Other forms of transport

If you are looking for a bit of adventure, you could try one of the other common forms of transport in the Philippines.

Jeepneys

Jeepneys are the most popular and cost-effective form of transport in the Philippines. They have their own set routes and operate a little like public transport. You hail jeepneys by raising your hand to get the driver's attention, although some drivers may just stop to see if you want to hop in.

On boarding a jeepney, you pay a small fare, which is usually passed from passenger to passenger until it gets to the driver. Make sure you have small notes or coins, fares are cheap and they carry limited change. Once you have paid, just sit back and enjoy the trip. When you get to your destination you say "Para", which means "Pull Over" or "Stop".

Tricycles

Tricycles are a great way to travel short distances. Unlike jeepneys, Trikes do not have set routes, you travel point-to-point. The fare depends on the location, the distance and whether it is shared or dedicated. You should always agree on a price before departure. You can always find an alternative driver if you can't agree on a fair price. Trikes are subject to some travel restrictions, check with the driver if you are unsure about your route.

Buses

If you are traveling long distances, you may consider taking a bus, but understand that the buses are not always air-conditioned and can be a little crowded. Bus terminals can also be a little confusing, with so many buses and no clear instruction as to which bus to take.

General information

A few things you should know before visiting.

Smartphones are the personal computer of the Philippines

For many people in the Philippines, the smartphone is their personal computer. There are a number of reasons for this but the most common is affordability. Purchasing a phone is a significant financial commitment, and many people can not afford both a PC and a smartphone.

User requirements are also a driving factor. Modern smartphones are very capable devices. For many people, these devices meet their needs for entertainment, communication and even document creation and editing.

While most people would love to own the latest iPhone™ (often considered a status symbol), Android™ has the majority share of the market due to the lower cost of ownership and a less restrictive application model.

Because of the popularity of smartphones, Cloudstaff has committed to a mobile first strategy. All the technology we develop is designed to deliver a complete experience on all modern internet-enabled mobile devices. All our staff have access to the information and services needed to perform their job via their mobile phone. The Cloudstaff mobile app allows staff to check their schedule, order phone credit, order lunches, book a meeting room, request support, and much more.

Food and water

The Philippines is known for its diverse cuisine. It has been influenced by countries like Spain, China, France, the United States, and other parts of Asia.

Some very popular local dishes are Adobo (meat or poultry marinated in soy sauce), Dinengdeng (a vegetable soup with a shrimp paste base), Sisig (a traditional snack, normally taken with beer in hand), Kare-kare (oxtail stew), and Estofado (a deep-fried meat dish served with potatoes). While in other parts of the world, rice is considered a side dish, in the Philippines it is considered a staple of every Filipino diet.

For dessert, save room for flan, sweetened rice cakes, ambrosia salads, caramel custards, and the legendary halo-halo.

Drinking water

You should only drink bottled water from reputable vendors (some street vendors may refill empty bottles). Tap water, even in larger cities, is not always suitable for direct consumption. Because of the risk of contracting amoebiasis, where possible, you should only drink bottled water. If you must drink tap water, you should boil it for at least 5 minutes before use.

Buko (coconut) juice is also safe (and pretty delicious). It is a great drink, and in many places the fresh coconut is opened and served on the spot.

White rice is such a big part of the country's diet, that the government mandated a Rice Allowance as a part of standard employee benefits. The rice allowance is a required inclusion in a staff wage package, and it is non-taxable.

There is no Responsible Service of Alcohol (RSA) program

There is no Responsible Service of Alcohol program in the Philippines. Restaurants, hotels, and bars may be generous with the spirits, since they are often cheaper than the mixer. Enjoy your drinks, but keep in mind that they may be a little stronger than you are used to.

Excessive alcohol consumption is one of the primary causes of serious incidents for foreigners in the Philippines.

About bathrooms

While the Philippines does not have squat toilets like many other places in Asia, you may find the toilet tissue is kept on a dispenser outside the stalls, or there might be no toilet tissue at all. Be prepared, it might be a good idea to carry some with you, just in case.

While toilets (locally known as comfort rooms or CRs) in shopping centres and hotels may make you feel right at home, in smaller venues and businesses, you might find there is a little less privacy than you are used to.

Not all bathrooms are free to use. From time to time, you may find bathrooms that have an attendant or a tip box. Sometimes, you may be expected to leave a small contribution towards the costs of cleaning and maintenance of the facility.

A few things you should know before visiting.

About tips and giving money

Because wages for many service staff are low, tips are an important component of their income. Tipping is entirely up to your discretion. However, it is typical to leave a 10-20% tip in most restaurants.

Street vendors don't usually expect tips, but if you choose to leave one, it would be very well received. It is also typical to offer parking and bathroom attendants a small cash bonus for their efforts. You do not normally tip staff at Western-style supermarkets and department stores.

If you are asked for money on the street, be very careful about giving cash, particularly to children. If the word gets out, you might find yourself surrounded by people asking for money. If you would like to give something, consider offering food instead.

Armed guards are everywhere

For visitors to the country, one of the first things that you will notice is that there are armed security guards almost everywhere. You'll find security guards posted at banks, malls, stores, restaurants and cafes, hotels and many other businesses.

When you enter a mall or a car park, security guards will check your vehicle and your bags, and maybe even pat you down. This is standard procedure and a requirement for entry to many places.

While the presence of security guards is primarily to deter criminals, they perform a wide range of tasks and are very polite and helpful. If you have a question or need a hand, don't be afraid to ask.

Cloudstaff post security guards at all entry and exit points. Our guards are specifically trained for the tasks they perform, and are equipped with technology and tools that help streamline our security processes, and deliver a better experience for our customers and guests.

Don't flash your bling

When visiting the Philippines (or any emerging economy), it is a good idea not to attract too much attention. Wear casual attire and leave jewelry at home or in your hotel safe when possible.

If you are going to carry valuables, keep them in a bag or satchel with a zipper. It is best to carry your bag on your side or your chest, and make sure it is always zipped up and secured.

You should also consider carrying your phone and wallet in your bag or your front pockets. While having your pockets picked is unlikely, why take the chance?

If you are visiting Asia for the first time, the Philippines can be a little daunting. Cloudstaff Guest Services assign dedicated staff to our guests for the duration of their stay to ensure an enjoyable, trouble-free visit. They are available to accompany guests when shopping, going out to dinner or doing tourist activities. Cloudstaff Guest Services are available 24x7.

Carry emergency contact details with you at all times

Ensure you have valid ID, emergency contact numbers and details of any medical conditions or allergies with you at all times during your stay in the Philippines. Not doing so may result in delayed medical care in the event of an emergency.

If you are unconscious, medical staff may not have access to vital emergency information, including next of kin and method of payment. If this information is not available, medical treatment may be withheld.

Cloudstaff visitors are asked to provide all relevant emergency information prior to arrival. Upon arrival in the Philippines, they are presented with a personal emergency contact card that contains all vital emergency details. Medical staff can also call Cloudstaff's 24x7 Priority Line for any additional information they may need.

IN CASE OF EMERGENCY

Name
Cloudy Cloudstaff

Allergies
Vegetable fats and batter

Birth (DD/
05/09/

Blood Typ
Red

Emergency Contacts
Cloudstaff 24x7   0917 348 0207
Cloudstaff HQ   0999 972 6168
Goosey Loosey   0123 456 7890

Insurance Details
The Other Side Inc.
Foxy Loxy
PLSDONT8ME

this card with you at all times while in the Philipp

No fixers

A fixer is somebody who makes special arrangements to expedite desired outcomes, often through unlawful methods, in exchange for a fee (bribe). It may be tempting to pay under the table to get a favourable decision or outcome, but it is not worth the risk.

Fixers are illegal, the Anti-Red Tape Law of 2007 (R.A. 9485) imposes stiff penalties on fixers including prison sentences and large fines. You could even be charged in your home country for paying bribes to officials in foreign countries.

A few things you should know before visiting.

Successful outsourcing

The challenges of running a BPO

According to the Offshore and Outsourcing Directory (2016), approximately 75% of all BPOs in the Philippines have less than 500 staff. This is made up of two primary groupings, companies with 1 to 100 staff (about 40%) and companies with 101 to 500 staff (around 35%).
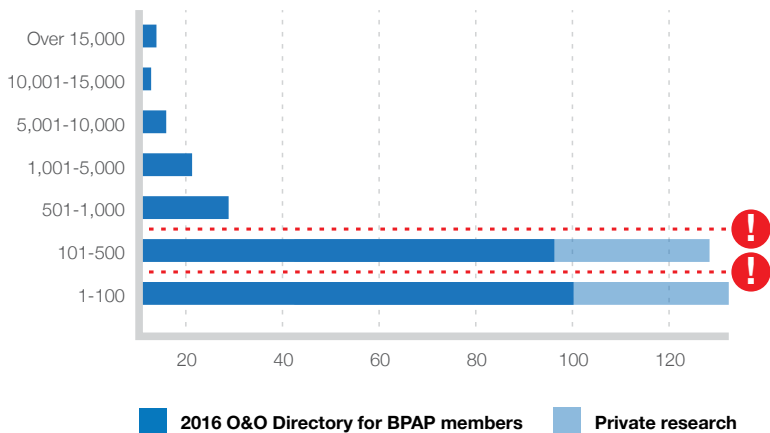
Running any business can be difficult, but when growing a BPO business, the challenges increase exponentially, because the business needs to support multiple office locations, operate 24x7, and offer multi-lingual support.

As a BPO scales, there are a number of significant pain points that can cause massive disruption to the growth and sustainability of the business. Failing to address these pain-points can prevent the future growth of the BPO, or cause it to fail entirely.

Trigger	Challenge
100 employees	The BPO no longer has sufficient management expertise on the ground for the number of staff.
400 employees	Lack of systems and processes cause operational issues with billing, payroll, recruitment and other core services.

A few things you should know before visiting.

Number of BPOs in the Philippines vs staff numbers

Staff numbers	
Over 15,000	
10,001-15,000	
5,001-10,000	
1,001-5,000	
501-1,000	
101-500	
1-100	

20   40   60   80   100   120

■ 2016 O&O Directory for BPAP members   ■ Private research

SOURCE: 2016 O&O DIRECTORY FOR BPAP MEMBERS

Why outsourcing fails

There are no shortage of stories about failed outsourcing attempts, many companies have simply been unable to make it work. A successful outsourcing partnership requires both a proven outsourcing partner and a commitment from the customer to invest time in training, processes, and staff engagement.

Choosing your outsourcing partner

Having a great outsourcing partner is not enough to guarantee success. You must commit the appropriate time and resources to ensure your staff are well trained and have the tools they need to perform their assigned tasks. When you engage with your team, you will usually see increases in their job satisfaction, loyalty, and outcome delivery.

Creating a great remote team does require some effort, especially in the early stages, but the benefits quickly become apparent.

Commitment to the team

Having a great outsourcing partner is not enough to guarantee success. You must commit the appropriate time and resources to ensure your staff are well trained and have the tools they need to perform their assigned tasks. If you engage with your team you will usually see increases in their job satisfaction, loyalty, and outcome delivery. Creating a great remote team does require some effort,especially in the early stages, but the benefits quickly become apparent.

A survey of real outsourcing customers revealed that:

- ❑ 58% failed on their first attempt to outsource;
- ❑ 62% failed to meet acceptable productivity levels;
- ❑ 78% found it took longer to setup than expected;
- ❑ 74% found it cost more than they expected; and
- ❑ 11% lost their initial investment.

Survey of businesses that toured the Cloudstaff facilities Philippines between 2013 and 2016.

A few things you should know before visiting.

Common failures

Lack of processes

For outsourcing tasks to be efficient, a clearly defined process needs to be created, evaluated, and refined (a page of bullet points is not a clearly defined process).

Insufficient training

Training is vital for success. Some companies train staff for up to three months prior to active engagement.

Lack of domain specific knowledge

Customers assume that because staff have good English they have understand the customer's industry.

Low productivity

Customers need to engage with their staff and make their expectations clear.

Cultural Imbalance

Western managers may not understand culturally sensitive situations.

Inability to find the right staff

Customers did not realistically define the role they needed. Some customers have unrealistic expectations from the candidates.

Technology issues

General technology and connectivity issues can prevent even the most efficient staff from performing their tasks. You need to check that the BPO can provide the technology required for staff to do their jobs efficiently, with minimal downtime.

Difficulty retaining staff

Staff retention is both the responsibility of the BPO (retention programs, issue resolution, work environment, general management, general training) and the customer (wages, workload, working conditions, team management, specific training).

Tips for successful outsourcing

While there are many approaches to creating a successful outsourcing business, most are based on the same core methodology. Decide what you want to do, know how you are going to do it, understand the risks, and maintain your momentum.

Steps for creating a successful outsourcing company:

- ◻ Develop your own strategy and vision.
- ◻ Clearly define the services you aim to deliver.
- ◻ Consider how you will achieve your goals (including choosing your management structure and your staff acquisition/retention strategy).
- ◻ Understand the issues around managing your infrastructure and technology layers.
- ◻ Plan how you will acquire, construct, and manage core assets.
- ◻ Manage the enterprise risks, compliance, remediation, and resiliency.
- ◻ Manage external relationships.

Choosing your outsourcing model

There are five general outsourcing models, each with its own advantages and disadvantages. Implementations may vary, and sometimes more than one model is used to deliver a wider service offering.

Homebase

You provide and manage the staff. The staff provide the workspace, equipment, and infrastructure (usually a small home office or bedroom).

Outsourcing (Task)

You provide tasks only. The vendor delivers defined outcomes based on the tasks you provide.

Seat Leasing

You provide and manage the staff. The vendor provides the workspaces, equipment and infrastructure.

Staff Leasing

You manage the staff. The vendor provides the staff, workspaces, equipment, infrastructure, administration, office support, and human resource functions.

Captive (Build-Operate-Transfer or BOT)

The vendor initially provides and manages the staff, workspaces, infrastructure, and administration. Once your team is stable, you assume full ownership of the team and office environment.

Captive (Scratch)

You provide and manage the staff, workspaces, infrastructure, administration, office support, and human resource functions.

A few things you should know before visiting.

Captive service is a portion of business process outsourcing where an organisation will use a wholly owned subsidiary instead of a third party vendor.

The information in this section varies between vendors and implementations, it provides a general overview only. Some features and advantages are based on the Cloudstaff offering, and may not be available from other BPO providers.

Homebase

Home-based workers work from their own home. This type of outsourcing is suited to smaller, non-critical tasks which can be performed by individuals.

Advantages

- 👍 Very cost-effective.
- 👍 Minimal office setup costs.
- 👍 Minimal office running costs.
- 👍 Staff responsible for their own tax.
- 👍 Easy to terminate staff.

Disadvantages

- 👎 Not suitable for large or complex tasks.
- 👎 Not suitable for teams.
- 👎 Almost impossible to scale.
- 👎 Staff acquisition is difficult.
- 👎 May require close management.
- 👎 Unreliable power supply.
- 👎 Unreliable connectivity.
- 👎 Unreliable communications.
- 👎 Unprofessional office environment.
- 👎 No data or physical security.
- 👎 Staff may not pay tax (a serious offence).
- 👎 Staff may be unreliable.
- 👎 Difficult to motivate staff.
- 👎 Staff may have several employers.
- 👎 Staff retention may be difficult.

A few things you should know before visiting.

Outsource (Task)

In the Outsource (Task) model, a particular task is performed by a third-party vendor on a per hour or per task fee. This is suited to simple-structured tasks that can be defined with a clear process. While this on-demand model may be financially appealing, you will not have full control of the processes, and the staff you work with may change frequently.

Advantages

- On-demand workforce, you only pay for what you use.
- Rapid deployment (as long as the process has been clearly defined and tested).
- Easy to disengage staff.

Disadvantages

- Quality of vendors vary dramatically.
- No dedicated staff.
- Limited flexibility.
- You need to fit their business model.
- Lack of control.
- Developing initial process can be difficult.

Seat Leasing

If you have set up your own Philippine company and wish to employ your own staff through that entity, you could consider the Seat Leasing model.

Seat Leasing provides unstaffed office space for your employees, usually in a fully equipped outsourcing centre. Seat Lease packages vary depending on the supplier but usually include a desk, chair, computer, connectivity, phone and use of shared facilities.

Advantages

👍 Cost-effective.

👍 You own your work culture.

👍 You manage your staff.

Disadvantages

👎 You need a Philippine Company Entity.

👎 You may need dedicated management.

👎 Managing staff is difficult.

👎 Communication can be difficult.

👎 You need to invest time and money in culture.

👎 You may have little control over office infrastructure.

👎 You may have to work with vendor constraints.

👎 Termination of staff can be difficult, and is your responsibility.

Staff Leasing

The Staff Leasing model is the easiest to implement and is the most reliable, efficient, and transparent outsourcing model. The vendor assumes many of the pain points and delivers a platform that allows you to get the outcomes and flexibility you want, without the complexity of doing it all yourself.

While the inclusions in this model may vary between BPO companies, higher end suppliers will provide the infrastructure, facilities, administration, support, and the tools needed to efficiently run your remote workforce.

Advantages

👍 You choose your own dedicated staff based on recommendations from professional recruitment managed by the vendor.

👍 You manage your staff with the support of the vendor.

👍 Staff contracts and HR issues are managed by the vendor.

👍 Staff Retention is managed by the vendor.

👍 Scalability is managed by the vendor.

👍 Workspaces are professional, configurable, and full-featured.

👍 Secure office environment.

👍 Commercial-grade connectivity.

👍 Commercial-grade power.

👍 Disaster recovery is managed by the vendor.

👍 Single invoice for services.

👍 You can leverage the experience of the vendor.

👍 Staff termination is managed by the vendor.

Disadvantages

👎 Slightly higher costs due to the extensive inclusions.

👎 Pricing model may include things you don't think you need.

👎 Vendor may have requirements (uniforms, office fit-outs etc).

Captive (BOT)

In the Captive (BOT) model, the vendor is responsible for the initial setup, staffing, and continuing operation of the Captive centre during a predefined contract period. At the end of the this period, you assume full ownership of the fully-functioning Captive centre.

The Captive (BOT) model best suits organisations that do not have local expertise and are prepared to manage the ownership transition.

Advantages

- Cost-effective to run.
- You have full control over the Captive centre (after ownership transfer).
- You initially leverage the expertise of people with experience.

Disadvantages

- Expensive to set up.
- You need a Philippine Company Entity.
- Handover can be difficult from an operations point of view.
- Handover can be destabilising for staff.
- There are complex tax implications.
- Hiring, retaining, and managing staff can be difficult.
- Administration can be difficult.
- Initial setup can be expensive.
- Staff termination becomes your responsibility.
- Closing operations can be a long and expensive process.

A few things you should know before visiting.

Captive (Scratch)

The Captive (Scratch) model can be best described as do-it-yourself. While this can work well, and be tailored to your exact requirements, there are a lot of complex factors that contribute to a successful deployment.

Unless you have a lot of experience in the outsourcing field, and have an intimate knowledge of the way business is run in the Philippines, this is not recommended.

Advantages

👍 You have full control over all aspects of the Captive centre.

👍 You will learn a lot.

Disadvantages

👎 Can be expensive to set up.

👎 You need a Philippine Company Entity.

👎 Extremely difficult to implement well.

👎 Requires intimate knowledge of the business practices in the Philippines.

👎 Requires the appropriate planning and resources to achieve success.

👎 May take much longer than expected to implement.

👎 There are many hidden "Gotchas" that you may not expect.

👎 There are complex tax implications.

👎 Hiring, retaining, and managing staff can be difficult.

👎 Administration can be difficult.

👎 Closing operations can be a long and expensive process.

👎 You will have to learn a lot.

Outsource model responsibilities

Function	Homebase	Seat Leasing	Staff Leasing	Captive
Staffing				
Employed by	?	You	Vendor	You
Taxes	?	You	Vendor	You
Recruitment	You	You	Vendor+You	You
Performance	You	You	Vendor	You
Issues	You	You	Vendor	You
Office and administration				
Leases	?	Vendor	Vendor	You
Maintenance	?	Vendor	Vendor	You
Infrastructure	?	Vendor	Vendor	You
Security	?	Vendor	Vendor	You
IT Support	?	Vendor	Vendor	You
Purchasing	?	Vendor	Vendor	You
Legal	?	You	Vendor	You
Incorporation	N/A	You	Vendor	You
Close Operation	You	You	Vendor	You

A few things you should know before visiting.

Know what you want

It is important to clearly define the types of tasks you need your team to perform (both now and in the future), so you can plan your budgets and manage scalability.

Recurring costs vs tasks performed

STAFF: Staff Leasing	**HOME:** Homebase	**BOT:** Captive (BOT)
SEAT: Seat Leasing	**TASK:** Outsouce (Task)	**SCRATCH:** Captive (Scratch)
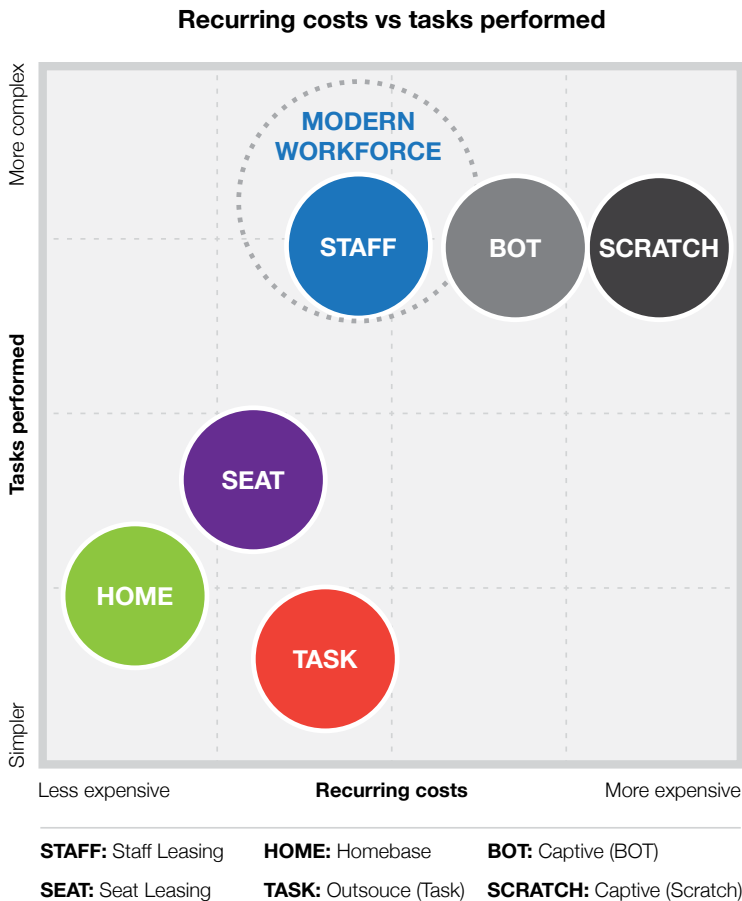
Choosing the right location

Location is important, no matter which outsourcing model you choose to use. There are many factors you need to consider before choosing a location for your operations centre.

- ☐ Risk of natural disasters.
- ☐ Physical security risks and terrorism.
- ☐ Proximity to high-risk infrastructure.
- ☐ Risk that may interrupt supply chains.
- ☐ Convenience for customers and guests.
- ☐ Access to ample power and connectivity.
- ☐ Disaster recovery and business continuity.
- ☐ Access to special talent pools.
- ☐ Proximity to education centres.
- ☐ Proximity to residential housing.
- ☐ Proximity to low-risk transit infrastructure.
- ☐ Proximity to facilities for staff.
- ☐ Will it complement existing sites?
- ☐ Will the location accommodate future scalability?
- ☐ Is the location strategically sound?

A few things you should know before visiting.
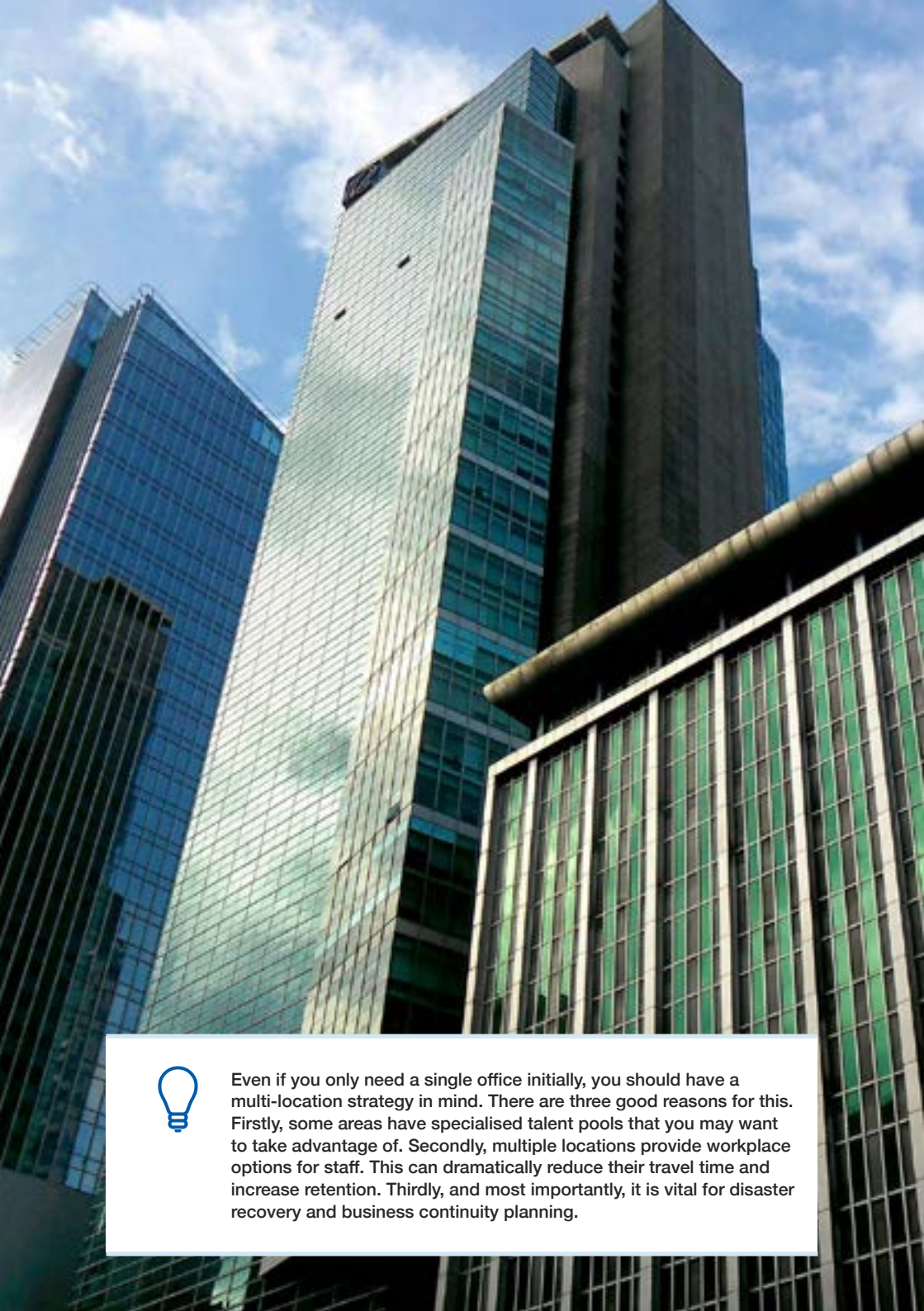
Even if you only need a single office initially, you should have a multi-location strategy in mind. There are three good reasons for this. Firstly, some areas have specialised talent pools that you may want to take advantage of. Secondly, multiple locations provide workplace options for staff. This can dramatically reduce their travel time and increase retention. Thirdly, and most importantly, it is vital for disaster recovery and business continuity planning.

Makati

Makati is a city in the Metro Manila region, and the country's primary financial hub. It's known for the skyscrapers and shopping malls of Makati's central business district, and for the Ayala Triangle Gardens. Makati City's population is roughly 580,000 residents, although during the day, the population is believed to increase to over 1,000,000 because of the number of individuals who commute to work daily.

Staff perspective		
Accommodation		★★
Food costs		★★
Travel time	60-120 minutes	★★★
Prestige		★★★★★
Facilities		★★★★★
Customer perspective		
Business advantages		★★★★★
Proximity to airport	60 minutes	★★★★
Traffic		★
Safety	Mild street crime	★★★★
Facilities		★★★★★

A few things you should know before visiting.

Ortigas

Ortigas is a financial and central business district located on the boundaries of Pasig, Mandaluyong, and Quezon City. It is Metro Manila's second most important business district after Makati. It is home to many shopping malls, office and condominium skyscrapers, other building complexes, bars and restaurants.

Staff perspective		
Accommodation		★★★
Food costs		★★★
Travel time	60 minutes	★★★★
Prestige		★★★
Facilities		★★★★

Customer perspective		
Business advantages		★★★★★
Proximity to airport	60-120 minutes	★★★
Traffic		★
Safety	Mild street crime	★★★
Facilities		★★★★★

Bonifacio Global City

Bonifacio Global City (also known as BGC, Global City, or The Fort) is a financial district and business centre in Metro Manila. The district experienced commercial growth following the sale of military land by the Bases Conversion and Development Authority (BCDA) in 1995. The entire district used to be a part of the main Philippine Army camp.

Staff perspective		
Accommodation		★★
Food costs		★★★
Travel time	120+ minutes	★
Prestige		★★★★★
Facilities		★★★★★
Customer perspective		
Business advantages		★★★★
Proximity to airport	60-120 minutes	★★
Traffic	Extreme delays	★
Safety		★★★★
Facilities		★★★★★

A few things you should know before visiting.

Clark

Clark Freeport Zone is an ideal place for both trade and recreation, with its world-class infrastructure, state-of-the-art facilities and superb amenities. Clark Freeport Zone is a redevelopment of the former Clark Air Base, a former United States Air Force base in the Philippines.

Staff perspective		
Accommodation		★★★★
Food costs		★★★★
Travel time	30 minutes	★★★★
Prestige		★★★
Facilities		★★★★
Customer perspective		
Business advantages		★★★★
Proximity to airport	Local airport	★★★★★
Traffic		★★★★★
Safety		★★★★★
Facilities		★★★★

Cebu

Cebu is one of the most developed provinces in the Philippines, with Cebu City as the main centre of commerce, trade, education and industry in the Visayas region. In a decade, it has transformed into a global hub for shipping, furniture-making, tourism, business processing services, and heavy industry.

Staff perspective		
Accommodation		★★★★
Food costs		★★★★
Travel time	30-120 minutes	★★★
Prestige		★★★
Facilites		★★★★
Customer perspective		
Business advantages		★★★★
Proximity to airport	Limited flight destinations	★★★
Traffic	Congested	★★
Safety		★★★★
Facilities		★★★★

A few things you should know before visiting.

Davao

Davao City in the Southern Philippines is the most populated city in the country outside of Metro Manila and Luzon, and the largest in area. It serves as the main trade, commerce, and industry hubs of Mindanao. With the unprecedented economic growth, the city has become more attractive for investors. Over the last few years, Davao has become one of the Philippines' economic powerhouses.

Staff perspective		
Accommodation		★★★★★
Food costs		★★★★★
Travel time	45 minutes	★★★★
Prestige		★★★
Facilities		★★★★★
Customer perspective		
Business advantages		★★★★★
Proximity to airport	60 minutes	★★★★
Traffic		★★★★
Safety	Monitor travel warnings	★★★★
Facilities		★★★★★

What roles can be performed

While there are many diverse roles that are well-suited to outsourcing, they can typically be grouped into three primary categories.

Call centre staff

These staff specialise in making inbound and outbound calls. While these staff typically operate on a clearly defined workflow and scripts, the variety of tasks they may perform is very diverse. Call centre staff account for the majority of all BPO workers in the Philippines.

Data processing and encoding

This category includes roles like Medical Encoders, Data Miners, and Transcriptionists. Their tasks are typically procedural, however, they may also perform more complex tasks or workflows that require specialised skills. These types of tasks may include post-processing, analysing, assessing and validating data or result sets.

Knowledge workers

This category is incredibly diverse and includes roles such as Software Developers, QA staff, Creatives, Quantity Surveyors, CPAs, and most other professional vocations. These roles are the most challenging roles to fill, but can offer the highest value ROI for customers.

The Cloudstaff StaffCentral portal is designed to accommodate multi-departmental teams and can help you successfully engage staff in any of these categories. Appendix C contains a list of existing roles that Cloudstaff can source for customers from our extensive, pre-qualified candidate pool.

What languages can be supported

While English is very widespread in the Western world, there is often a need to support other languages in the course of doing business, especially since geography is no longer a business constraint and remote workforces are becoming more common.

English

Because the Philippines has embraced English as one of its official languages, the country does not have the communication barriers that you will find in other Asian countries. The quality of written and spoken English and comprehension is very high, especially amongst graduates.

A business hub for the rest of Asia

The Philippines is the perfect location to base business operations in Asia. Because it integrates so well with Western businesses, it can act as a central hub for the rest of Asia, providing a single point of communication for the entire region. Staff based in the Philippines can manage communications to other business units in Asia, and around the world.

An ideal meeting place

Visitors can freely travel to the Philippines without the need for travel visas, and flights are frequent and economical. This makes it the perfect place to base your business's Asian operations. It removes many of the travel and communication challenges that global businesses experience.

> At present, Cloudstaff offers Staff Leasing in China, Hong Kong SAR, Korea, Japan, Thailand, Indonesia, Cambodia, and Singapore. We are continuing to expand our operational footprint to include even more locations.

Working hours and shifts

While outsourcing has many obvious advantages, it can also remove the constraints of regular working hours, allowing your company to maximise a 24-hour work cycle.

A 24-hour work cycle allows you to time-shift functions inside your company to increase efficiency and reduce outcome delivery times. It also gives you the ability to cost-effectively offer your customers extended hours of operation.

Most BPOs operate a Morning, Mid, and Night shift (local time) to deliver 24 hour coverage. Shift times will vary between BPOs, but they are usually aligned with the US, UK, and AU time zones. A night differential must be paid and is usually in the order of 20-30% on top of standard wages.

A few things you should know before visiting.

Night shift is very common

Working night shift in the Philippines is very common, around 50% of BPO staff work this shift. Night shift labour is more expensive than day shift, but are still a fraction of what it costs in many Western countries.

Due to the differences in timezones, night shift is usually utilised to synchronise working hours with operations in the home country, however, it can also be used to extend working hours or time shift tasks that may be reducing daily productivity.

Cloudstaff operates 24x7 and has three base shifts (Morning, Mid, and Night) to accommodate most business needs and timezones. While these shifts satisfy the needs of most customers, shifts can be customised to accommodate individual business needs.

Morning Shift operates from 6am to 3pm (AU), Mid Shift operates from 1pm to 10pm (UK), and Night Shift operates from 10pm to 7am (US).

Time shifting of tasks

Many BPOs operate 24x7, giving you the ability to cost-effectively run up to three shifts a day.

One way to take advantage of this extended daily work cycle is to time shift tasks. This effectively frees up your company's valuable daylight hours by moving some tasks to Mid or Night shifts. This gives you the opportunity to dramatically improve efficiency and reduce bottlenecks within your organisation.

Overnight Research

A company may employ a team of people that work the Night shift, performing Data Mining and Data Cleaning functions to support the Sales team. Each morning when the Sales team arrive, their previous day's administration is complete and a new daily list of leads are ready and waiting for them.

After-Hours Testing

A team of Software Testers work the Mid shift, timed to provide a window of three hours when their shift overlaps the Development team's shift. Testing tasks can be handed over cleanly during the shift transition and testing can commence on shared systems without affecting the Development team's workflow. When the development team arrive the next day, they have the reports of all known issues discovered from the previous day's development.

A few things you should know before visiting.

Cloudstaff B4, located in Clark

Management options

Your management choices are defined by the outsourcing model you select, and the level of ownership you want to have over the management team. The Homebase and Outsource (Task) models can typically be self-managed by your home office, Seat Leasing and Captive will usually require a Local management structure, and Staff Leasing will typically take advantage of BPO management.

Local Management

If you choose local management, you assume full responsibility for the entire operational management of your team. You also need to decide what management structure and composition you are going to use (local staff, expatriate or a combination of both). It is a good idea to share the management roles between local and expatriate staff to take full advantage of their respective experience and understanding of their local business practices and culture. Local management usually requires a number of managers to perform the various roles required to run your team.

BPO Managment

With BPO management, the BPO assumes most of the operational management tasks, allowing you to focus on your team at a process level.

Navigating business culture for management

When choosing your management team, you need to take local culture into account, due to the significant influence it has on local business practices. The managerial attributes required to perform specific roles may vary. Some roles are better suited to Filipino managers, while other roles may benefit from the experience of an expatriate manager. If chosen wisely, these staff will complement and support each other.

These cultural differences will also affect how each manager runs their departments, including hiring staff, creating processes, and outcome delivery. You may find that some global management guidelines are needed to ensure a cohesive overall management structure.

In some cultures, it would be considered a sound management practice to hire staff that they know and trust, like friends and family. However, in other cultures this would be considered to be nepotism or cronyism.

In most Western countries, titles are important to define the role performed, however, in the Philippines, titles not only define the role, but also the status of the staff member. A title is an achievement and commands respect.

Expatriate management

Having an expatriate manager on site can be very beneficial, but they need to have experience managing staff in the Philippines, understand the local culture, and have a firm grasp on Philippine custom and practice in business.

While it may seem exciting to work in another country, there are challenges for expatriate staff working in the Philippines. The expatriate community is small, goods can be expensive, traffic is confusing, and there are many cultural differences. Unless expatriates are long term Philippine residents, they may start to get home sick after a year or two.

The real cost of an expatriate manager

The cost of an expatriate manager may be a lot more than you expect. Depending on experience, you may need to budget around US$200,000 per year for a typical package.

Standard packages for a Western may include:

- Western salary, taxes and visas;
- Accommodation;
- Medical insurance;
- Transportation;
- Travel allowances; and
- Airfares.

A considerable (and hidden) cost of hiring expatriate managers is the productivity and time lost if they leave the company to return home. When you lose a manager, you need to recruit a suitable replacement, retrain them, and transition them into their new role. This is a disruptive time for the entire organisation, from upper management to staff.

BPO management

With BPO management, most operational management is handled by the BPO. The management team usually consists of a mix of Filipino and expat managers who specialise in different roles to ensure an understanding of custom practice and law in both jurisdictions .

Because the heavy lifting is performed by the BPO, you can focus on the operation of your team at the process level and leave all the time-consuming management tasks to someone else.

Functions provided by BPO management include:

- Recruitment;
- Human Resources;
- Information Technology; and
- Support Services.

Tasks that are handled by BPO management may include:

- Pay Increase requests;
- Workplace complaints;
- Staff disputes;
- Emergency loans; and
- Family issues which may affect work.

Internal team structure

There are many different strategies regarding team composition but the Pioneer/Team Champ structure has proven to be very effective.

When forming your remote team, one of your priorities should be appointing a Pioneer. They need to display basic leadership qualities, have good communication skills, and be able to manage and prioritise tasks. This is a very important role, as they will work closely with your other staff and teams to ensure that deliverables are met and feedback important operational information to upper management.

Team Champs report to the Pioneer. They provide leadership within their teams and keep the Pioneer informed of progress of current tasks, achievements, recommendations, and disruptions.

A Pioneer can successfully manage a team of up to fifty staff, while a Team Champ can typically manage up to ten staff.

Cloudstaff has had great success with the Pioneer/Champ team structure model

Recruitment

Recruitment can be very time consuming and expensive. There are many challenges in recruiting staff, especially if you are not in the same country or do not fully understand the local employment practices and culture of the applicants.

A major advantage of the Staff Leasing model is that the vendor will manage the recruitment function. You will usually be presented with a shortlist of suitable candidates to interview.

There is often a high demand for great candidates, so if you wait too long before making an employment offer, your candidate might accept another position while waiting for you to decide. Do not wait more than 10 days between interview and offer.

Many BPOs will allow you to replace a new hire in the first 90 days if they are not meeting expectations.

Human Resources

In the Philippines, Human Resources are typically responsible for negotiating job offers, creating employment contracts, and onboarding new staff. This is a very formal process, and the candidate needs clearance from various government departments before they can be hired.

Human Resources are also responsible for employee relations, benefit programs, training, and they also attend to questions and requests from staff on a daily basis.

Due to the nature of the work the Human Resources team do, they need to fully understand the local culture and be up-to-date with current labour laws. It is best to employ very experienced Filipino HR professionals for these roles.

If you choose to manage the HR function yourself, it is absolutely vital that you select the staff for these roles very carefully. Not understanding local labour laws or having the wrong personality types in your HR department can have a catastrophic affect on your business.

Employee termination

Terminating an employee in the Philippines can be a complex process and needs to be taken seriously as the employer has the burden of proving that the dismissal is legal.

An employee may question the legality of their dismissal by lodging a complaint with the Labor Arbiter of the National Labor Relations Commission (NLRC) based on substantive or procedural grounds. The substantive aspect pertains to the absence of a just or authorised cause supporting the dismissal. The procedural aspect refers to the notice of termination.

An employee who is found to have been dismissed without just cause is entitled to any, or all of the following:

☐ Reinstatement without loss of seniority rights, or separation pay if reinstatement is not possible;

☐ Full back-wages, inclusive of allowances and other benefits or their monetary equivalent from the time compensation was withheld to the time of reinstatement; and

☐ Damages and attorney's fees if the dismissal was done in bad faith.

> One of the advantages of the Seat Leasing model is that, if a staff member needs to be terminated the BPO's management team handles the entire process.

Constructive dismissal

Constructive dismissal is where an employer has committed a breach of contract, resulting in the staff members involuntary resignation in response to the employer's conduct. The employee is entitled to consider that they have been officially dismissed.

If an employee claims a constructive dismissal, the employer has to prove that their managerial actions did not result in the dismissal.

A constructive dismissal may occur when:
- Continued employment becomes impossible, unreasonable or unlikely;
- The staff member is demoted or has their pay reduced;
- Clear discrimination, insensibility or disdain by the employer becomes unbearable to the staff member;
- A staff member is transferred against their will without due cause; and
- An unjustified management action is prejudicial to the employee.

Technical Support

When dealing with networking, hardware, or software, it is vital to have an experienced team of qualified IT professionals that can rapidly respond and resolve issues that may affect staff productivity.

A finely-tuned office support team can increase productivity and dramatically reduce downtime. They are not only responsible for fixing issues, they should be proactively looking for ways to improve systems and reduce the risks of future outages.

The Cloudstaff Technical Support team is designed to scale with the company, maintaining a firm ratio of support resources to staff. Cloudstaff has developed a number of technologies and mobile applications, such as Cloudstaff Tap, Buzz, and ActionTag that streamline the support request process.

Connectivity is a challenge

High-quality connectivity is critical to almost every aspect of outsourcing. Many tasks remote staff perform rely on fast, low latency internet connectivity.

Poor quality internet may result in:

- Communication issues (VoIP, video conferencing, audio chat);
- The inability to perform cloud-based tasks;
- Issues with remote file stores and backups;
- Poor performance from online applications (Google Docs, Office 365);
- Slow responses from Terminal Servers; and
- Lost work.

> ISPs may route data out of the Philippines via a number of different paths. Sometimes, one path may offer a significant improvement over another, however, the performance of these paths can change on a daily basis. A link may be performing well one day, but slow or unresponsive the next.

These types of issues need to be taken into account when designing your network infrastructure.

Cloudstaff maintains links to all major internet services in the Philippines. We constantly monitor network performance, and have designed our network to give us high levels of control over how our data is routed.

Staff retention

Many people underestimate the real cost of losing staff. Keeping the right staff might be harder than you think. There is a significant value in investing in a structured retention program for your staff. The results of these programs are relatively easy to measure and can be expressed as a percentage of staff retained each month, or the Staff Retention Score.

At around 20%, staff turnover in the BPO industry is generally higher than most people would expect. However, this is an improvement on the figures for 2011, where staff turnover exceeded 30%.

When comparing turnover data, be careful to examine how the figure is calculated, and what time period is being quoted. Anecdotally, some BPOs are reported to have staff turnover figures approaching 100% per annum.

> **"A recent survey by global professional services company Towers Watson showed that the staff turnover rate in the Philippine BPO industry has fallen to 20 percent in 2014, the lowest since 2007."**

Cloudstaff has a great deal of experience with creating successful staff retention programs and strategies. At time of printing, monthly retention for engaged staff was over 99%. This is an incredible figure when compared to the industry average.

http://www.sunstar.com.ph/cebu/business/2016/04/13/employers-urged-calibrate-salaries-every-two-years-467734
http://www.sunstar.com.ph/cebu/business/2016/04/13/employers-urged-calibrate-salaries-every-two-years-467734

Holidays

Philippine holidays

There are about eighteen officially gazetted holidays in the Philippines each year, however, local mayors, governors and the president can declare special non-working holidays with as little as 48 hours notice.

Choosing a holiday calendar

When setting up a team in the Philippines, you will need to choose which holiday calendar best suits your business. Most companies choose to have their Filipino staff follow their home holiday calendar so their team works the same days as their customers. But, it is important to understand that some Filipino holidays have special significance. Staff may want to spend these special holidays with family, even though they may be regular work days.

Annual leave and sick days

Staff are entitled to twelve days off each year, made up of six annual leave days and six sick days (although sick days can be used for any purpose).

Cloudstaff works with customers and staff to help manage these special holidays. Typically, these special Filipino holidays are swapped with a public holiday in the customer's home country, this is known as "Holiday Offsetting"

The StaffCentral portal provides customers with an interface to help them manage their staff holidays.

Provide a positive work environment

It is important to provide a safe, modern work environment. A well-designed workplace can increase staff efficiency, reduce sick days and improve staff retention and morale.

> **It is also important to set the tone for staff behaviour by creating workplace policies. One of the biggest mistakes companies make with staff, is not clearly setting their expectations. It is much easier to set behaviours than to change them.**

Staff recognition awards and staff perks are also an important part of a positive company culture. They provide positive reinforcement and encouragement, if executed well, this could help build a happy and efficient workplace. It is important to let your staff know they are appreciated.

Cloudstaff offices are designed with both productivity and fun in mind. We provide break-out rooms with video games, pool tables, ping-pong, and more. We do our best to make our staff feel right at home.

It is not all hard work, we pose for photos too!

Staff training programs

Staff training is a great way for you to help your staff grow, equipping them with new skills that your organisation may need. It is an opportunity to expand your company's offerings.

In many Western businesses, staff are so busy that training is seen as an imposition rather than a benefit, however, most Filipino staff will relish the opportunity to enhance their skills. Staff are so appreciative of the opportunity to learn that they are willing to attend training in their personal time.

Some training can be done remotely via video conferencing or by using online training libraries, but for general skills and self-improvement, a more hands-on approach may be needed. You should attempt to make structured training programs widely available to staff. This usually requires a full-time training manager.

The StaffCentral portal provides customers with the ability to view calendars of up and coming training that their staff can attend. We also have a team dedicated to creating training programs that are designed to add value for our customers and help their remote staff increase their skill levels in a number of core areas.

Face-to-face training

While the Staff Leasing model removes the need for full-time expatriate managers on-site in the Philippines, it is still extremely valuable to have staff from the home office visit their remote teams.

These visits are ideal for:

- Company specific training;
- Monitoring staff and workflows;
- Building relationships and morale;
- Understanding the challenges your staff face; and
- Evaluating the effectiveness of home office communication with the remote team first hand.

It has been our experience that customers who visit their teams for three to five business days at least twice a year see noticeable benefits including better staff retention, interactions, and engagement. This contributes to the overall success of their teams.

Daily catch-ups

A quick daily catch-up with your remote team is vital. While you may exchange information numerous times each day, you don't actually connect directly with your staff.

There are many advantages in building a healthy relationship with your remote team. It will improve your communication streams in both quality and frequency. It also builds loyalty and improves staff retention, but most importantly, it will help your staff feel like a part of your company, resulting in increased efficiency and outcome delivery.

These catch-ups do not need to be long, just a few minutes each day is enough to make an enormous difference. Ask the team what they are currently working on, what issues they face, and what the current delivery timeframes are.

Cloudstaff customers have access to a number of Cloudstaff conference rooms that are available to their staff for these meetings. They are chat, audio, video, and landline capable.

Daily reports

Daily reporting benefits both staff and management. It not only keeps management informed, but also provides a way for staff to monitor their own achievements.

The key to successful daily reporting is to make them easy to create, easy to read, and customised to your exact needs. While there are many systems you can use to manage these reports, most find email is a good balance of accessibility and ease of use. They are also easy to search and archive.

If you choose to use email for daily reporting, consider creating base templates and formalise a standard, meaningful subject line (Example: "Daily Report - 020517 - Flags: 3 - Tasks: 4").

While these types of reports are very individual, they may include:

- ☐ Red flags (things that prevented outcomes);
- ☐ Yellow flags (things that delayed outcomes);
- ☐ Tasks accomplished;
- ☐ Tasks in progress (with percent complete); and
- ☐ Special notes.

Cloudstaffers can use the Cloudstaff Daily Report Generator to create daily reports for their managers. This systems helps maintain regular and meaningful reports.

Make the best use of technology

Most companies do not use technology to its full potential. While you should not immediately abandon the existing way you work for the latest tech trend, you should at least evaluate new technologies and explore their benefits to your business.

In terms of outsourcing, the areas that can benefit most from the use of technology are communication, workflows, efficiency, and real-time reporting.

The challenge most companies face is the cost of evaluating, testing and implementing new technologies. An experienced technology partner can help you find the right solutions for your business.

Cloudstaff is a technology-focused company that creates new and innovative technologies designed to remove the limitations associated with remote teams. By fully utilising technology to integrate people and processes, Cloudstaff has been able to provide whole new levels of communication, efficiency, and transparency. We create the tools for successful outsourcing.

Email might not be the right tool

When working with teams, email is not always the best tool for the job. While it is useful for simple forms of communication, it does not address the requirements of efficient team collaboration.

You should consider the benefits of live noticeboards, real-time reporting, workflow management systems, and chat servers as alternatives to email.

Real-time noticeboards

Real-time noticeboards visually display the most relevant information needed to achieve a particular business goal. Information is consolidated, summarised, and arranged on a single screen. This provides access to important information at a glance. When working with remote teams and multiple office locations, real-time noticeboards are a great way to ensure that everyone has the most current information.

Some useful applications of real-time noticeboards include:

◻ Monitoring sales, revenues, inventory levels, and cash reserves;

◻ Display key active tasks and their progress;

◻ Providing a summary of key information for departmental meetings;

◻ Visually display KPIs and achievements; and

◻ Displaying staff whereabouts and activities.

Cloudstaff Livewire is a real-time notice board that has been designed for managers, staff, and customers. It is easy to use and highly customisable. Cloudstaff management use it to provide a meaningful, easy-to-read overview of important information about their team, processes, or outcomes. It has quickly become a key tool for staff and customers.

Workflow systems

As your remote teams grow, the way you process tasks will change. While small teams and simple task can be actioned by individuals from start to finish, you may find you quickly outgrow this method of task delivery.

Workflow systems allow you to formalise the process of task delivery and assign subtasks to additional team members or groups. This allows you to fully monitor the progress of each task. They can also accommodate variations in your team, to ensure that processes do not stop if a team member is unavailable.

You should consider using a workflow system even if you only have a small team.

Cloudstaff has developed WorkPattern for customers. It is an easy-to-use workflow management tool designed to accommodate the needs of the outsourcing industry. It streamlines process management, provides accountability and detailed reporting while maintaining simplicity and ease of use.

Chat servers

Instant chat is becoming a very popular form of office communication, it is easy, flexible and very fast!

Depending on your platform of choice (Microsoft, Google, Apple), you probably find you structure many of your core office systems around the way they do things. This might include email, document management, and other communication systems. This usually results in a loss of control for the end user, although this is sometimes desirable, it can cause problems if you ever choose to change your platform. Migrating most things is reasonably straightforward, except for your instant messaging platform.

There are a number of advantages in owning your instant chat platform, including:

- ☐ The ability to fully control the system;
- ☐ Choice of authentication methods;
- ☐ Better control over user accounts;
- ☐ Custom features and behaviours;
- ☐ Unrestricted access to APIs; and
- ☐ Vendor independence.

Cloudstaff has started to implement machine learning and AI into our chat server framework. We understand the value of creating intelligent systems and the need to evolve the way we currently access information. When staff are looking for a document, procedure or even contact information, soon they will just have to "ask Botley"!

Video conferencing

Video conferencing is a great way to maintain a close relationship with your remote staff. You may find that visual communication is a very efficient way to share general information and to perform group meetings. Video conferencing is also great to hold remote interviews for prospective candidates.

Cloudstaff fully embraces video communication for many purposes. Because of our reliance on this method of communication, our networks are designed to accommodate the needs of this technology to provide reliable, high quality video and audio communication.

Machine learning

Machine Learning will be a major disruptor in the future of the outsourcing industry, and will change the way industry works in general.

Intelligent assistants and systems will provide better ways to access information, execute processes, automate tasks, and manage our workloads.

Many companies are already embracing this technology and using it to create a wide variety of next-generation applications, from social media analysis tools to electronic assistants. The technology is particularly useful for making information easier to access.

This technology will be a big part of the future for nearly all of us.

Cloudstaff is already heavily investing in machine learning, and developing applications that take advantage of this technology. We have started to integrate machine learning into many of our application frameworks. The technology has the potential to provide better ways to access and deliver information. We believe that machine learning can help us work more efficiently and communicate more effectively. We are very excited!

Disaster recovery strategies

As businesses embrace the full potential of outsourcing, their respective remote workforces often become a mission critical part of their operations. As a result, disaster recovery planning is vital.

While it does not affect all regions of the country, it is worth noting that the Philippines has endured an enormous number of deadly typhoons, earthquakes, volcanic eruptions, and other natural disasters. This is due to its geographic location, along the Ring of Fire (a region where many of the earth's volcanic eruptions and earthquakes occur) and inside a typhoon belt. You need to consider the risks and impact of these events on your business and your customers, and plan your disaster recovery strategy accordingly.

In the Staff and Seat Leasing models, the vendor assumes responsibility for the Disaster Recovery strategy, but it is not a legal requirement and individual implementations may vary dramatically.

Cloudstaff evaluates the locations of our operational centres very carefully, taking into account the risks of natural disasters on our customers and our staff. We support all of the forms of disaster recovery discussed in this section.

Disaster recovery for the office

Operational centres need to be strategically located to reduce risks to operations and staff. They need to be structurally sound and certified. Operational centres should have N+1 power, connectivity and environmental systems.

Each location will have individual disaster recovery requirements. You need to consider anything that may impact on your recovery process, including typical outage durations, availability of resources and labour, and critical supply availability (for example, fuel for generators).

Redundant Office Teams

If you are outsourcing mission critical tasks, you should consider creating multiple, self-sufficient teams in separate geographic areas. If one location is affected by a catastrophic event, other teams can temporarily absorb the workload.

Cold/Hot Seating

To reduce reliance on a single geographic location, general operations are decentralised. This allows teams to be rapidly moved to other locations with minimal disruption to operations. In some instances, these moves can be made in less than an hour.

A few things you should know before visiting.

Disaster recovery for staff

Due to the nature and location of residential housing in the Philippines, when a natural disaster occurs, your staff could be heavily impacted. While commercial structures may be certified to withstand earthquakes and be located in flood-safe areas, this may not be the case for your staff or their families.

The impact these events have on your staff, and the resulting affect on your business processes, should be a part of your Disaster Recovery strategy.

Dummy corporations

A common mistake for many foreign companies is to create a local Philippine Corporation as a vehicle for their business. This requires five incorporators and for 60% of the stock to be held by a Philippine national.

Legally, the corporation is controlled by the Philippine national. The foreign business owner attempts to retain ownership via service agreements and contracts between the Philippine national and the foreign holding company.

This is known as a "Dummy Corporation". They are illegal, and if convicted, those involved will face severe penalties, including jail time. These type of business structures should be avoided at all costs.

Cloudstaff has successfully helped several businesses cleanly transition from Local Corporation Structures to the more stable BPO structure. See Appendix B for more information about setting up your own business.

Closing an offshore operation

One of the biggest downsides of the Captive and Seat Leasing models is that if you need to close the operation for any reason, it can be quite difficult and very costly.

Closing a business can take up to one year. This is due to the requirement to issue notices of closure to various official bodies such as the Social Security System (SSS), Philippine Health Insurance Corporation (Philhealth), and the Home Development Mutual Fund (Pag-IBIG). It is also vital that you secure a Bureau of Internal Revenue (BIR) clearance for the closure.

Failing to fulfil all of the official requirements when closing an operation may result in continued assessment of national and local taxes, and other financial obligations to the government.

Termination and separation pay

Notice of closure and termination must be given to the employee, and the Department of Labour and Employment (DOLE), at least thirty days prior to the date of closure. In case of termination due to redundancy, staff affected are entitled to at least one month's pay for every year of service.

It is not within the scope of this publication to provide authoritative advice on operation closures. As demonstrated above, there are significant risks and costs related to the closure of an operation and the associated redundancy payouts.

Government interactions

The outsourcing model you choose will affect the levels of government involvement. Many of the policies and regulations are set by local government. This means that the processes and laws you need to follow may vary depending on your location.

Homebase

Although there is technically no government approvals required with this model, there have been cases where local authorities have shut down home offices that have multiple staff for running unregistered, illegal business. Failure for Homebase staff to pay correct taxes is also illegal and can result in severe penalties.

Seat Leasing and Captive (BOT/Scratch)

There are many legal requirements that need to be met to operate these types of businesses. You will need professional advice to ensure you are following the labour and tax laws to the letter. Failing to do so can result in immediate and final closure of your business without notice.

Staff Leasing

All government interactions are performed by the vendor with minimal impact on you or your staff.

> The Cloudstaff executive and legal teams consist of highly experienced Filipino and expatriate professionals. They are experts in their respective fields and have been working in the industry for many years.

Philippines customs and duty

If you plan to ship equipment to the Philippines, make sure you consult a local customs broker for advice first.

You are required to pay import duty and taxes when importing goods into the Philippines whether you are an individual or a commercial entity. The valuation method is CIF (Cost, Insurance and Freight), which means that the import duty and taxes payable are calculated on the complete shipping value, which includes the cost of the imported goods, the cost of the freight, and the cost of insurance.

The duty rates in the Philippines vary from 0% to 65%, but the average being around 10.5%. Goods imported into Philippines are subject to VAT (around 12%) calculated on the CIF value plus any applicable duty.

A few commodities, like luxury items, may also be subject to the payment of Ad Valorem tax, an excise tax based on selling price or other specified value of the goods.

There can also be significant import duty on items which are shipped into the country. From our experience, a new MacBook couriered from Australia was subject to almost AU$1000 in duty. There is no recourse once the delivery arrives, items can not be returned, you either pay the duty or the item is impounded.

https://www.bir.gov.ph/index.php/tax-information/excise-tax.html

Being part of the community

Community and social responsibility are significant parts of Philippine culture. If people have the means to do so, they will typically help those in need. This is best described by the common phrase, "share your blessings".

It is also quite common for professionals who have achieved success to donate money, property, or professional services for the betterment of their local community.

Most larger businesses in the Philippines have a social care program. They are typically operated by staff and supported by the company.

CS Cares is Cloudstaff's community outreach program. It is run by a group of Cloudstaffers who generously donate their time to provide support to the community, raise money for those in need, and to positively affect the planet.

Cloudstaff Cares, lending a hand at a local special needs orphanage.

Working with educational institutions

Local universities, colleges and even secondary schools rely on businesses to provide valuable real-world experience for their students.

Most students are required to participate in an On-the-Job Training program before they graduate. These programs usually run for approximately four months, and can be incredibly beneficial to both the student (OJT) and the business.

While OJTs are not paid for their services, there is a cost of running the program. The business needs to provide mentors, training and the equipment required for the OJT to perform their required tasks.

This program is an incredible opportunity for businesses in terms of recruitment, as it provides a stream of prospective candidates.

Cloudstaff values OJTs, and invites them to participate in our Perks and Rewards programs during their visit. We are very proud to have invited many of our OJTs to join the company.

In addition to our OJT program, Cloudstaff is active in higher education, partnering with many of the learning facilities in the region to provide technology, expertise, support, training, and careers for students.

Cloudstaff works with universities to develop subjects based on Cloudstaff IP and processes. We run internal programs for Software Engineers, Artificial Intelligence Engineers, and Cyber Security Developers.

A few things you should know before visiting.

Appendix

A few things you should know before visiting.

BPO Checklist
Appendix A

A few things to consider before engaging an outsourcing partner.

About the BPO	CS	A	B
Has the BPO been operating for at least 5 years?	☑	☐	☐
Is the BPO acting in compliance with the terms set by the government and local authorities?	☑	☐	☐
Does the BPO strictly adhere to local labour and tax laws?	☑	☐	☐
Does the BPO have a code of conduct and ethics?	☑	☐	☐
Does the BPO have an experienced international management team?	☑	☐	☐
Does the BPO operate modern, fully-equipped offices that meet or exceed Western standards?	☑	☐	☐
Recruitment			
Does the BPO provide professional recruitment services?	☑	☐	☐
Does the BPO have an active, pre-qualified pool of available candidates?	☑	☐	☐
Does the BPO offer advanced recruitment services including profile and culture matching?	☑	☐	☐
Does the BPO match the career goals of the candidates to the position?	☑	☐	☐

Security

Does the BPO have dedicated security guards at their buildings 24x7?	☑	☐	☐
Does the BPO provide customisable levels of security for customer suites?	☑	☐	☐
Does the BPO use access cards and biometric security systems?	☑	☐	☐
Does the BPO provide a low-latency, live CCTV footage to their international customers?	☑	☐	☐
Does the BPO use a secure check-in system for guests?	☑	☐	☐
Do security guards have access to electronic handbooks and runbooks?	☑	☐	☐

Connectivity

Does the BPO have a high-quality international connectivity and intelligently route data to get the best performance for customers?	☑	☐	☐
Does BPO have the ability to offer dedicated connections to customers?	☑	☐	☐
Is the BPO able to divert low vault traffic away from the dedicated circuit?	☑	☐	☐
Does the BPO maintain connections to multiple ISPs?	☑	☐	☐
Does the BPO have diverse connectivity at all locations?	☑	☐	☐
Does the BPO provide a separate (insulated) WiFi network for staff?	☑	☐	☐

A few things you should know before visiting.

Technical and support

Does the BPO operate a separate technical and network teams?	☑	☐	☐
Do the technical team monitor the network, servers, and address general technical issues for staff?	☑	☐	☐
Are the technical team available 24x7?	☑	☐	☐
Does the BPO conduct regular software audit to ensure all software is legitimate?	☑	☐	☐
Does the BPO deploy customer-centric tools (like WebPing diagnostic) on each customer setup?	☑	☐	☐

Disaster recovery

Does the BPO have a formal audited disaster recovery plan for their operations and administration centres?	☑	☐	☐
Has the disaster recovery plan been recently tested?	☑	☐	☐
Does the BPO require staff to read the disaster recovery plan?	☑	☐	☐
Are the BPO's operation centres a safe distance from known fault lines?	☑	☐	☐
Are the BPO's operation centres rated and certified to withstand typical environmental threats	☑	☐	☐
Can the BPO offer Hot/Warm/Cold seats to customers at other locations?	☑	☐	☐
Does the BPO have resilient communication systems that do not solely rely on physical landing stations within the Philippines?	☑	☐	☐

Setting up your own company
Appendix B

If you want to take a look at Seat Leasing or Captive model, then at some point you will need to have your own company set-up from which you can employ staff.

PEZA (Philippine Economic Zone Authority)

PEZA is a government agency established to encourage foreign investment into the country and to further push Philippine economic development. This agency assists the foreign businesses in registering and facilitating their business operations. They also grant them incentives if they operate their business inside the PEZA special economic zone, which are selected areas throughout the country proclaimed by the President of the Philippines.

Bases Conversion and Development Authority

The BCDA Group is led by the Bases Conversion and Development Authority (BCDA), a government instrumentality vested with corporate powers under Republic Act 7227 (Bases Conversion and Development Act of 1992).

Mandated to transform former US military bases into alternative productive civilian use, the BCDA remains as a major force in creating economic opportunities in the country through its establishment of integrated developments, dynamic business centres, and vibrant communities.

The thrust of BCDA in expanding economic opportunities for Filipinos is echoed within the BCDA Group, composed of the BCDA Management & Holdings, Inc., the Clark Development Corporation, the Clark International Airport Corporation, the Poro Point Management Corporation, the John Hay Management Corporation, the Bataan Technology Park, Inc. and the North Luzon Railways Corporation.

In Clark Freeport, Philexcel provides office and industrial space to suit the needs of a range of businesses.

Representative office

A representative office is an office of a foreign corporation which deals directly with the customers of the head office but does not derive income from the Philippines. The representative office is fully subsidised by its head office, performing activities such as information dissemination and promotion of the foreign corporation's products as well as quality control of products.

Regional headquarters

Regional headquarters are offices whose purpose is to act as an administrative branch of a multinational corporation engaged in international trade. The regional headquarters principally serves as a supervision, communications, and coordination centre for its subsidiaries, branches or affiliates in the Asia-Pacific Region, and other foreign markets. The regional headquarters is not allowed to earn or derive income in the Philippines.

Regional operating headquarters

A regional operating headquarters is an office of a multinational corporation that is allowed to derive income in the Philippines by performing qualifying services to its affiliates, subsidiaries or branches in the Philippines, in the Asia-Pacific Region, and in other foreign markets. The regional operating headquarters is prohibited from offering qualifying services to entities other than its affiliates, branches, or subsidiaries and is also prohibited from directly and indirectly soliciting or marketing goods and services whether on behalf of the multinational corporation, its branches, affiliates, subsidiaries, or any other corporation.

Cloudstaff current roles
Appendix C

Sales

Data Mining Specialists

Appointment Setters

Operations Analysts

Sales Coaches

Customer Care Associates and Specialists

Customer Care Quality Analysts

Live Chat and Sales Support Staff (Online/Phone)

Sales Support Associates and Specialists

Sales & Data Analysts

Telesales Support Staff

Customer Care Remote Staff

Community Moderation Staff

A few things you should know before visiting.

Marketing and Creative

Digital Marketers

SEM Specialists

Marketing Campaign Managers

Marketing Project Managers

SEO Specialists

Graphic Designers

Motion Graphic Designers

Interface Designers

Package Designers

Advertising Specialists

Promotion Managers

Animators

3D Artists

Back Office Support

Data Processing

Accounting

HR Support/Recruitment

Personal/Executive Assistant

Virtual Staff Leasing

Admin Assistant

IT and ITC

WordPress Developers

PHP Developers

ASP and .Net Developers

Software QA Staff

IT Support Specialists

IT Manager Associates

Sharepoint Developers

Web Developers

IT Support Staff

System and Network Administrators

Full Stack Developers

Swift Developers

Objective-C Developers

Java Developers

Android Developers

Database Administrators

Data System Designers

Human Resources

HR Specialists

HR Generalists

HR Managers

Recruitment Associates and Specialists

Technical

CAD Creation & Conversion Specialists

AutoCAD Operators

Estimators (Civil / Structural)

Civil/Structural Estimation Managers

Quantity Surveyors

3D Designers

Finance & Administration

Data Entry Staff

Loan Processors

Data Reconciliation Staff

Financial Analysts

Research Analysts

Bookkeepers

Accountants (CPA qualified)

Admin Assistants

Executive Assistants

Personal Assistants

Receptionists

Executive Administration Staff

Collections Associates

Collections Quality Analysts

Cloudstaff Tap
Appendix D

Cloudstaff Tap is a mobile application that provides instant access to information and services from internet-enabled mobile phones and tablets.

Cloudstaff customers can use Tap to get general information, view important alerts, find Cloudstaff office addresses, locate their accommodation, contact Customer Care, and access other services and information designed to make their stay easier.

A few things you should know before visiting.

StaffCentral
Appendix E

StaffCentral is Cloudstaff's customer portal. It provides a central location for customers to manage their staff and access important information about their services.

StaffCentral has been designed to give customers a self-service hub where they can manage their remote workforce. Customers can perform many tasks including making changes to their teams, adding new staff, viewing holidays, monitoring attendance, and accessing detailed reports.

VirtualBPO
Appendix D

VirtualBPO is Cloudstaff's Partner platform. The VirtualBPO portal gives partners the ability to create and manage their own virtual BPOs, allowing them to provide branded outsourcing services for their clients.

Partners and resellers

Channel partners and value-added resellers (VARs) that provide services or sell products to groups of businesses can offer Cloudstaff Staff Leasing to their customers. In addition, they can value-add their own specialised tools and training to their Cloudstaffers to provide a unique offering, tailored to their customers' needs.

Franchisors

Franchisors can use VirtualBPO to provide Outsourcing (Task) or Staff Leasing to their franchisees. This enables them to maintain branding standards and potentially generate additional revenue for the franchise group by offering services on per task or time based charges.

Corporations

VirtualBPO allows corporations who wish to give individual departments the ability to engage BPO services across their organisation via a single Master Service Agreement (MSA). This provides flexibility and agility to departments while maintaining a base standard of security, compliance and pricing.

A few things you should know before visiting.

Cloudstaff

A few things you should know before visiting.

Better than outsourcing

Cloudstaff provides simple, scalable outsourcing solutions by combining the right people, Cloudstaff's custom technology, and modern fully-equipped workspaces.

Whether you need extra staff to help with office administration, project coordinators, technical support or an entire team of developers to create the next big mobile application, Cloudstaff outsourcing solutions are fast to deploy, extremely scalable, and tailored to your individual needs. Simple!

Modern Workforce

A Modern Workforce is flexible, agile, scalable and efficient.

A Modern Workforce combines the right staff, the best technology, and fully-equipped workspaces to deliver world-class, cost-effective workforce solutions.

A Modern Workforce utilises technology to create innovative tools that integrate people, manage processes, and provide a whole new level of communication, efficiency, and transparency.

A Modern Workforce is simple to create, easy to extend, designed for integration into existing workforces and is extremely cost-effective.

The Cloudstaff advantage:

- ☐ Professional recruitment;
- ☐ Low staff turnover (under 1%);
- ☐ Western account managers;
- ☐ Code of conduct and behaviour;
- ☐ Simple pricing;
- ☐ No lock-in contracts;
- ☐ Cloudstaff technology platform;
- ☐ Training and support programs;
- ☐ Modern, fully-equipped offices;
- ☐ Customisable workspaces and security options;
- ☐ On-site security, biometrics and CCTV; and
- ☐ Convenient locations for staff and customers.

Say hello!

If you would like to find out more about Cloudstaff, please contact us, we would love to hear your comments or suggestions.

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There are a bunch of other ways to contact us too, visit our website for more information.

This book provides a brief and general overview of outsourcing in the Philippines and is not intended to be a definitive guide to creating or running your own BPO. The content in this book, while accurate at time of production, may be subject to change without notice. Software and applications in this book are in different stages of development and may be subject to EUAs and/or not available to the general public.

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