

Technology Entrepreneurship in the Philippines

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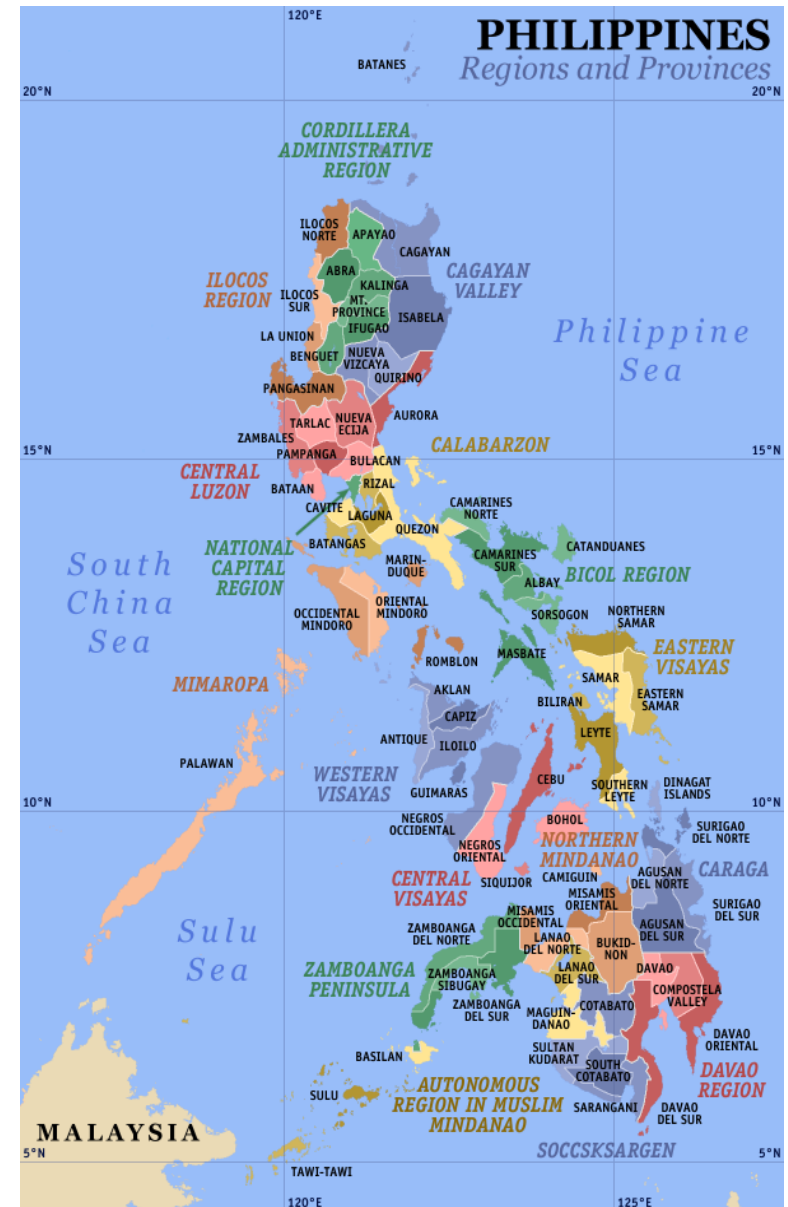
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Agenda

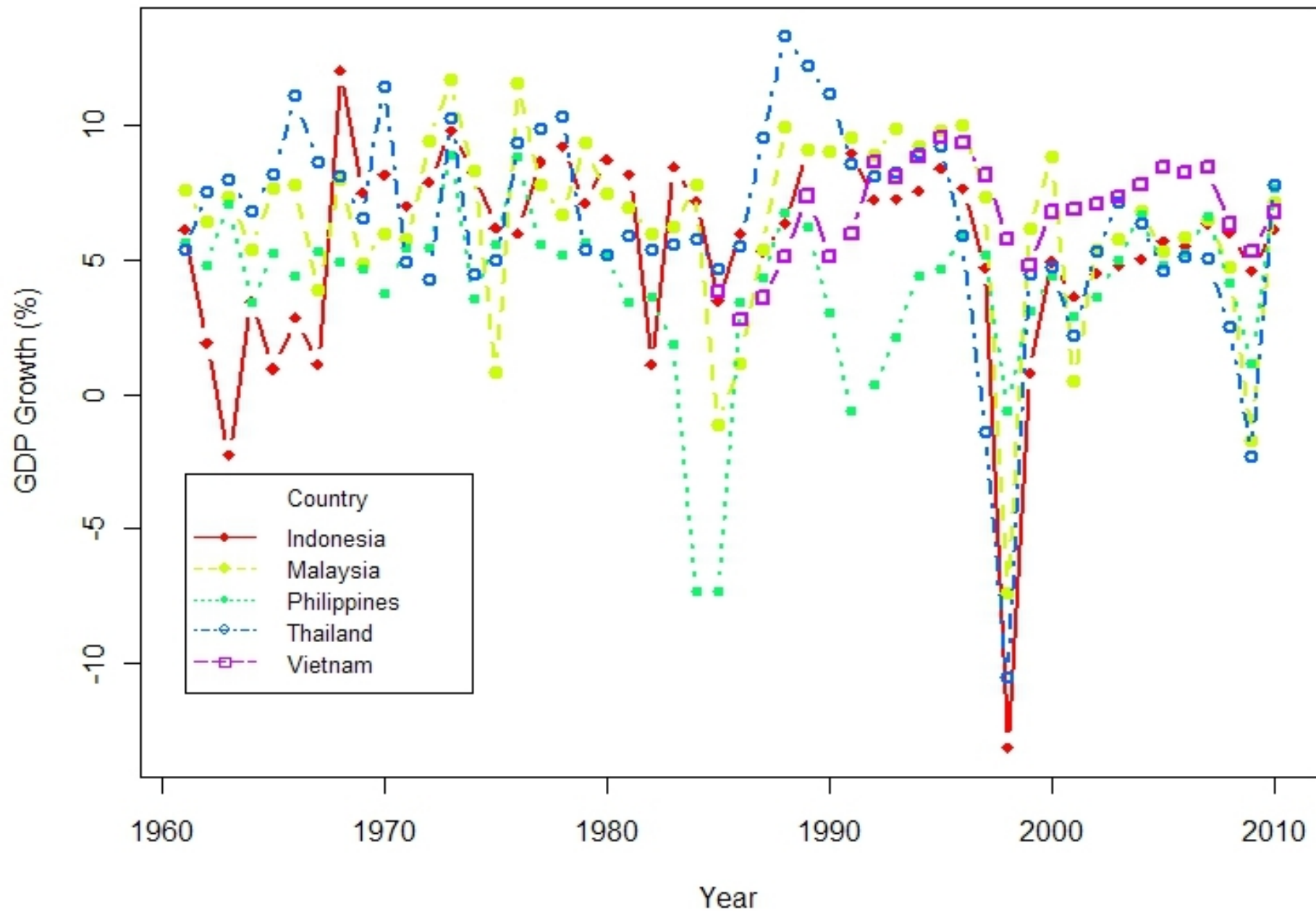
- Overview of the Philippine Economy
- Business environment
- Entrepreneurial activity
- Digital market
- Recent developments

Philippine Economy in Numbers (2010)

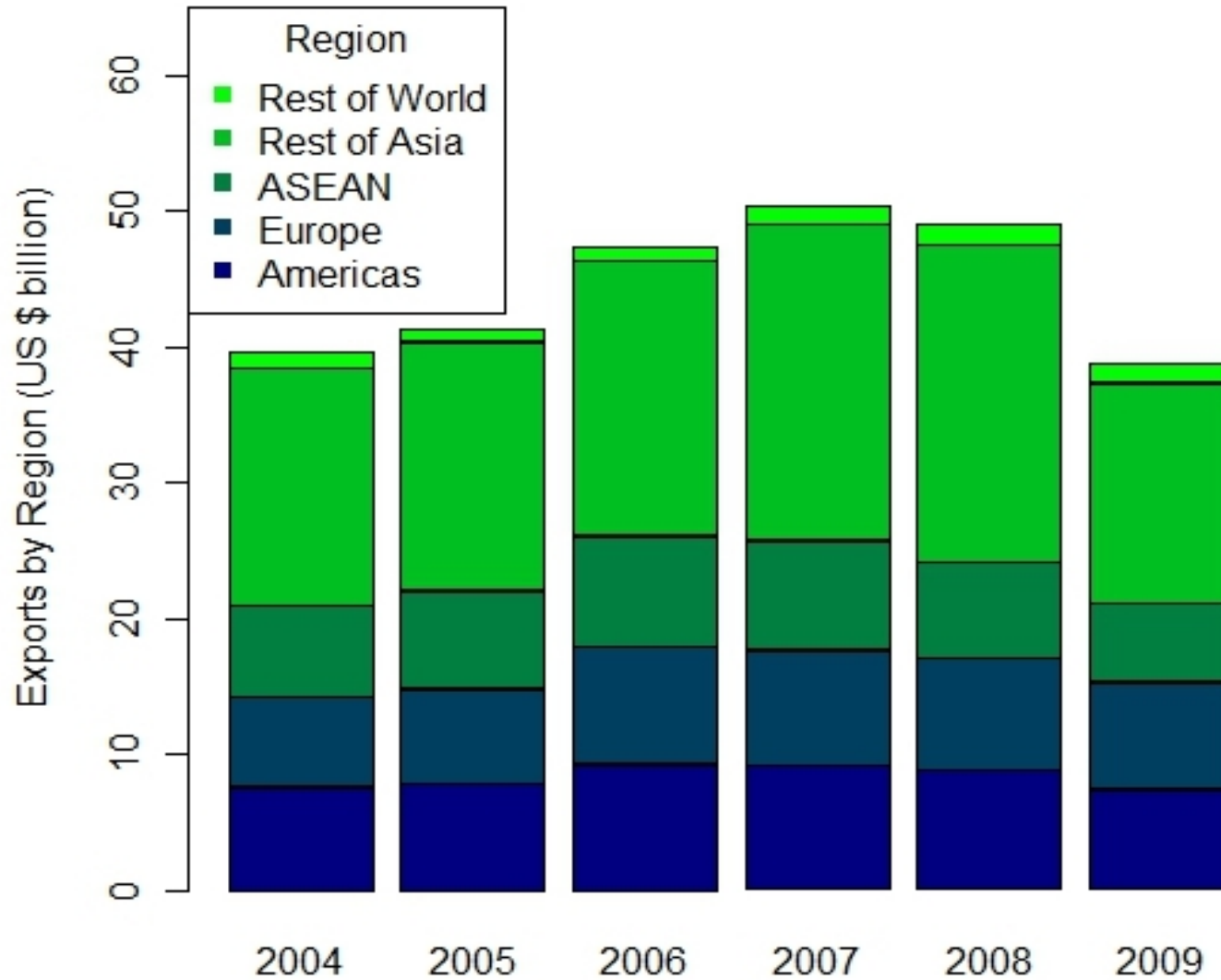
- Pop: 93.261 M
- Median age: 22 years
- Working age pop: 60%
- Per capita GDP (PPP): \$ 3,500
- Listed firms: 253
- Market capitalization: \$ 202 B



GDP Growth Rate in Selected Southeast Asian Countries



Philippine Exports



Source of data: Philippines National Statistical Coordination Board; R graph by Stephen McInerney

Firms in the Philippines by Industry and Size (2009)

Industry	Total	No. of Establishment				
		MICRO	SMALL	MEDIUM	TOTAL MSMEs	LARGE
Agriculture Hunting and Forestry	4,024	2,616	1,161	115	3,892	132
Fishing	1,199	886	255	28	1,169	30
Mining and Quarrying	422	261	126	16	403	19
Manufacturing	112,940	101,208	9,892	887	111,987	953
Electricity Gas and Water	1,417	502	690	118	1,310	107
Construction	2,536	1,305	982	122	2,409	127
Wholesale / Retail Trade; Repair Services	385,902	366,280	18,872	458	385,610	292
Hotels and Restaurants	97,362	87,730	9,403	165	97,298	64
Transport Storage and Communications	9,439	6,975	2,174	153	9,302	137
Financial Intermediation	26,574	21,499	4,837	107	26,443	131
Real Estate Renting and Business Activities	48,359	42,352	4,918	384	47,654	705
Education	14,205	7,619	6,095	280	13,994	211
Health and Social Work	31,685	30,044	1,405	124	31,573	112
Other Community Social and Personal Activitie	44,373	41,545	2,719	49	44,313	60
Total	780,437	710,822	63,529	3,006	777,357	3,080

Source: Philippines -National Statistics Office & Department of Trade and Industry

Distribution of Firms by Region and Size (2009)

Region / Province	Total	No. of Establishment				
		MICRO	SMALL	MEDIUM	TOTAL MSMES	LARGE
Philippines	780,437	710,822	63,529	3,006	777,357	3,080
National Capital Region (NCR)	212,052	180,816	28,438	1,394	210,648	1,404
Cordillera Administrative Region (CAR)	14,107	13,267	784	33	14,084	23
Region 1 - Ilocos Region	42,260	40,441	1,724	59	42,224	36
Region 2 - Cagayan Valley	23,736	22,858	839	21	23,718	18
Region 3 - Central Luzon	79,445	73,592	5,439	220	79,251	194
Region 4A - CALABARZON	114,676	106,555	7,163	419	114,137	539
Region 4B - MIMAROPA	22,498	21,477	994	15	22,486	12
Region 5 - Bicol Region	27,460	25,866	1,507	52	27,425	35
Region 6 - Western Visayas	45,524	41,907	3,319	156	45,382	142
Region 7 - Central Visayas	45,710	41,026	4,161	240	45,427	283
Region 8 - Eastern Visayas	18,029	16,974	993	37	18,004	25
Region 9 - Zamboanga Peninsula	24,288	23,172	1,039	39	24,250	38
Region 10 - Northern Mindanao	28,553	26,176	2,204	94	28,474	79
Region 11 - Davao Region	36,828	33,945	2,603	141	36,689	139
Region 12 - SOCCSKSARGEN	24,980	23,502	1,353	54	24,909	71
CARAGA	12,300	11,471	779	20	12,270	30
Autonomous Region in Muslim Mindanao (ARMM)	7,991	7,777	190	12	7,979	12

Source: Philippines -National Statistics Office and Department of Trade and Industry

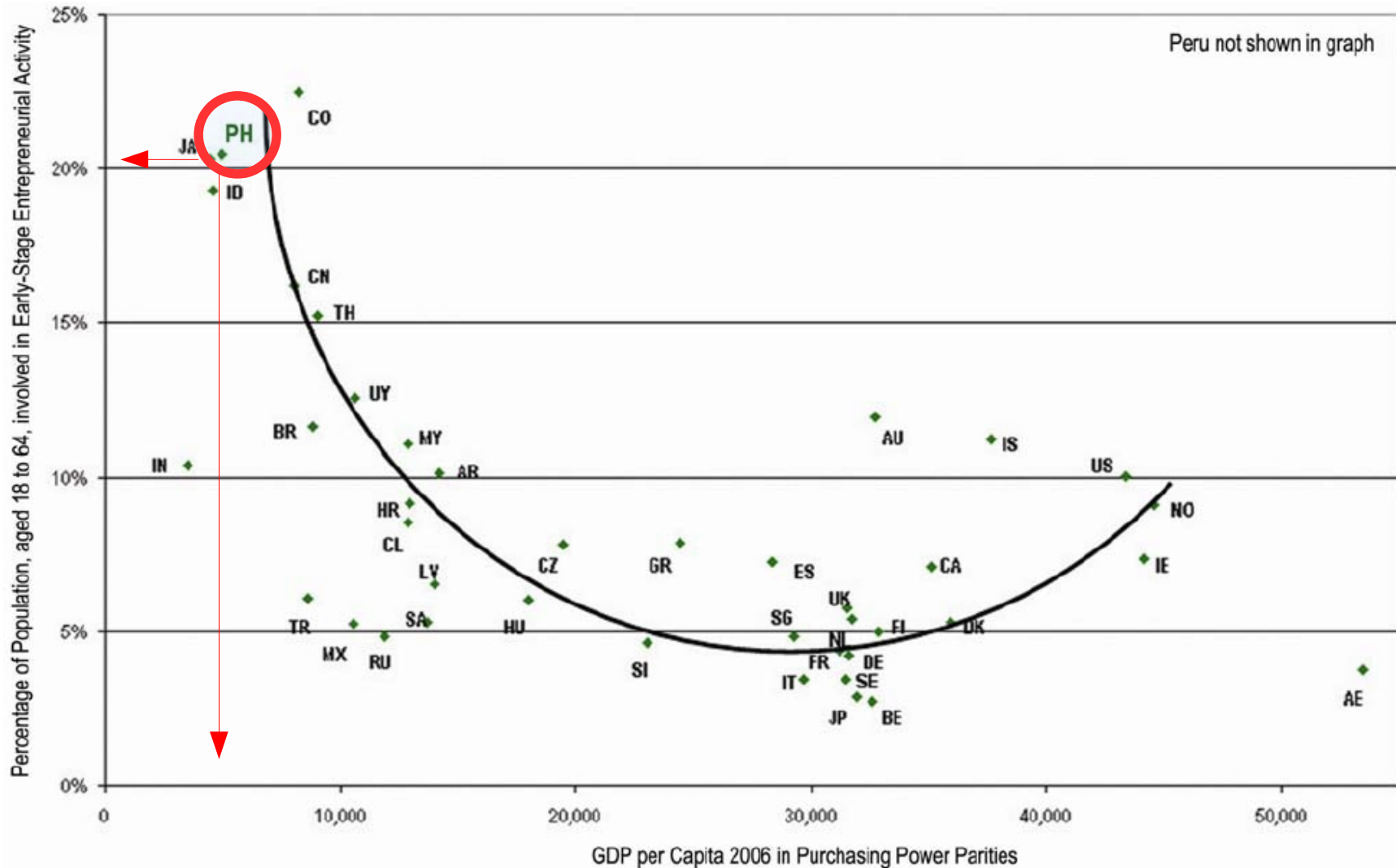
Doing Business in the Philippines (2012)

- Rank 136 out of 183 in ease of doing business (Thailand is 17, Vietnam is 98)
- Investor protection: 133
- Contract enforcement: 112
- Resolving insolvency: 163
- Cross-border trading: 51
- Takes 15 steps and 35 days to start a business



Image source: mabuhaycity.com

Entrepreneurial Activity in the Philippines (2007)

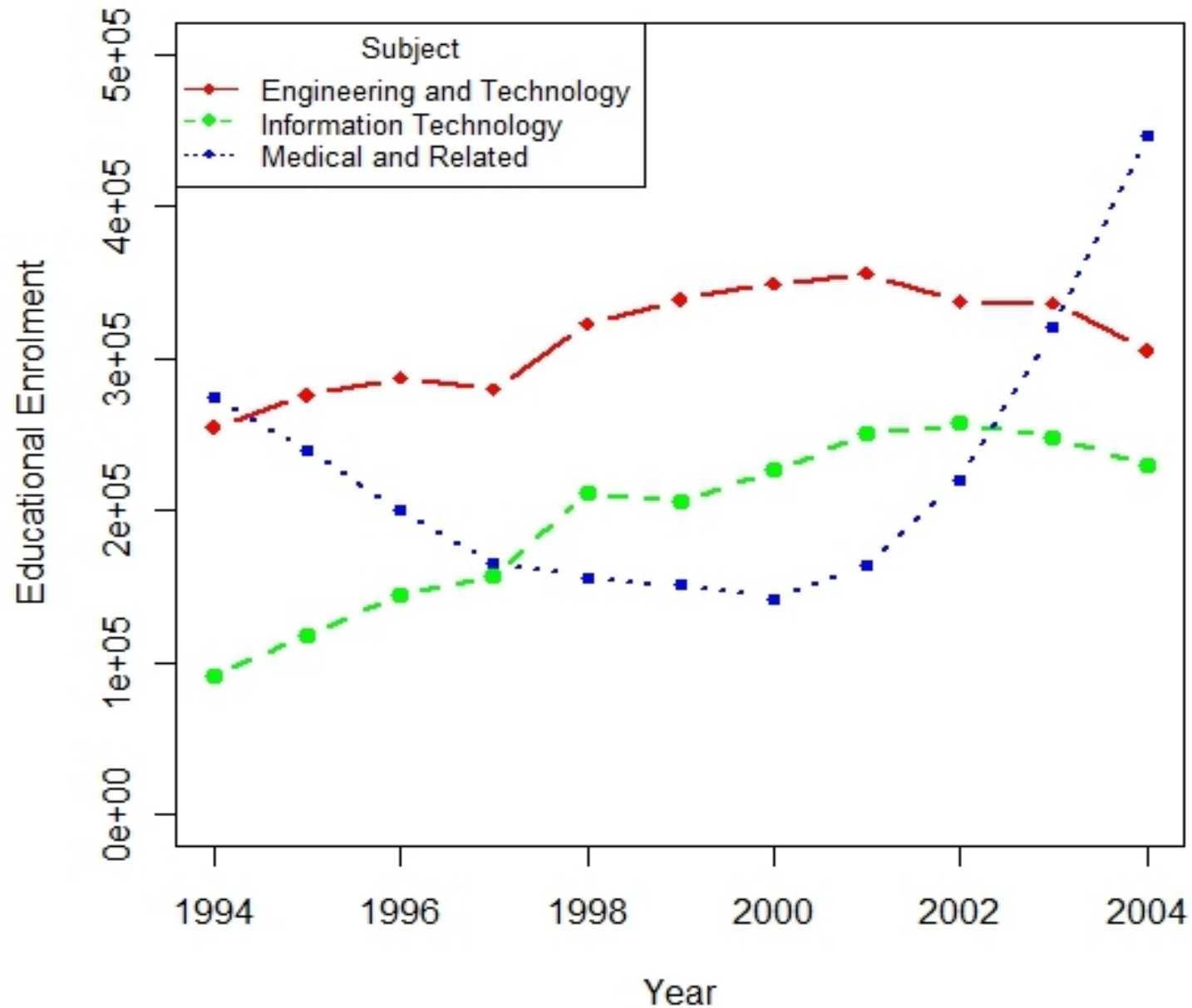


Source: Madarang and Habito (2007). GEM Philippine Report 2006-2007. p. 13

Entrepreneurial Activity in the Philippines (2007)

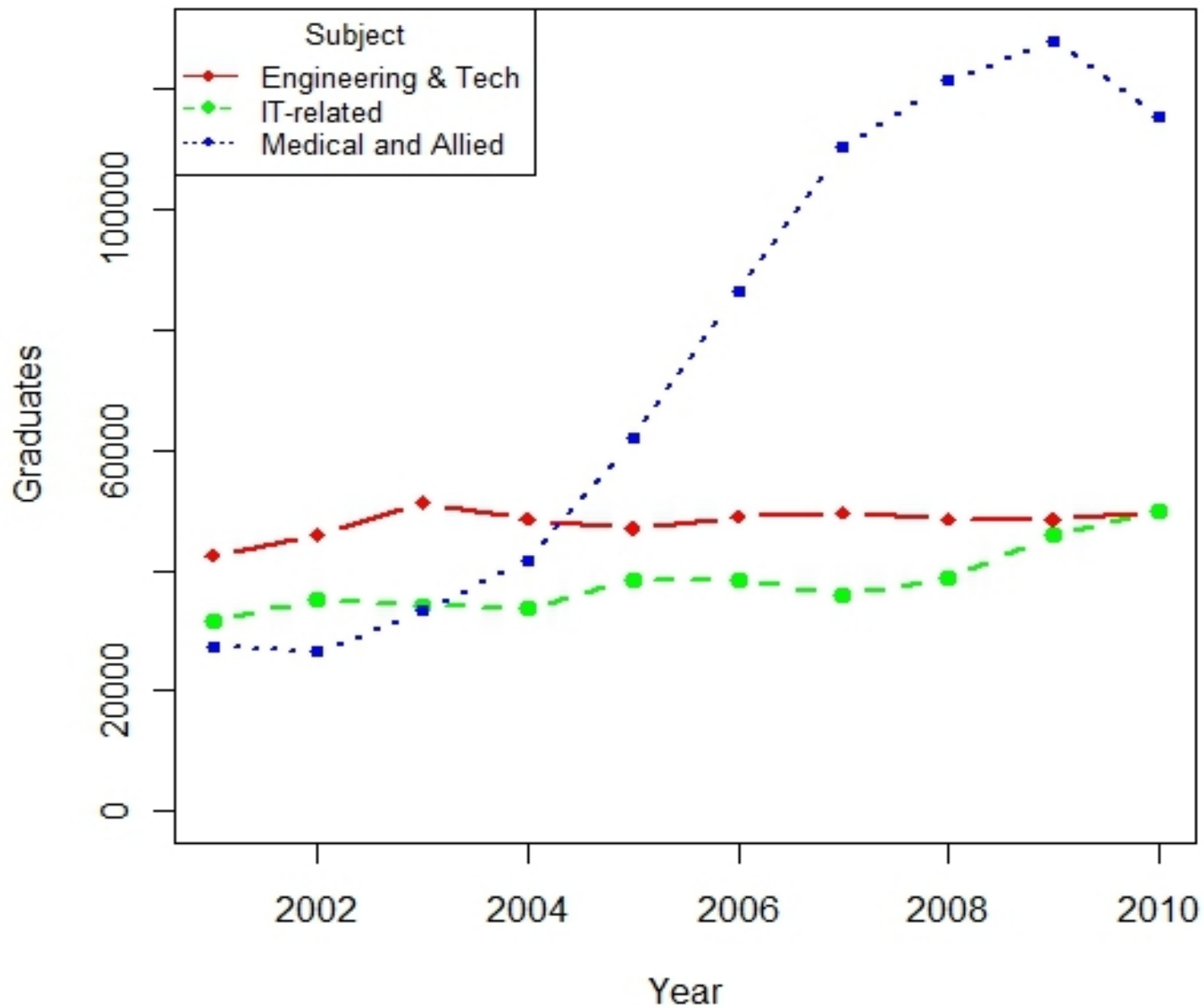
- 20.44% of Filipinos 18-64 are engaged in early-stage entrepreneurial activity (TEA), predominantly consumer-oriented
- 5% are nascent business owners (start-ups)
- 8% of TEA introduce products new to all
- 21% of TEA use new technology

Tertiary Educational Enrolment in the Philippines



Source of data: Philippines National Statistical Coordination Board; R graph by Stephen McInerney

Technical Graduates in the Philippines

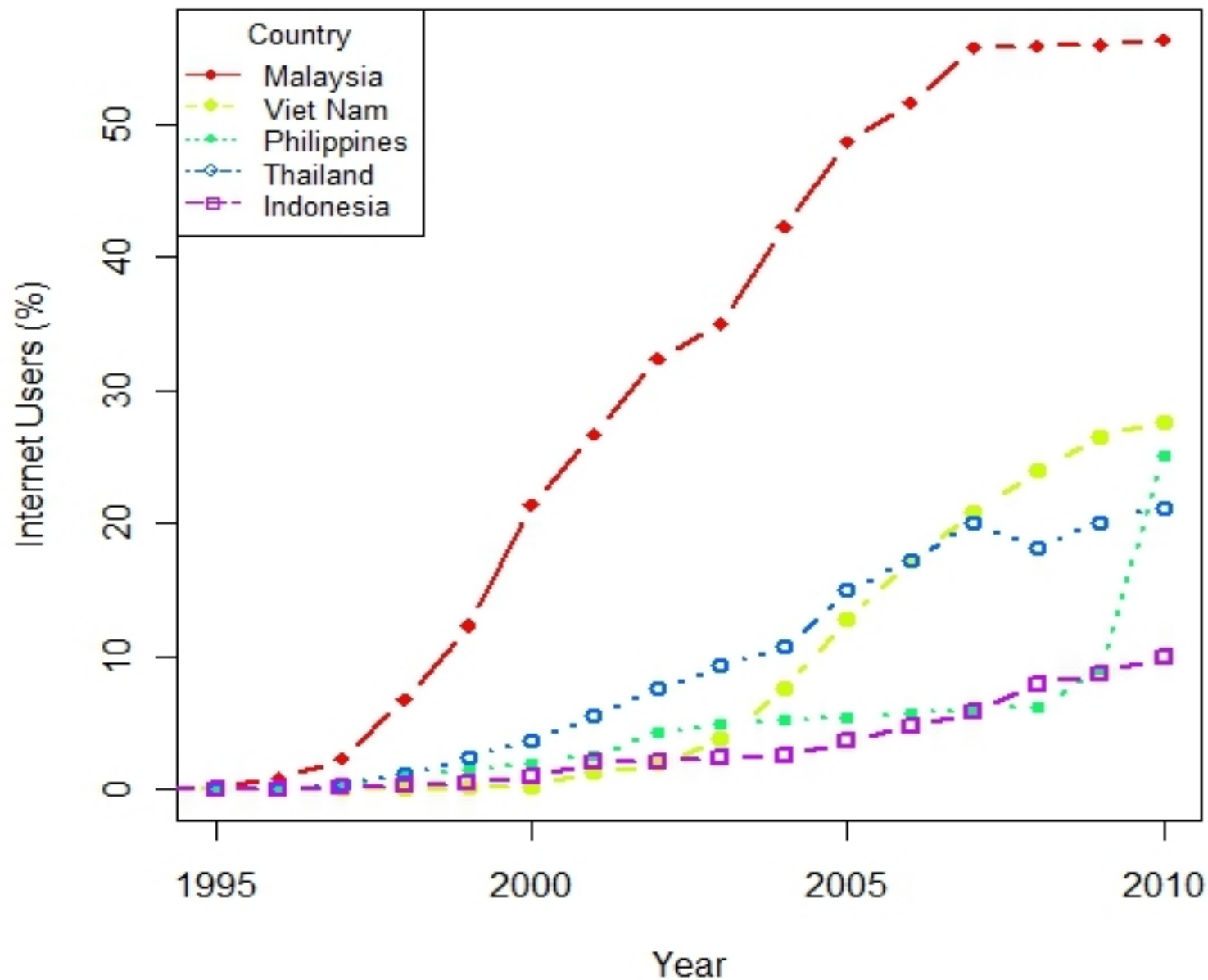


Source of data: Philippines National Statistical Coordination Board; R graph by Stephen McInerney



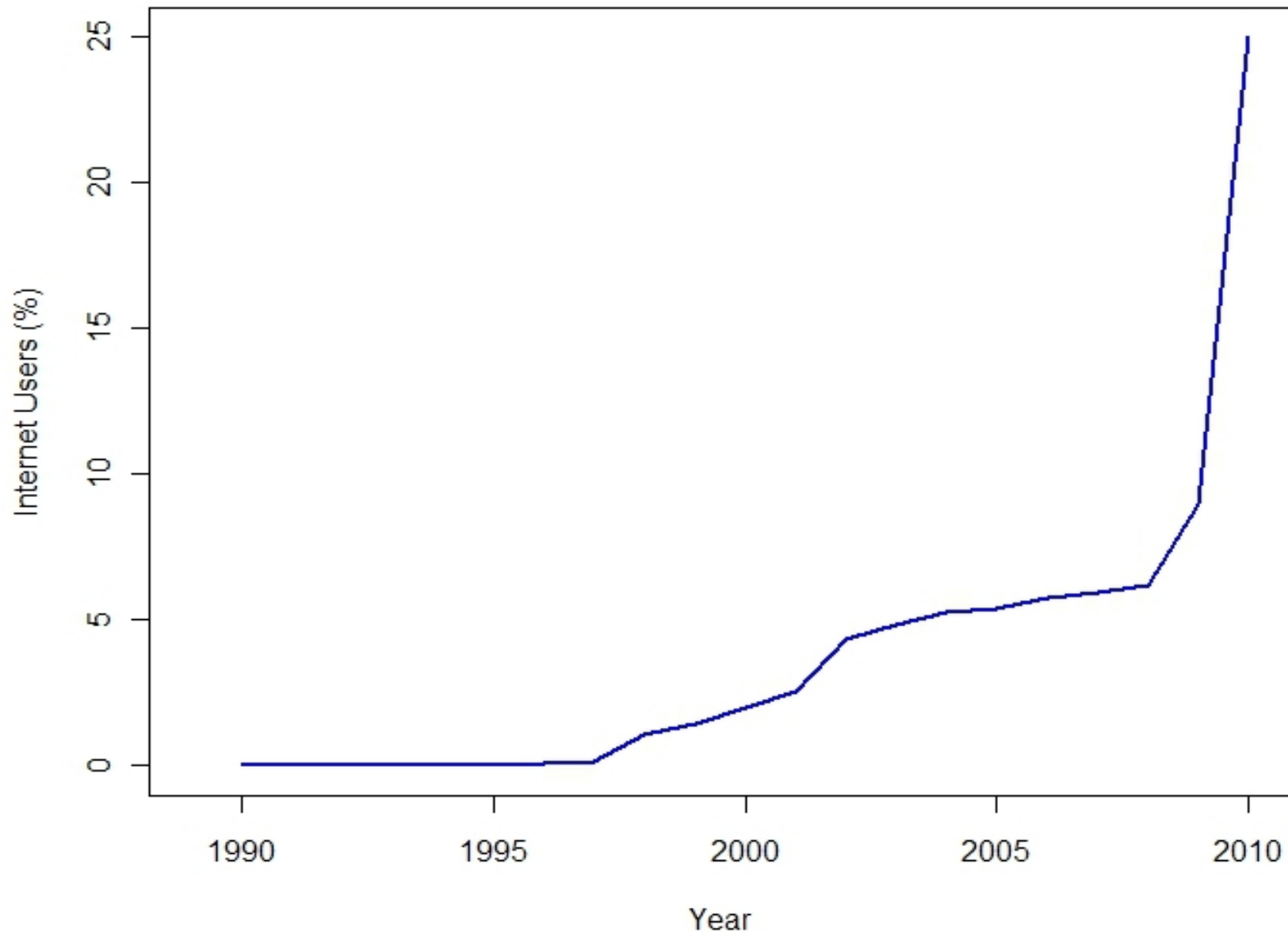
The Philippine Digital Market →

Internet Usage in Selected Southeast Asian Countries



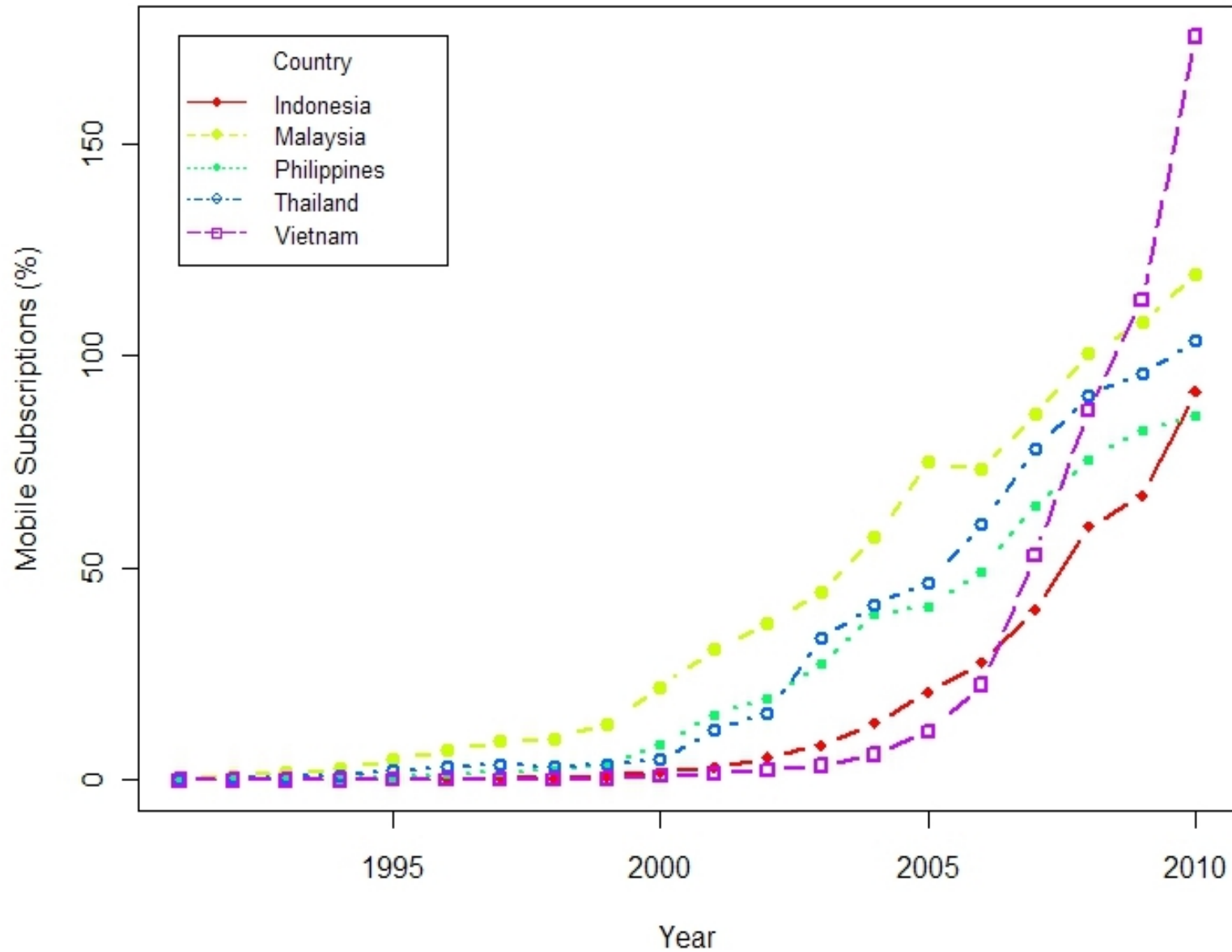
Source of data: International Telecommunications Union; R graph by Stephen Mcinerney

Percentage of individuals using the internet in the Philippines



Source of data: International Telecommunications Union

Mobile Subscriptions per 100 People in Selected Southeast Asian Countries



Source of data: International Telecommunications Union

The Filipino Digital Consumer

- Spends 21.5 hrs per week online, 8 hrs > broadcast TV
- Online time mostly spent on social networks
- Regular internet users more likely to be female
- Internet access through desktop

Source: TNS; Nielsen




Image source: pinoygigs.com

More Recent Developments

- Overtook India as top global outsourcing hub since 2010
- Major educational reform in 2014 (additional year for primary and secondary)
- Government and private technology incubators (e.g. Ayala TBI, UP-TBI); startup pitching competitions (e.g. ON3)
- Some venture capital and a new angel fund
- Overseas Filipinos entering tech ventures, providing venture funding, and sharing expertise (e.g. TechTalks.ph, Silicon Valley Science and Technology Advisory Council)

Outlook for Tech Entrepreneurship

- 
- Cautious optimism
 - Significant challenges

Thank You!
Daghang Salamat!

