

Philippines' digital economy continues to gain ground amid COVID-19 pandemic, poised as the next Hyperscalers Hub in APAC

MANILA, METRO MANILA, PHILIPPINES, September 17, 2021 /EINPresswire.com/ -- The Philippines is poised to be the next hyperscalers hub in the Asia Pacific (APAC) region as the country's digital and economic profile continues to gain ground amid the coronavirus pandemic.

"After being widely-recognized as the outsourcing capital of the world, this is the natural next step for the Philippines as our country now has all the necessary elements in place to make it happen and be the next hyperscalers hub in the region", Department of Trade and Industry (DTI) Secretary and Board of Investments (BOI) Chairman Ramon Lopez said during the media launch event today (September 1, 2021) "Philippines: The Next Strategic Hyperscalers Hub in APAC".

"With our thriving digital and economic profiles, robust and sustainable infrastructure and rich talent pool, combined with strong government support and favorable regulatory environment, global technology giants can definitely 'Make It Happen' in the Philippines", Secretary Lopez said.

Secretary Lopez led the media launch event along with key government officials – Department of Information and Communications Technology (DICT) Secretary Gringo Honasan and Department of Energy (DOE) Secretary Alfonso Cusi.

Secretary Honasan, in his message, reiterated the DICT's key initiatives in improving the Philippines' business climate, particularly in telecommunications infrastructure and connectivity to support the entry and provide further opportunities for hyperscalers. Secretary Cusi meanwhile emphasized the country's sufficient renewable energy source to support the power requirements of hyperscalers and available options for competitive power cost.

They were also joined by representatives from the local industry players namely Jovy Hernandez, President & CEO of ePLDT and Senior Vice President & Head of PLDT and Smart Enterprise Business Groups and Raymond Ravelo, Chief Sustainability Officer of Meralco Group and CEO of eSakay who reinforced the Philippines readiness to host hyperscalers with reliable digital and infrastructure support.

Hyperscalers was identified by the Philippine government, through the BOI, as a new addition to

the key priority sectors for intensive promotion under the “Make It Happen in the Philippines” campaign, the new international investments promotion campaign of the Philippines. The goal is to invite hyperscalers to expand their businesses in the country by setting up their cloud and network infrastructure in the Philippines.

“The Philippines is an attractive location for hyperscalers, alongside the thriving digital economy and a good economic profile, the digital readiness of our enterprises are helping propel our economic growth even further,” Secretary Lopez said.

The Philippines’ enterprise spending on cloud services is also expected to grow from \$1.8 billion to \$2.6 billion in 2024, according to Global Data, a data analytics and consulting company.

According to the 2021 Digital Report, the Philippines is among the top users in e-commerce adoption as penetration grows consistently from 70 percent in 2019, 76 percent in 2020 and is on track to hit over 80 percent this year. “E-commerce plays a major role amid the pandemic. Certain businesses mushroom, ably filling in for brick and mortar outlets affected by the community lockdowns. These are online retail, delivery services, online entertainment, digital services, telehealth, work-from-home arrangements, and digital payments. They continue to play crucial roles and will continue to do so.”

The number of businesses in the Philippines also continues to grow. Based on DTI’s Business Name Registration System, the number of online businesses involved in retail trade jumped from 1,848 in January to March 2020 to 88,575 by the end of 2020. Presently, the total number of online business names registered for retail trade is around 105,159. “This is where the hub of hyperscalers will address the growth as they will provide scalable applications and storage portfolio of services to these businesses to meet the robust demand of transactions,” Secretary Lopez added, noting that hyperscalers as the enabler of said key industries and the backbone of digital-native industries like fintech, digital banking and the like will make the Philippines an attractive market to hyperscalers.

Secretary Lopez also said that the government has accelerated the use of digital technology for government services to improve transactions in public offices with the implementation of the Central Business Portal (CBP), a single site for all business-related information and transactions such as securing business permits, licenses, and clearances.

Hyperscalers investors can likewise take advantage of the Philippines’ ready infrastructure support such telecommunications, connectivity, and presence of data centers for co-location, and the country’s renewable energy readiness. “We have nine key major commercial data center providers within 10 cities across the country. These data centers possess an estimated 19,000 total rack capacity. We are mainly targeting the Tier 1 and 2 players or those key industry players who have made carbon-neutral commitments and have made significant investments in sourcing renewable energy for their facilities,” said Secretary Lopez.

“The Philippines is committed to support their investments and usher them in laying down their cloud and network infrastructure in the country,” said Secretary Lopez explaining that laws and policies are in place to help hyperscaler companies grow their business in the country. He cited Corporate Recovery and Tax Incentives for Enterprises or CREATE Law which provides for lower income taxes for businesses and a menu of incentives, and the 2020 Investment Priorities Plan (IPP) which hyperscalers can take advantage of by applying for registration to be able to avail of investment incentives such as income tax holidays and duty-free importation of capital equipment.

The presence of hyperscaler companies in the country provides valuable nation-building impacts. “This further cultivates developer community and start-up ecosystem and increases digital adoption of consumers and enterprises. The user experience impact is also worth mentioning as the presence of hyperscalers will bring in faster and more reliable access to hyperscaler-hosted platforms and content for users in the Philippines,” said Secretary Lopez. (END)

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