

Building partnerships in ASEAN: Reimagining the possible

A Philippine CEO Survey



120 CEOs

114 survey respondents
10 face-to-face interviews*

75%

are planning to enter into a strategic alliance or partnership

45%

will likely compete in other countries

* Four interviewees also answered the survey

A message from the M.A.P. President



Marife B. Zamora

President, Management Association
of the Philippines (M.A.P.)

The Management Association of the Philippines (M.A.P.) is pleased to work with Isla Lipana & Co., PwC member firm for the third of a series of annual CEO Surveys which benchmark the changes in how CEOs think, respond, and innovate.

Many thanks to PwC Philippines for serving as our Knowledge Partner, once again, for the September 12 M.A.P. International CEO Conference 2017 with the theme “ASEAN in Business: Building Partnerships in a Growth Network.” We would also like to thank all the M.A.P. members and other members of the Philippine business community who participated in the Survey.

Since 2002, the M.A.P. International CEO Conference has served as a premier venue for bringing together business leaders from various fields to share insights and experiences, to establish stronger business and social linkages, and to imbue them with the passion and know-how to remain highly competitive in a highly globalized environment.

The 2017 M.A.P. International CEO Conference provides the opportunity for the participants to share ideas and discuss the things that matter; and to build and enable partnerships and networks of their own. Through the insightful sessions and robust discussions with a global perspective among people of diverse backgrounds, the M.A.P. aims to encourage innovative thinking, collaboration, and cooperation that will pave the way toward shared growth and prosperity for all.

We hope that the readers of the report will learn from our respondents in building and enabling partnerships in ASEAN.

A handwritten signature in black ink, appearing to read 'Marife Zamora'.

A message from the PwC Philippines Chairman



Atty. Alexander B. Cabrera
Chairman and Senior Partner,
Isla Lipana & Co./PwC Philippines

Over the years, partnerships have proven that what we thought were unattainable can actually be achieved. Examples are building roads that connect distant places, improving our derelict airports, penetrating foreign markets, and introducing new technologies.

In this report, we try to understand our CEOs' views on how partnerships can work in an integrated ASEAN.

Finding the right partner may be difficult. We all need someone we can trust, and who will complement our strengths. Once you find that partner, the opportunities can be endless.

Our CEOs believe that sharing the same vision, and not just focusing on financial contributions, will improve the success rates of partnerships.

Working together to achieve shared goals, as well as delivering on promises, are key to having successful partnerships.

Looking ahead, our CEOs believe that collaborations will help them grow at a faster pace within and outside the Philippines.

In mounting the survey, we also intended to have an appreciation of our CEOs' plans for their companies, our country, and ASEAN.

I'd like to thank the 120 CEOs who shared their insights with us. We'd also like to express our sincerest gratitude to the ten leaders who allowed us to tell our readers their stories and aspirations.

This is the third year that we're doing the CEO survey for M.A.P. Thank you, M.A.P., for the privilege to serve as the Knowledge Partner for your 15th International CEO Conference.

We hope that our CEOs' experiences and wisdom will inspire you to collaborate more with the government, other organizations, and rising entrepreneurs – not only to benefit your own companies and our country, but the entire ASEAN community as well.

A handwritten signature in black ink, appearing to read "Atty. Alexander B. Cabrera".

A Philippine CEO Survey

The theme of the 15th M.A.P. International CEO Conference 2017, “ASEAN in Business: Building Partnerships in a Growth Network,” helped shape the PwC M.A.P. 2017 CEO Survey.

With the goal of working together to make the ASEAN integration successful, we asked our leaders to share their views on the growth prospects of the Philippines and the rest of ASEAN, as well as their plans to further expand their businesses and address the challenges along the way.

It is encouraging to know that our leaders are moving towards forming more partnerships, both formal and informal – not only to accelerate their growth, but to help the country and other entrepreneurs as well.

This year, we are also featuring the stories of key business leaders to share the lessons they learned from their partnerships and from their experience in expanding their businesses. Two of our government leaders share their vision for the country, and their plans to make their vision a reality.

We hope that this report will inspire our leaders to reimagine the possible – not only in the Philippines, but throughout ASEAN.



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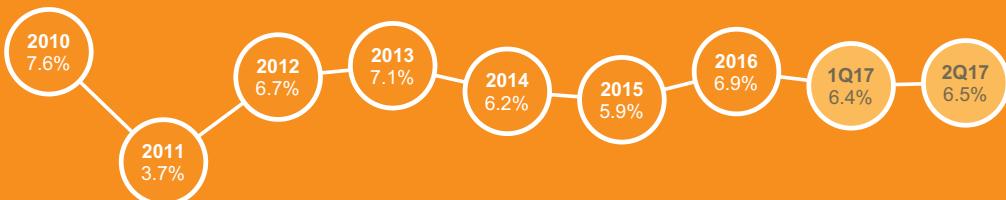
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Economic outlook

The Philippines' gross domestic product (GDP) has grown consistently for 74 quarters. In the second quarter of 2017, the GDP grew yet again, this time by 6.5% year-on-year. This is at the lower end of the government's growth target of 6.5% to 7.5%, but enough to outperform the rest of Asia except China, whose economy grew at 6.9% during the same period.

Philippine real GDP growth rate (in %)



Source: Bangko Sentral ng Pilipinas and Philippine Statistics Authority

In its semi-annual publication, *World Economic Outlook*, the World Bank projects global growth at 3.5% this year, driven mainly by developing regions including Southeast Asia, which is predicted to expand at 5.1%.

The Philippines is expected to exceed both projections, fueled by increased government spending, merchandise exports, and agricultural production.

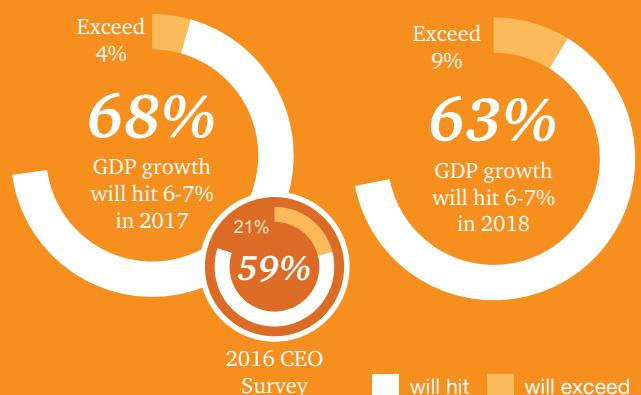
Given the strong macroeconomic fundamentals and positive indices to date, the government is very bullish with regard to meeting the 2017 GDP target, a sentiment strongly shared by 68% of CEOs we surveyed, 63% of whom likewise believe that 2018 goals will be met.

Such optimism is anchored on the belief that the Philippines will still have one of the fastest-growing economies because of the improved business environment, demographics, and continued collaboration between the government and private sector.

The prevailing business climate has certainly been seen as opportunity for revenue growth for the next three years by 57% of CEOs who have expressed high confidence in the prospects of their companies.

In the same manner, 54% of our CEOs say that they are very confident about opportunities in their industries over the next three years.

Question: Do you believe that Philippine economic growth will exceed, hit or miss GDP growth forecasts of 6-7% in 2017 and 2018?



Globally, the same optimism was shared by the majority of CEOs as disclosed by PwC in its most recent survey publication, *20 Years Inside the Mind of the CEO... What's Next?* The survey covered 1,379 CEOs from 80 countries, and 51% expressed an extremely positive view on prospects for revenue growth over the next three years.

While CEOs recognize that opportunities still abound, their optimism is tempered by the increasing number of new threats and aggravation of existing ones. CEOs continue to express concern over threats of terrorism, increasing tax burden, inadequate basic infrastructure, geopolitical uncertainty, and overregulation.

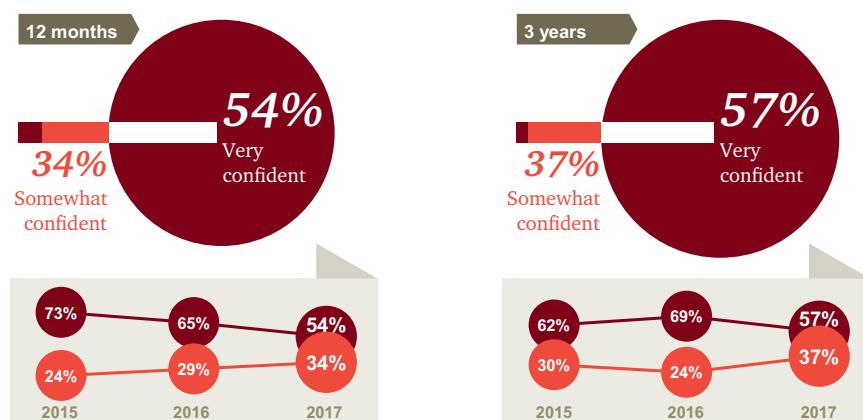
From the business standpoint, CEOs view bribery and corruption, technological changes including cybersecurity, and the ability to respond to crisis as the main risks that may hinder growth. Increased emphasis to implement cybersecurity has been prompted by persistent attacks that have, in certain cases, crippled operations.

The WannaCry ransomware, for example, infected more than 230,000 computers in over 150 countries in May 2017. The cyberattack against Danish shipping giant A.P. Moller-Maersk cost the company from US\$200m to US\$300m.

"General overall outlook for the Philippines will be positive in the next three to four years and should be more stable. I believe the current leadership has enough drive and sincerity to do positive impact to the Philippines in general."

Jacob A. Peña, Jr.
CEO, Sydenham Laboratories Inc.

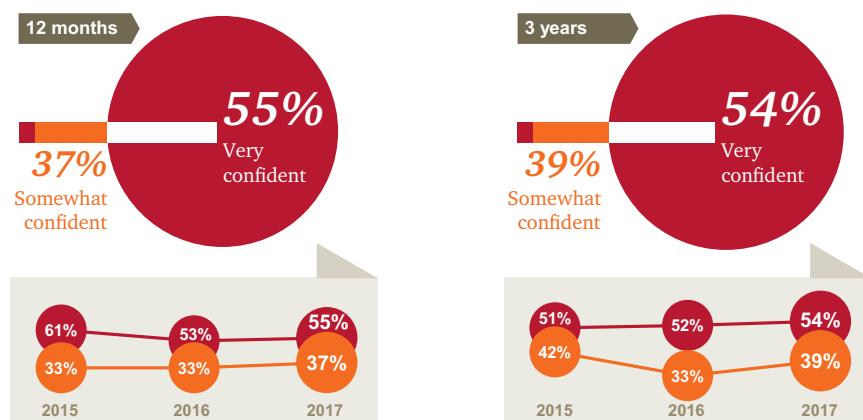
Question: How confident are you about your company's prospects for revenue growth over the next 12 months and three years?



Base: All respondents: 2015=79; 2016=98; 2017=114

■ Very confident ■ Somewhat confident

Question: How confident are you about your industry's prospects for revenue growth over the next 12 months and three years?



Base: All respondents: 2015=79; 2016=98; 2017=114

■ Very confident ■ Somewhat confident

Collaborating with purpose: Building sustainable businesses for the country

Hon. Ramon M. Lopez

Secretary, Department of Trade and Industry

Established with the vision of serving as the main economic catalyst for the country, the Department of Trade and Industry (DTI) is led by Secretary Ramon M. Lopez with the objective of realizing a more inclusive and prosperous Philippines by 2022. Through his inclusive, innovation-oriented approach on policies, Sec. Lopez is pushing for the kind of growth that reaches the bottom of the pyramid.

There are over 900,000 micro, small, and medium enterprises (MSMEs) representing around 99% of total Philippine enterprises and accounting for 70% of total employment. These figures make the sector the country's economic backbone. Thus, promoting entrepreneurship among MSMEs and helping them scale up have been among the top priorities of Sec. Lopez.

"The DTI is using the 7Ms Framework—a seven-point strategic framework—to help aspiring entrepreneurs set up their own businesses and become smarter entrepreneurs. These are: 1) mindset, 2) mastery, 3) mentoring, 4) markets, 5) money, 6) machines, and 7) models. This framework will help the MSMEs make a headway in an increasingly competitive market, while contributing to the larger cause of sustaining the entrepreneurial revolution," Sec. Lopez said.

Initiatives under this framework include the P3 (*Pondo para sa Pagbabago at Pag-asenso Program*), the Kapatid Mentor ME Program (KMMP), Go Lokall, the Shared Service Facilities, the Go Negosyo Act, and the Inclusive Business Model.

To further spur foreign direct investments in the country, the government, through DTI, has been conducting numerous trade missions.

"We are initiating more trade missions to capture the interest of investors in foreign countries and generate more investments that may lead to more employment opportunities for our countrymen. Through the current administration's Independent Foreign Policy, we are sourcing investments from non-traditional trade partners like Russia and China, while also helping the government attain its national goals, regardless of hindrances," Sec. Lopez explained.

The Philippines stands to gain even more investors as the ASEAN integration progresses.

"The ASEAN integration will provide an opportunity for Filipinos to become major players in the ASEAN region," Sec. Lopez said.



When asked about the possible concerns, he noted that: "Despite concerns that our country would lose in terms of trade or employment opportunities because of the ASEAN integration, we are actually well-positioned to take advantage of it. Among our country's many strengths are our robust economic performance, improving competitiveness, and a huge supply of English-speaking workforce."

To help support and protect the MSMEs as the Philippines move towards the ASEAN integration, the DTI developed the following key strategies: (1) increase trade and investment; (2) integrate MSMEs in the digital economy; and (3) develop an innovation-driven economy.

With the rise of start-ups in the country, the DTI launched Slingshot Philippines in 2015, a government-initiated platform spearheaded by the trade agency with the support from the Department of Science and Technology. The DTI also signed a Memorandum of Understanding with IdeaSpace Foundation in 2016 to establish the QBO Innovation Hub, a hub for start-ups and innovation entrepreneurs to boost the collaboration between the start-up community, the private sector, the academe, and the government.

"An entrepreneurial culture can ensure inclusive growth that would lead to shared prosperity for all."

Sec. Lopez understands the value of collaborating with the private sector, noting that: "Government agencies can gain the support of the private sector through their experience, wisdom, knowledge, and even their efforts."

"The government's partnership with the private sector is an integral part in implementing entrepreneurial programs and policies that will help our countrymen, ranging from the mentorship given to aspiring entrepreneurs with the KMMP as well as intensified ties with the business community, to soliciting their help in creating jobs and employment for our people. Without these shared vision and belief with the private sector, as well as trust in each other, the government would not be able to attain its goals" he added.

Sec. Lopez's passion for MSMEs is not all that new. He said: "From my work in the private sector as head of Go Negosyo to my appointment as Trade Secretary, I have focused on promoting MSME development bringing the sector at the center of the trade agenda to help uplift the lives of all Filipinos."

"MSMEs will serve as the enabling mechanism to empower those at the bottom of the pyramid. By developing an entrepreneurial culture and mindset in our people, we can ensure inclusive growth among our countrymen that would lead to shared prosperity for all," he declared.

The United States (US) Department of State, in its most recent Investment Climate Statements, cite poor infrastructure (e.g. high power costs and slow broadband connection), corruption, and foreign equity limitation as constraints in making the Philippines more attractive to foreign direct investments (FDI). In order to continuously ride the growth momentum, both CEOs and investors have priority reform areas that they wish the government should undertake, namely good governance, adequate physical infrastructure, peace and order, competitive tax system, and adequate digital infrastructure.

President Rodrigo Duterte announced a massive infrastructure plan that embarks on an ambitious target spending of PHP8.4 trillion until 2022. This will result in the segment's GDP contribution to increase to 7.5% against 4.0% by the previous administration. *Build, Build, Build* represents the government's primary economic thrust, to improve the country's business competitiveness index, attract FDI, and encourage an investment-led economy.

"The one major need to be fulfilled is the establishment of adequate nationwide physical infrastructure to support the transport sector (roads, bridges, ports), power sector (electricity), and telecommunications. With these infrastructure projects in place, business will follow, employment will be created, economic opportunities will be expanded, social services can be more conveniently delivered, and peace and order can easier prevail."

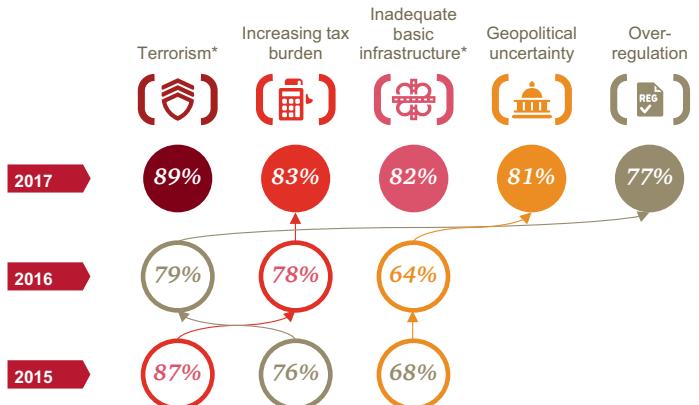
Santiago F. Dumlaao, Jr.
Secretary General, Association of Credit Rating Agencies in Asia

Question: Please select and rank (1 being the highest) the top five initiatives/changes that you believe the current Philippine government should prioritize during its term? (Please choose top five choices.)

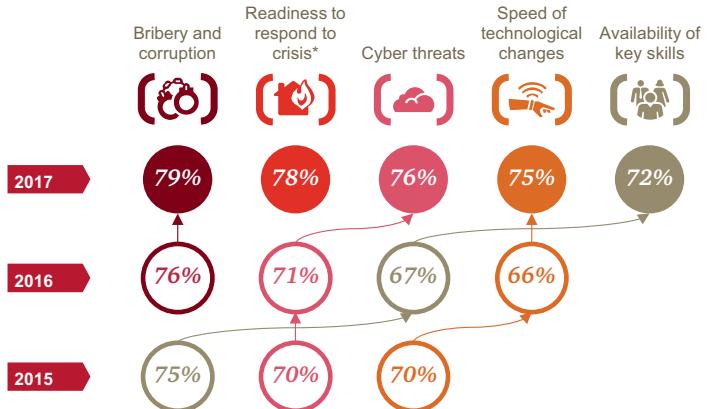


Question: How concerned are you about the following potential economic, policy, social and environmental threats to your company's growth prospects?

Top 5 economic, policy, social and environmental threats



Top 5 business threats



Base: All respondents: 2015=79; 2016=98; 2017=114
*New opportunities and threats included in 2017 survey

Great expectations: Inclusive growth through developed markets

Nestor A. Espenilla, Jr.

Governor, Bangko Sentral ng Pilipinas

Taking over from his mentor and predecessor Amando M. Tetangco Jr., Governor Espenilla is delivering his “continuity plus plus” strategy to promote and maintain price stability, and ensure a strong financial system that will help sustain the growth of the economy.

“I tried to capture how I would define my term in my ‘continuity plus plus’ strategy. The Bangko Sentral ng Pilipinas (BSP) has been able to successfully establish a track record for monetary and financial stability. That really is the essence of continuity. The BSP will continue the market-friendly policies that will ensure a low and stable inflation in the Philippines. I am also committed to pursuing progressive and proactive prudential reforms to promote financial stability and foster a broad-based and inclusive growth.”

What are the “plus plus”? “We look at continuity as a good foundation to embark on even more ambitious financial market reforms that are essential to support our sustainable economic growth. One major advocacy is to develop the domestic capital market, particularly the debt market. There are limitations to what banks can do in supporting development financing. The banks can effectively mobilize funding for long-gestation projects such as infrastructure, but it’s not ideal. We want a more developed financial ecosystem where you have well-functioning banks as well as deep and liquid debt and equity markets that can complement the financing needs of big ticket projects.” To make this possible, Governor Espenilla is working with other government agencies such as the Bureau of Treasury, the Department of Finance (DOF), and the Securities and Exchange Commission (SEC).

With services driving our growth, and the resurgence of manufacturing, Governor Espenilla believes that we also need to have a deeper and more liquid foreign exchange market. “If we want to attract foreign direct investments, and if we want our own conglomerates to spread their wings in the context of an ASEAN integration framework, we need more sophisticated hedging products. Foreign exchange is a very important part of that equation. We are also introducing reforms to make it easier to do business in the foreign exchange market, and to be able to source transparently, efficiently, and at a competitive pricing.”

When asked about his third key initiative, Governor Espenilla replies, “The third is digitizing the financial system. Based on our 2014 survey, 99% of retail transactions are completed using cash or checks. Only 1% of the total volume is electronic. We want to grow the volume of electronic transactions to at least 20% by 2020.”



As part of this initiative, the BSP, in partnership with the private sector, launched the National Retail Payment System (NRPS) project. “The NRPS creates an inter-operable ecosystem that will allow banks and regulated non-banks to interact with one another allowing each to move value from deposit accounts or wallet accounts, to any other bank in the ecosystem through the establishment of an automated and efficient clearing house.” By the end of 2017, the BSP also plans to launch the electronic fund transfer system called Peso Net, which will allow people to send money electronically, from any account to anywhere in the system, at any time of the day. In addition, underpinning the digitalization efforts is the initiative to put together a biometric national ID system in coordination with various government agencies.

When asked about the motivations behind his innovative solutions, the Governor replies, “The Philippines is increasingly becoming a middle-income country, but people are being left

behind. The financial inclusion objective is to make sure that as we modernize our banking system with all these innovations, we want to make sure that it is also very relevant to ordinary people who are living in the far-flung provinces. Creating a digital financial system enables that. Credit will become more accessible

to people, and they will no longer be dependent on physical collateral. The digital footprint will eliminate the traditional collateral requirements. From there, you build micro-insurance, then investments, and eventually, savings.”

In view of the ASEAN Integration, Governor Espenilla believes that while our banks are smaller relative to other banks in ASEAN, they do not give up anything in terms of the quality of their service, their resilience, their stability, and soundness. “However, banking is a scale business so we’re encouraging banks to scale up through mergers and acquisitions. Since the liberalization, what we’ve seen are big banks taking on strategic foreign partners to grow. While we want them to grow, we want to make sure that these large institutions are run properly. This is because if they fail, they have the potential to take down the entire financial system.”

With Governor Espenilla reaching the first three months of his six-year term, he shares his vision and plans for the rest of his term. “I’d like to leave with inflation low and stable, our external liquidity strong, our reserves ample, and our banking system strong. I also would like to see a much more sophisticated domestic debt market, a deep and liquid foreign exchange market, and digitalized and safely executed financial transactions.”

Companies are increasingly placing more emphasis on corporate governance and as such, CEOs expect that the government will follow suit, particularly in terms of transparency, providing a level playing field, and increasing confidence in the process.

Good governance has consistently topped – #1 in 2017 and #2 in 2016 – the list of initiatives and reforms that CEOs wish government would prioritize. For their part, companies, specifically the listed entities, have been making sure that they comply with the new Corporate Governance Code.

Tax reform is on the wish list of both the government and foreign investors as the current administration's financing policies have shifted from Public-Private Partnership (PPP) to Official Development Assistance and general appropriation or through the national budget.

This change in funding infrastructure development places mounting pressure for Congress to swiftly enact the proposal submitted by the DOF (i.e., Tax Reform for Acceleration and Inclusion) that mandates the lowering of individual taxes while increasing tariffs on fuel, sugar-sweetened beverages, and luxury cars. In addition, collecting

agencies such as the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) are compelled to meet or even exceed revenue targets.

“Balancing short-term with long-term goals, creating sustainable value for stakeholders, achieving growth but helping inclusive growth. These are the issues organizations commonly address, but moreso for those whose businesses are grounded on principles of good corporate governance.”

Alexander B. Cabrera
Chairman and Senior
Partner, PwC Philippines

The National Competitiveness Council, meanwhile, is also working hard for the Philippines to crack the top third in global rankings after placing 99th in last year's World Bank report on *Ease of Doing Business*.

Gains to date include introducing an online system for filing and paying of health contributions and facilitating completion of corporate income and Value Added Tax returns, even if offline.

The Committees on Trade, Commerce and Entrepreneurship in both houses of Congress are contributing to improve the business climate for investors by working on the passage of major legislation that will further ease doing business in the Philippines.

Proposed reforms include pushing for a specific timeframe for the approval of applications for permits on a per-agency basis; uniform checklist of requirements; information-sharing among local government units and other relevant government agencies such as the BIR and the SEC; and the conduct of a competitiveness test for every local ordinance that sets new requirements for existing and new businesses.

Overall, the majority of CEOs remain highly optimistic about their companies' growth prospects and opportunities albeit mindful of increasing threats. They also have high expectations that the government will fulfill its role in executing the country's comprehensive development program.

Tough questions

1. How are you preparing for the possible impact of the planned tax and regulatory changes?
2. How do you plan to work with the government to further grow your business?
3. What should be your key priority areas given the changing regulatory environment?
4. How will your organization's strategies change with the current administration's focus areas?
5. What initiatives are you planning to implement to protect your organization from the economic, political, and social threats?

Reshaping the organization through partnerships

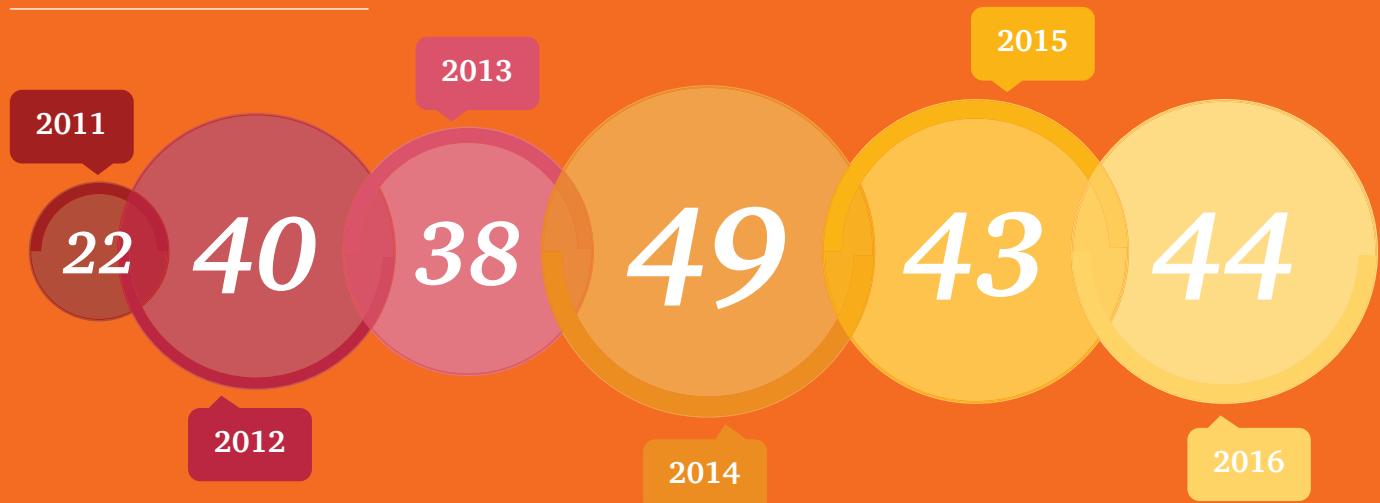
2016 was a year full of uncertainties both in the Philippines and in the global setting as a result of the Philippine elections, US elections, Brexit, tightened M&A control imposed by Chinese regulators, and political risks.

As we reached the first half of 2016, however, Filipinos felt confident that the economy will remain stable because of the peaceful transition of power to the Duterte administration as well as the favorable GDP growth rates both in the first and second quarters of the year.

The high level of confidence was seen in the number of announced mergers and acquisitions (M&A) deals

in 2016. While the deal count remained flat, more than 50% of the 44 deals in 2016 were completed in the second half of the year. This means that the local and foreign investors trust the current administration, and still believe in the Philippine growth story. Completed deals in 2016 include the acquisition of stakes in Basic Logistics Corporation, Global Business Power Corporation, Negros Navigation Company, Inc., Shakey's Pizza, and The Generics Pharmacy.

Announced Deals in the Philippines



Source: MergerMarket

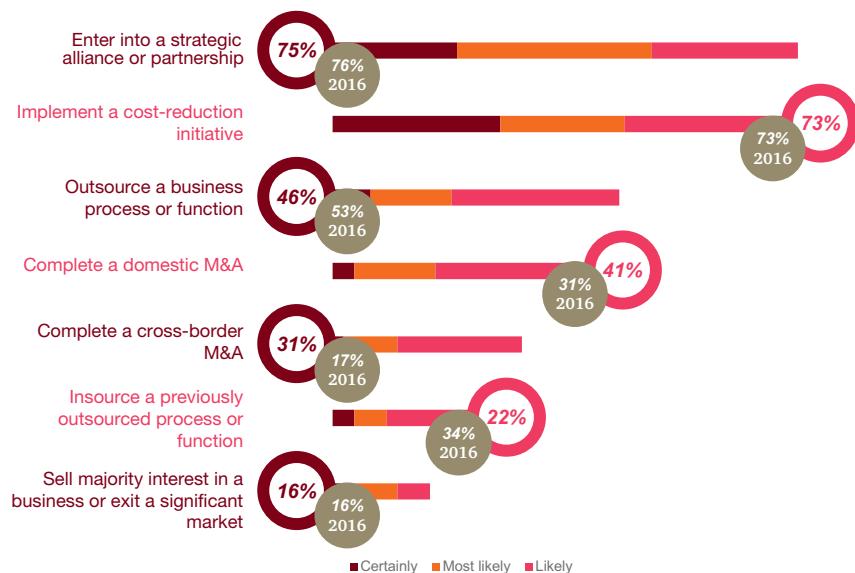
“Disruption is the name of the game.”

Melito S. Salazar Jr., Chairman,
Omnipay, Inc.

In the past two years, we asked our CEOs to identify the initiatives and changes that they will implement to respond to the changes in the macroeconomic and business environment. Similar to the responses in the past surveys, 75% of our CEOs say that they will enter into a strategic alliance or partnership in the next 12 months. Jacob Pena, CEO, Sydenham Laboratories Inc., said, "Collaborate with organizations that will add value to your product, technology, and customer base." With our CEOs' responses, we see that our business leaders are becoming more open to collaboration to achieve their goals.

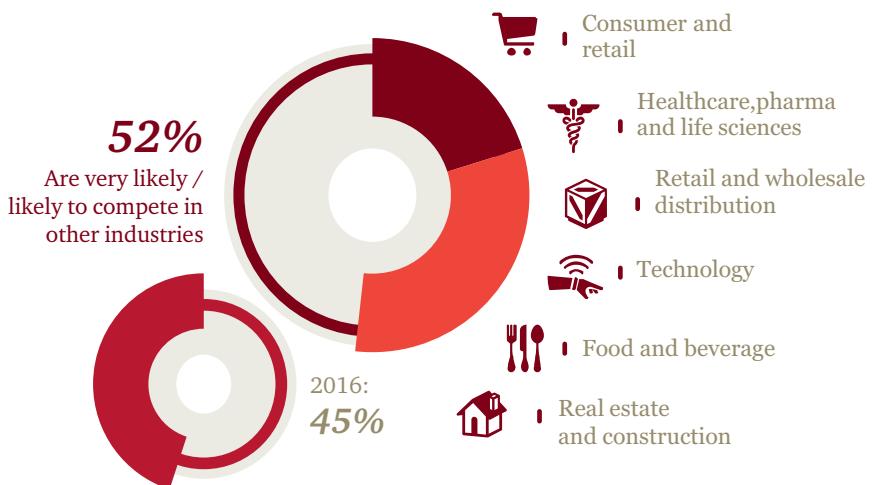
With our country's strong economic and business outlook, we asked our CEOs about their plans of competing in other industries. Compared to the 2016 survey, this year's results show us that more CEOs are planning to enter new industries. Consumer and retail, healthcare, pharma and life sciences, distribution, and technology are among the top industries that our CEOs are planning to tap. Such choices reflect the major economic drivers and priorities of the country which include household spending and investments in technology. The developments in technology as well as the rise of alliances/collaborations lowered the barriers to entry in certain industries, allowing more companies to start and/or enter new businesses. Companies who recently tapped new industries include Metro Pacific Investments Corp.'s entry to logistics through various acquisitions. Similarly, SM Investments Corp. entered the logistics industry through a minority investment in 2Go. Century Pacific Group, Inc. also diversified its businesses by entering the food service sector when it acquired a majority stake in Shakey's Pizza Asia Ventures.

Question: Which, if any, of these activities do you plan to initiate in the next 12 months?



Question: Over the next three years, how likely will your organization compete in industries other than your own currently?

Top six preferred industries



Industry performance (PHP in billions)



Source: Business Monitor International

Managing a family empire: A different take on succession

Teresita Sy-Coson

Vice Chairperson, SM Investments Corp.

Founded with the vision of serving Filipinos through selling shoes at SM stores, the SM Group was nurtured by Henry Sy Sr., together with daughter Tessie Sy-Coson and his other children, and was transformed into a family empire with business interests in retail, banking and property in the Philippines and China.

"My father was very confident in the growth of the Philippines. Back in the 1950s, he just wanted to have a shoe store, and sell to every Filipino. The population then was just 17 million. He always thought that if he could study and meet consumer demand, he would become a successful man."

The Sy family started their business with a partnership. "The first Shoemart store was a partnership. My father saw a site, and thought it would be good to have that site. As such, he partnered with the owner of the lease right and introduced the first Shoemart store. However, my father was more aggressive. When he wanted to open in Makati, his partner declined to join. That was when the partnership was split. Since my father was the one who introduced the concept and brand, he became the sole owner of Shoemart."

When asked about her views on partnerships for their businesses, Tessie replies,

"As long as you have the shared vision and values, partnerships will be incremental to your business. Your partners will bring in new concepts and views. As long as you have a common vision, I think partnerships will be helpful for your growth." By being open to partnerships, the Sy family has grown its businesses with the help of alliances with the NET Group, DoubleDragon, Uniqlo, Waltermart, 2Go, MyTown, among others.

How do investors, suppliers, and tenants impact their business? Tessie says, "Investors are also our partners. If we did not go public, maybe there won't be other investors that will push us to do the numbers. We would probably still be just a few branches because there was no outside pressure. The investors, as partners, are the ones who really push us to expand. Similarly, without our suppliers and tenants, we would not have so much offerings for the customers. In terms of services and products, perhaps we will not be as contemporary as we would like to be."

To make their partnerships work, Tessie reveals, "We have to move at the same pace. We make our partners more



aggressive. Our group has a plan on how far we want to expand. If our partners want to move forward with us, then we will take them along. We collaborate and follow the growth. We have to think the same way about the future because it's not only about the present, it's also about the future." While Tessie admits that not all partnerships are perfect, she says, "Failures make you learn. The experiences give you more knowledge to help you avoid those pitfalls in the future."

The SM Group's partnerships also involve building relationships with smaller businesses and suppliers. "If it's a start-up or a smaller enterprise in retail, we will help them start with a kiosk and encourage them to grow. On the supplier side, if they have a good product that we could sell, we will give them more volume and try to scale them up. It's all about the meeting of minds."

Tessie advises other companies to think big. "Scale is the name of the game. Things have to scale up because they are becoming more regional and more global. We cannot talk about just being local. Whatever business you have, if you don't scale up in terms of volume or in terms of spaces, either inflation would eat you up or the competition will. This is a very competitive world."

What would be her top concern for the SM Group? Tessie shares, "Right now, it's to prevent our business from becoming obsolete. That's why you see us changing all the time, we cannot afford to become obsolete. There is digital disruption. There is geopolitical disruption. There is also climate disruption. You always have to be on your toes."

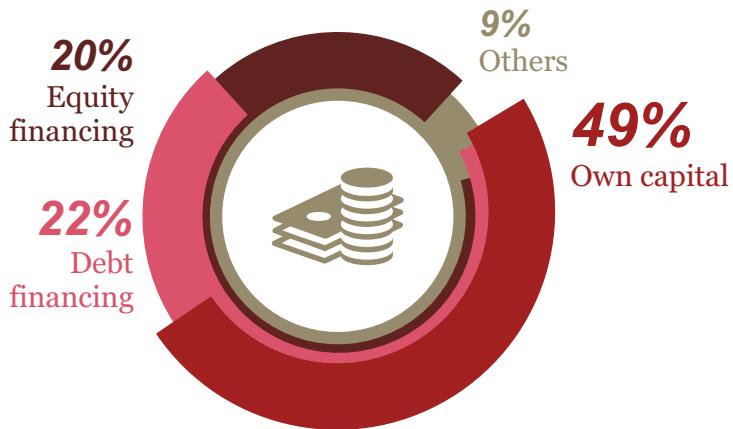
With the group's vision of building world-class businesses that are catalysts for development, Tessie, together with the company's business partners, suppliers, and employees, is excited to move forward with even bigger dreams. "The world is big. Opportunities are endless. If you meet people with the same vision and values and if the opportunities are good enough for two or more, then we can always partner and grow together. New ideas, new partnerships, new opportunities—there's still a lot even beyond my lifetime."

Organic growth, entering new industries and markets, forming partnerships, and completing M&A deals will require significant capital. Forty-nine percent of our CEOs say that they will use their own capital to finance their organization's growth. This is not surprising because 82% of our CEOs represent private companies. While self-funding their ventures means that they retain full control and ownership of the business, this practice could result in missing out on other opportunities.

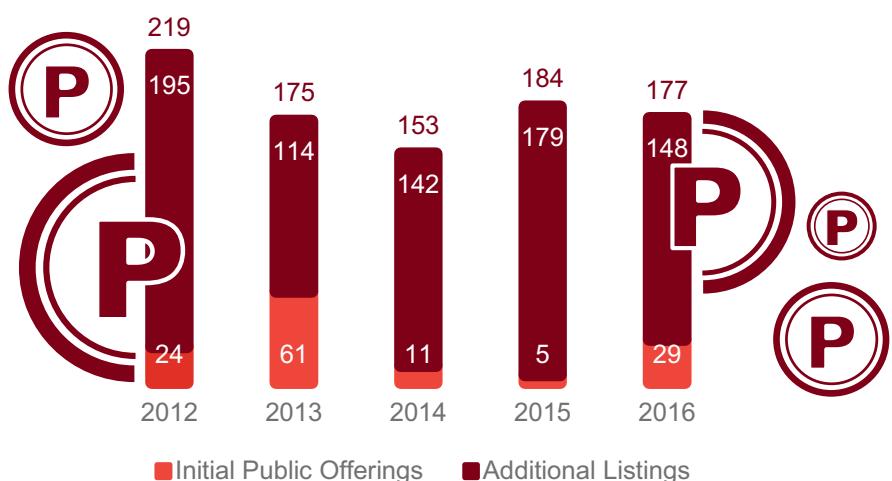
Such finding also reflects the way that most Filipino companies think. As an Asian country, the Philippines is home to thousands of family businesses. Most companies still prefer to use their own capital rather than rely on external investors who might want a measure of control and performance.

Recently, however, we have seen a number of family businesses opening to investors or partners. Family corporations who went public in the past three years include Wilcon Depot, Inc., Eagle Cement Corp., Cebu Landmasters, Inc., Metro Retail Stores Group, Inc., Crown Asia Chemicals Corporation, and Century Pacific Food, Inc. Major reasons why such companies went public include expansion of facilities, acquisitions, new businesses, and refinancing of debt. Since their listing dates, the companies have grown their valuation, financial performance, and investor and partner base.

Question: How do you plan on financing your organization's growth?



Capital raised through the Philippine Stock Exchange (PHP in billions)



Family businesses who recently went public (PHP in billions)

Listing Date	Company Name	Market Cap - End of Listing Year	Market Cap as of 30 August 2017
31 March 2017	Wilcon Depot, Inc.	N/A	35.7
29 May 2017	Eagle Cement. Corp	N/A	76.9
2 June 2017	Cebu Landmasters, Inc.	N/A	8.6
4 November 2015	Metro Retail Stores Group, Inc.	12.8	14.7
6 May 2014	Century Pacific Food, Inc.	36.4	61.2

Source: Philippine Stock Exchange, Capital IQ

Reshaping the organization through partnerships

While companies may have available internal funds, planning is essential to help them achieve their targets using the right capital structure. Studying the proper mix of debt and equity will help the company manage its cost of capital. Having the right capital structure will also help identify new investment opportunities, and help grow the confidence of the company's shareholders and lenders.

With the country's strong conglomerates, rising entrepreneurs, and strong interest from foreign investors, local companies can be assured of having a huge amount of available external sources of capital. While capital is not a main concern of our CEOs, our leaders should ensure that they are maximizing and using the right form of capital to take advantage of opportunities within and outside their organizations. With the available

capital and our stable economic outlook, it is an opportune time for our CEOs to tap new markets, enter new industries, and explore possible M&A deals.

“Strategy can no longer be an approach of simply numbers and bottom lines; strategy must be built upon a long-term vision of growth, access, equality, innovation, and the human endeavour. The last of these is arguably the most important because linked to it is the critical concept of trust.”

Bob Moritz
Global Chairman, PwC

Tough questions

1. How was forming partnerships integrated in your strategic plan?
2. What preparations and studies have you completed for your planned new businesses?
3. How are you preparing for the possible changes in your industry/ies?
4. How are you addressing the current challenges faced by your business/es?
5. What changes will you make to strengthen your organization?

Shifting gears: Reinventing a 106-year-old business

Nina D. Aguas

Chief Executive Officer, The Insular Life Assurance Company, Ltd.

As a one-year-old CEO in a 106-year-old company, Nina Aguas helped transform Insular Life by expanding its distribution channels, improving technology, offering new products, and forming partnerships, allowing the company to deliver a stellar performance despite the uncertainties in the industry.

Insular Life capitalizes on its expansive history and claim over the local industry. For Nina, a company like Insular Life presents opportunities in many ways. “It’s solid and well-established. It’s durable. It gives you the elbow room or the leg room to change gears, pivot, and make the adjustments to be more competitive. If it were a failing organization, you won’t have the luxury of doing that. While some practices have been institutionalized, the people were very willing to make the needed changes.”

Nina has a very different idea as to how she wants to transform the company. “I’m really excited about the opportunity to serve as many Filipinos as possible. One

way of doing this is making insurance more affordable while growing the awareness of the possible benefits. Second is to find creative ways of underwriting a policy, and make it easier for a potential policy holder to buy insurance. We’ve started this by automating the underwriting process, allowing one to decide which policy to select in just 20 to 30 minutes. In the past, and even now with some competitors, this process has taken days to complete.”

While Insular Life is a Filipino-owned institution, Nina believes that forming partnerships is another way of realizing the company’s goals. “I view alliances and partnerships positively. We’re very fortunate that Insular Life is one of the more desired companies, given its scale, size, and brand. Alliances give you additional customers, and you’ll be able to provide solutions, products, and services that would probably be challenging to start on your own. You build on each other’s strengths, and the partnership gives that complementary support.”

On the company’s recent bancassurance agreement with Union Bank, Nina says, “It has been considered in the past, but probably, the timing wasn’t right. However, we needed it, and we all understood what it would take to do a bancassurance partnership. Union Bank was



likewise looking for a partner. The whole process took us only about six months.” Through their partnership with Union Bank, Insular Life will be able to tap the bank’s six million customers while helping the bank earn more revenue.

When asked how they decided to partner with Union Bank, Nina replies, “What really stood out for both of us was the chemistry and the cultural fit. It’s a lot easier for us because there is cultural sensitivity on both sides.”

Having recently celebrated her first year as CEO, Nina believes that she needs to accomplish more. “We want to be known as the best digital insurance company in the next five years. We also see opportunities in our financials—what we can leverage, and how we can improve our revenue generating capability.”

When asked about how one can further grow and diversify a business, Nina shares, “One must have an advocacy and passion for the customer. Never forget them. You should also create a vision and a way forward. Everyone in the organization should have a shared and common sense of purpose. Lastly, you should create impact.”

Nina also believes that more women should be part of the companies’ boards. “Women bring a different perspective to the equation. I always believe that perspective is power. Women have that creativity and passion that enrich the conversations, decisions, and the entire thought process. I’d like to see more women in the board, because that is ultimately the governing body that runs the organization.”

Having accomplished so much in just over a year, Nina says that she still has bigger dreams for the company. “My dream for Insular Life is to be seen all over Asia. We should be able to provide insurance for our seafarers, our domestic helpers, and other Filipinos. We want to improve the lives of Filipinos.”

Chasing talent and innovation

Technological and digital innovations challenge the way we do business. The rise of e-commerce, for instance, has resulted in the closing of hundreds of well-known stores globally. In the past, traditional retailers defined the way consumers behave, the development of e-commerce and other platforms nowadays has changed the ways people shop.

With the growing use of smartphones and the internet, buyers now have access to more products and services from around the world. Similarly, financial technology (FinTech) has changed the way people manage their money and wealth. Through FinTech, people no longer need to go to the banks or other intermediaries to complete their financial transactions. Loans can be secured within a day, even without the standard bank requirements.

The past few years also saw the rise of emerging technologies that include the “essential eight”: the internet of things (IoT), artificial intelligence (AI), robotics, drones, 3-D printing, augmented reality (AR), virtual reality (VR), and blockchain. Cloud, mobile, and analytics – while still important and requiring more investments – are now known as yesterday’s game-changers. Technological advancements and human creativity are the major drivers of these changes innovation is the core.

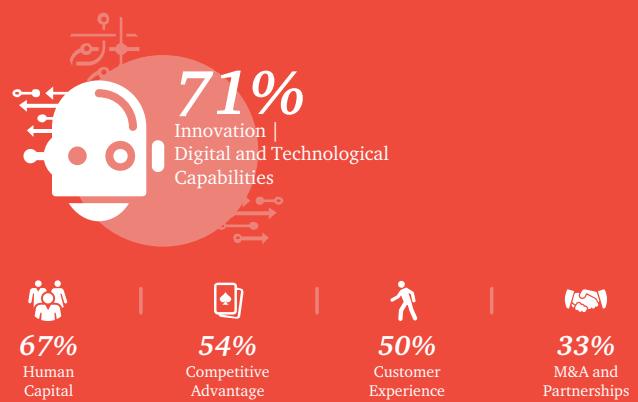
With the rapid developments in technology coupled with a renewed focus on improving macroeconomic policies and investments, we asked our CEOs to identify the areas that they need to strengthen to capitalize on new opportunities.

Innovation as well as digital and technological capabilities topped the list of priority areas. Such findings show that our CEOs believe that innovation will play a key role in growing their businesses, and that they should play a major role in driving innovation within their organizations.

“Every business is vulnerable in some way to digital disruption, and those who think they are immune will soon find out that this is not the case. I see this as a threat which is facing all businesses and individuals, no matter their geographical location, industry or size.”

Alfred Peguero
Family Business Leader, PwC US

Question: Given the business environment you’re in, which of the following do you most want to strengthen within your organization to capitalize on new opportunities? (check all that apply)



While the Philippines is still developing advanced technologies, 18% of our CEOs say that technology has completely reshaped their industries in the past five years; 55% say that technology has had significant impact upon their industries. Similarly, most CEOs believe that technology will still change the competition in their industries in the next five years.

In a competitive environment, innovation can be evolutionary, which leads to gradual changes and progressions including drastic changes or new approaches that are often disruptive in nature. Whether evolutionary or revolutionary, innovation is about being flexible and agile, using and leveraging technology to adapt and grow in an ever-dynamic and changing

business environment. Jeremy Jacob Abano, CEO of Howden Insurance & Reinsurance Brokers (Phil) Inc. said, "We need to look for opportunities to improve what we do, and to do new things for our clients. We know that creative ideas are the solutions to future needs and that everyone in the company has them. We should also make change happen and encourage a can-do culture, empowering our people to make decisions and deliver solutions to our clients, creating a stimulating environment in which to work."

"Invention comes in many ways, shapes, and processes. Once you have an invention, it leads to another one. In fact, you can combine several inventions to come up with a new one, or innovate an existing one to do an improvement. When you start creating something, it will eventually lead to several inventions."

Pete Delantar
CEO, Nature's Legacy

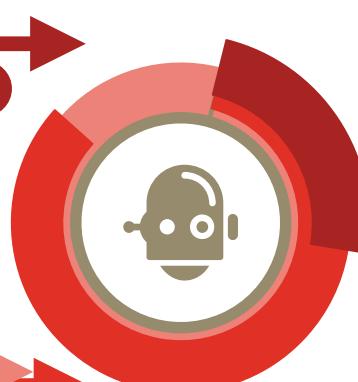
Question: To what extent do you think technology changed the competition in your industry over the past five years?

18%
Completely reshaped the industry
55%
have significant impact
25%
have moderate impact



Question: To what extent do you think technology will change the competition in your industry over the next five years?

24%
Completely reshape the industry
59%
Will have significant impact
17%
Will have moderate impact



“In technology, things move really fast. We need to be up-to-date with the current trends. Most especially, we need to be in tune with what the customers need. With so much information available, you need to go back to why you’re doing business, what problems you’re trying to solve, and what the customers are asking for. When you go back to those questions, you grow with your customers.”

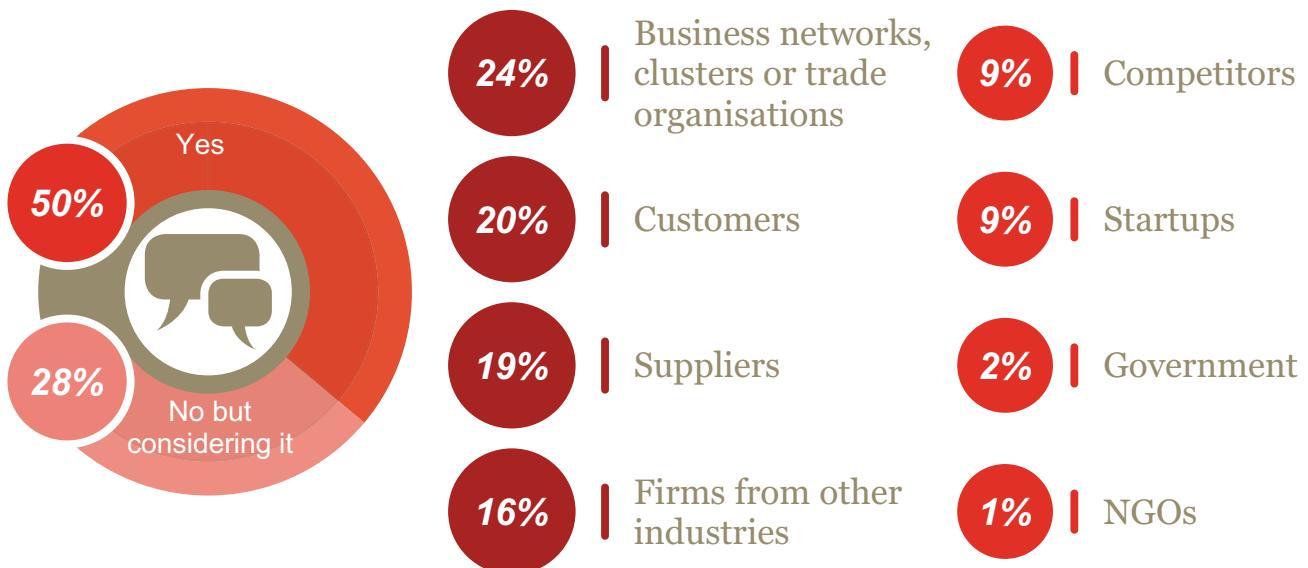
Wesley Chiongbian
CEO, Mynimo

As people become more informed and discerning, business leaders recognize that their organization's success and growth will increasingly depend on using and taking advantage of technology to meet and satisfy the ever changing consumer needs and demands.

Based on CEOs' responses, the following industries were significantly impacted by technology.



Question: Are you currently engaged with or considering engaging with partner/s through joint ventures, strategic alliances or informal collaborations? If yes, with whom?



With the growing impact of technology on businesses, CEOs are now taking the responsibility for directing and inspiring innovation. In the past, innovation focused on ways to improve the products and services. Today, innovation has evolved to transforming what companies sell, and how they sell those products and services.

In the Philippines, investing in innovation and technology may still require significant capital given that technology is still in the developing stages. As an alternative,

business leaders shifted to forming partnerships to help them innovate. Fifty percent of our CEOs say that they are currently engaged with partners through joint ventures, strategic alliances or informal collaborations. Twenty-eight percent of our CEOs on the other hand, are considering engaging with partners.

Customers, suppliers, and firms from other industries top the list of our CEOs' partners. Such findings show that our CEOs support collaborations to innovate further.

“Collaboration is key for success and growth. The key is to identify the right partner that will not only open new markets, increase customer base, strengthen your innovation capabilities, and leverage the use of emerging technology but more importantly, align with your business ethics and values,”

**Jocelyn Pick
CEO, Profiles Asia Pacific**

Talent and innovation: The key to achieving positive change

Dennis A. Uy

**Chairman/President,
Phoenix Petroleum Holdings Inc.**

Starting with a single storage tank, 11 employees, and no revenue stream in Davao in 2002, Dennis Uy has grown Phoenix Petroleum to 518 retail service stations as of June 2017, making it the leading independent and fastest-growing oil company in the Philippines.

“The oil deregulation paved the way for us to enter the industry and to tap underserved markets. The penetration rate then in terms of station per capita was very low so we were able to serve more by bringing more stations to the Visayas and Mindanao markets,” Dennis relates.

The presence of the “Big Three” – Petron Corp., Pilipinas Shell, and Chevron – did not stop Dennis from growing his oil business. “We disrupted the market through our customer value proposition, and we decided that we should be in more locations. Because we started with small stations, we were able to lower the threshold for business partners to come in and to open their stations. We gave more incentives to our dealers, and we were more flexible in terms of decision-making. Those factors enabled us to give more choices to consumers, allowing Phoenix to grow despite the presence of the multinationals.”

While Dennis says that being a small player allowed them to be dynamic and have their niche, he admits that the major disadvantage at the time was a lack of sufficient capital as well as the ability to expand fast. He hurdled this challenge with the help of his partnership with the SM Group. “Only a few people know that BDO has been very supportive of our group. They gave us our first clean credit line in 2006 when Phoenix was just starting. They were also our underwriter when Phoenix went public in 2007.”

From starting with a lender-borrower relationship, Dennis’ relationship with the SM Group evolved, recently becoming business partners when they invested in 2Go. “Whenever I have opportunities to grow our group, I always go to BDO first. Fortunately, when the 2Go opportunity came, which was too big for our group, I approached them and asked if they were interested.”

“We have moments of brilliance with our partners that allow our strategies to be different.”



“Our working relationship is very open, and is based on trust. They have been very helpful in more ways than just a partner. They’re family,” he added.

With Dennis’ deep experience in logistics as well as the SM Group’s strengths in retail, their partnership in 2Go is moving in the right direction. Because of the scale, 2Go can offer competitive pricing and better services to SM’s retail business. In the same manner, the investment in 2Go gives the SM Group the infrastructure to get into e-commerce. On the fuel side, Phoenix Petroleum can also offer good pricing and services to 2Go.

For Dennis, innovation through his partnerships came in the form of strategies. “We get the best practices and advice from our business partners. We have moments of brilliance with them that allow our strategies to be different from those of our competitors.”

Despite his success and track record, Dennis understands the value of employees and their contribution to the business. He demonstrated this when he entered the education sector through Enderun Colleges. “If the management team will not stay, I told them we will not acquire the business. It’s the people who made Enderun what it is today. We’ve asked them to continue and stay on.”

With his recent acquisitions and the initial public offering of Chelsea Logistics Holdings Corp., Dennis believes there are still lots of opportunities in the country. Asked about his plans for the group, Dennis replies, “We need to educate and give inspiration to our peers, for them to be brave and bold in their business ambitions. Our group will continue to work hard and seize opportunities. We will work hard for the companies that we have. We will deliver good returns, not only to our shareholders, but to our people and the communities we are in. We want to be a right partner of the government and a good corporate citizen.”

While the lack of financial resources is among the top barriers to innovation, the lack of talent also prevents companies from innovating. To address such issues, companies opted to focus on their core businesses while partnering with other industry players who complement their products and services. Such partnerships came in the form of investments, franchise agreements, and other related arrangements.

In the retail sector, for instance, the SM Group formed a strategic alliance with Lazada to sell products ranging from toys to clothes through Lazada's online platform. Similarly, the Sterling Group of Companies acquired internet services company Openovate Labs and its e-commerce business, Galleon.ph. Sterling's investment in these companies will help sell their retail products, and will allow the company to enter the IT industry. In the telecommunications sector, Globe partnered with Facebook, Spotify, Netflix, and other providers to help grow their user base through the use of data. Such partnerships show that companies were able to accelerate their growth and tap new markets

without investing significantly in financial and human capital.

Despite the growing number of collaborations across different sectors, our CEOs should keep in mind that their role is still to lead and drive innovation within their organizations. With the increasing

presence and use of the internet, social media, and digital devices, companies cannot simply grow using their traditional practices. Investing resources, time, and effort in technology and innovation will help protect a company's position in the market.

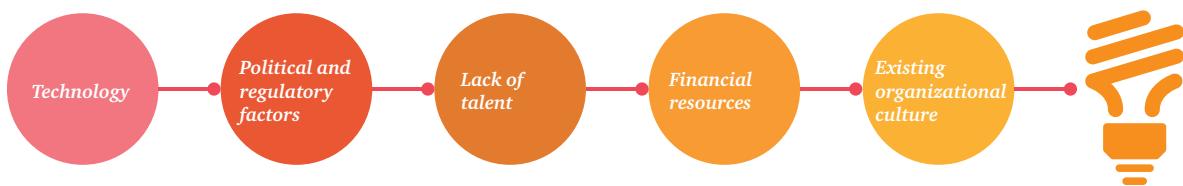
Local partnerships and alliances



Tough questions

1. What are the top three aspects in your organization that you need to innovate in the next three years?
2. What constraints are stopping you from being more innovative?
3. What is your primary role in driving innovation within your organization?
4. What are the key skills needed by your team for your planned innovations?
5. How will partnerships expedite your chase for talent and innovation?

Overcoming the barriers to innovation will likely require new ways of building it into the strategic and operational management of the business.



Companies should have the right technology and tools to support the plans or changes to be implemented.

Existing laws or regulations that have not been amended for decades need to be reviewed to support the current environment to promote innovation.

Building innovation into everyone's job description and creating opportunities for collaboration that go beyond the traditional roles are important to promote innovation.

Funding should be managed in a smart and efficient manner to ensure that there are enough resources to support the changes to be made.

There is a need to eliminate bureaucratic decision-making processes that slow down the commercialization of innovation.

Five tips on creating full value innovation



1.) Reflect your vision and appetite for innovation in the way you innovate (collaboration, employee empowerment, customer engagement, time horizon, etc.).

2.) Articulate your vision and appetite for innovation to employees, investors, and business partners.

3.) Ensure that your employees see that creating, promoting, and executing new ideas are part of their job.

4.) Ensure that the processes for decision making and organizational mobilization are quick enough to bring new innovations to the market ahead of the competitors.

5.) Ensure that there are effective ways of measuring and tracking the return on investment as well as the ability to meet the customers' changing expectations.

Uplifting lives:
Localizing a global brand

Rizalina G. Mantaring

CEO and Country Head,
Sun Life Financial Philippines

Known for its integrity and excellence, Sun Life has been a trusted brand across the globe for 122 years. Riza Mantaring has been successful in adopting Sun Life's global values and practices in the Philippines, allowing them to keep their top position in the life insurance sector in 2016 despite the challenges faced by the said sector.

"When times are bad, I think that's when you're going to see the impact of your quality because when your company lives by that, people will recognize it. Your clients will stay with you. We also tell our people that those who really understand what they're doing will continue to do well, whatever the situation is."

Being part of a global organization, Sun Life Philippines benefits from its affiliation. "The governance practices in Sun Life are really world-class because we have to conform to the regulations in Canada and the US. We also benefit by learning from what our counterparts are doing. The best part of being in such a large organization is the opportunity to share and learn the best practices and innovations.

The Sun Life group also recognizes our innovative practices. Our marketing campaigns, for instance, have been adopted in other territories," Riza proudly shares.

With their target of five million insured Filipinos by 2020, Riza saw the need for innovation. "When we decided to target five million Filipinos, we knew that we would never be able to reach that if we did the same things. We need new distribution channels, we need new ways of reaching people because one of their problems is accessibility. With the middle and lower-middle market, the problems are accessibility and affordability." To help them achieve their goals, Sun Life partnered with PLDT and Smart in developing financial technology for emerging markets. The company also partnered with 8990 to provide financial services to lower-cost home buyers. Sun Life also formed an alliance with Universal Storefront Services Corporation to widen their reach.

When asked about their tie-up with 8990, Riza explains, "Our partnership with 8990 is really very innovative. They told us that their customers from the lower-middle market are buying low-cost homes, but after paying for the



houses, they have no money left for themselves. We came up with a solution together with 8990. Once the mortgage is paid, a pot of money has been set aside for these customers to use when they retire. They can even continue growing that pot."

Sun Life's partnerships began with a clear vision. "We've partnered with others because like kindred spirits, we both desire to improve financial literacy, and promote financial inclusion. To be able to be real contributors to society, we have to uplift everybody, not just the wealthy. It's not just altruistic. We want to grow our market also. We'd like to be able to help bring up the disadvantaged segment of the population to a more prosperous level. In doing so, we'd be able to help ourselves, but even more gratifying maybe to us personally is to be able to help build the country."

"I would hope that ten years from now, where I will be and what I will do is not anything that I can imagine today."

Aside from tapping new markets, Riza is also changing the way they serve their clients. "Right now, we're already doing real data analytics, not just data mining, to be able to get the insights of our existing and potential clients. We've put up centers of excellence, both in the corporate and regional offices, and even here locally so that we could really explore and use these new technologies. For me, don't let the technology kill you. Use it to transform your own business so that you will always stay ahead of the curve."

Despite her numerous achievements for Sun Life and herself, Riza remains excited about the future. "The future still excites me. I'm a nerd at heart. The possibilities that we can do as a company, and how we can help transform lives – these excite me. I would hope that five years from now or ten years from now, I would be doing different things. As I tell our people, you should be doing things differently five years from now. Otherwise, you would be obsolete. So I would hope that ten years from now, where I will be and what I will do or what I will be doing is not anything that I can imagine today."

Improving success rates in partnerships

Traditionally, companies grow their business by improving existing products or services, developing new products, expanding from one geographic market to another, and improving efficiencies within the organization.

While commitment to organic growth is essential to a company's success, such traditional ways require significant investments and time. The success rates of launching new initiatives within the organization may also not be consistently high, given the complex and experimental process. Recently, companies have realized that organic growth may not always be the best solution to achieving the target objectives. As an alternative, companies have shifted to mergers and acquisitions to accelerate their growth.

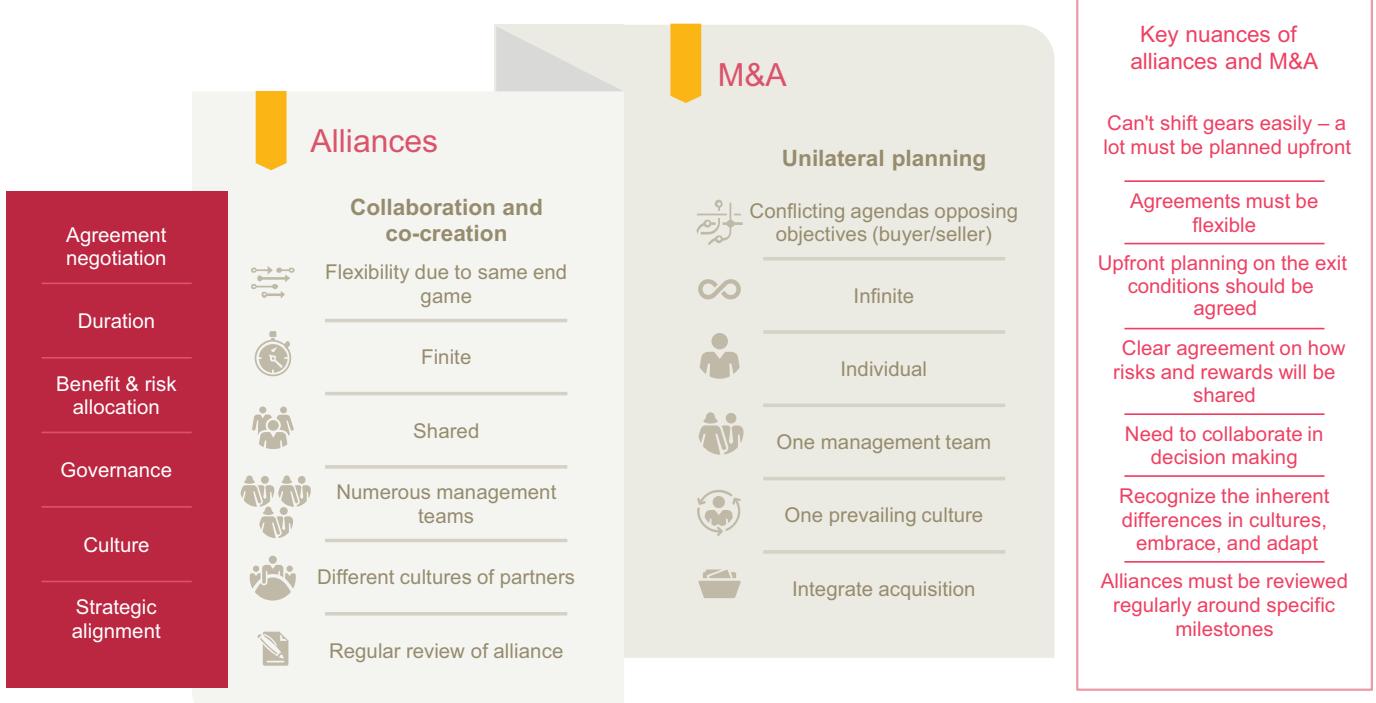
In more recent years however, companies have looked beyond the traditional acquisition/disposal model, and have shifted to forming joint ventures (JVs) and strategic business alliances. In both forms, the parties complement each other through sharing of products,

distribution channels, funding, manufacturing capability, equipment, knowledge, and/or intellectual property.

In the Philippines, companies, both the large and emerging ones, are forming more JVs as seen in recent deals. Companies such as Asia Brewery (Philippines), BDO Unibank, Inc., Gothong Southern Shipping Lines, SSI Group, Universal Robina Corp., and Federal Land, Inc. have entered into partnerships to introduce new brands and/or products, lower supply costs, and share technology. Such initiatives show that while maintaining control is important for most Filipino business owners, there are certain growth targets that can be achieved through sharing of control and resources, and working together.

Selected Joint Ventures

Period	JV Parties	JV Entity/Project	Industry	
2016	Asia Brewery (Philippines)	Heineken (Germany)	AB HEINEKEN Philippines Inc.	Food and beverage
2016	BDO Unibank, Inc. (Philippines)	Nomura Asia Investment (Singapore)	BDO Nomura Securities, Inc.	Financial services
2016	Gothong Southern Shipping Lines Inc. (Philippines)	Suzue Corporation (Japan)	Gothong-Suzue Philippines Inc.	Logistics
2017	SSI Group (Philippines)	Ryohin Keikaku Co. Ltd (Japan)	Muji Philippines Corp.	Retail
2017	Universal Robina Corp. (Philippines)	Vitasoy (Hong Kong)	Vitasoy - URC	Food and beverage
2017	Federal Land Inc. (Philippines)	Nomura Real Estate (Japan) Isetan Mitsukoshi Holdings Ltd (Japan)	Sunshine Fort Landmark	Real estate

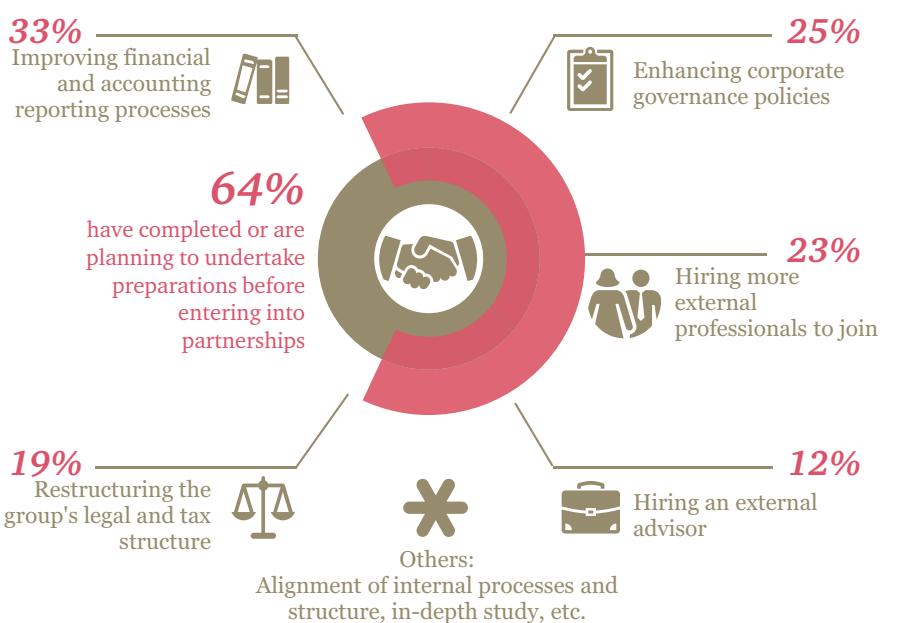


Our CEOs are well aware that partnerships—whether in the form of a merger, acquisition, joint venture, or alliance—face a high risk of failure if not planned and executed properly. Thirty-three percent of our CEOs say that improving the financial and accounting reporting processes were part of their preparations for possible partnerships, and 25% say that they prepared by enhancing the corporate governance structures.

While a significant portion of our CEOs say that they will be completing an M&A transaction or will soon enter into an alliance, 36% say that they have not started preparing for such partnerships. This is clearly a concern because lack of proper planning may prevent the parties from achieving the objectives of the partnership. In most cases, partnerships fail to achieve the desired objectives because of flawed strategies, poor execution of the

business plans, poorly crafted legal and financial terms and conditions, and poor/damaged working relationships. As such, investing time, effort, and resources in upfront planning is a must to increase the chances of having a successful partnership.

Question: What preparations, if any, have you completed before you entered or in your plan to enter into possible partnerships? (check all that apply)



Improving success rates in partnerships

Selecting the right partner is also a critical part of the planning process. In most cases, alliances are formed because of the qualities that the partner brings, and not just because of the financial contributions. It is important to define the criteria for selecting the business partner at the early stage to avoid conflicts or ending up with the wrong partner.

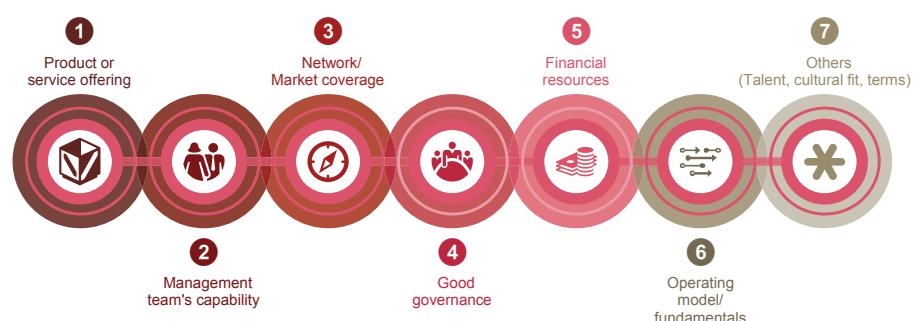
Our findings show that product or service offerings as well as the management team's capability are the top priorities in selecting the ideal partner. Surprisingly, financial resources ranked fifth on the list of priorities. This clearly shows that companies are now looking for more sophisticated partnerships—those that are not just driven by financial strength.

Finding the right partner is often a difficult and challenging process. As they often say, partnerships or alliances are like marriages because the partners need to share the common vision, and work together towards achieving the goal while strengthening the relationship. Oftentimes, partnerships end because the goals and objectives of each partner change over time. Not growing together as partners may also result in a failed partnership despite having a successful business. This is clearly evident in our survey where 55% of our CEOs say that they have either walked away from a potential partnership or terminated an existing partnership. The major reasons cited were not sharing the same vision, mismatch in the personalities of the management team, not delivering on the promises, and demand for too much control.

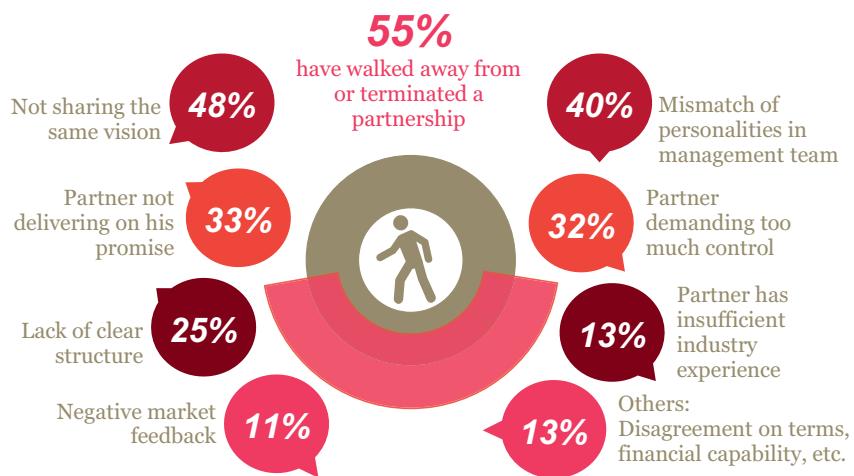
As seen in recent deals, partnerships are not always built to last. It is essential to define the termination conditions as you are starting a partnership, and an exit strategy must be developed to have a clear and objective approach. Exit strategies may include a buyout

option, right of first refusal, and other termination clauses. While planning for an end is difficult, having an exit strategy at the outset may help minimize liquidation costs and stress for all the partners involved.

Question: Rank the following from 1 to 7 in the order of importance for ideal partners: (1 being the highest)



Question: Have you (whether in your current or previous role) walked away from a potential partnership or terminated an existing partnership? If "Yes", what was/were the top reason/s?



"I believe that entering into partnerships should not solely be based on increasing market share or revenue growth. Instead, potential partnerships should be strategic in nature so that any potential advantage would be sustainable."

Jeremy Jacob Abano
CEO, Howden Insurance & Reinsurance Brokers (Phil) Inc.

The power of communication: Connecting communities through partnerships

Ernest L. Cu

President and Chief Executive Officer,
Globe Telecom Inc.

Ernest Cu has been at the helm of the Globe Telecom's revolution in the mobile industry for the past nine years. The company he joined in October 2008 as deputy CEO was very different from the one we know today. At the time, Globe had 25.4 million subscribers, and a revenue growth that was not as robust as the one we see today. In 2016, however, a more resilient company led the market with a strong 65.2 million subscriber base.

"If you're going to compete, compete differently. Use a way to compete that your competition cannot follow." From a utility company, Globe Telecom has transformed itself into a technology, consumer, and service entity. Globe would not be the company that it is today had it been unable to adapt to the changing industry landscape.

Ernest is no stranger to entering into partnerships to address big challenges. "We really need to do that because you cannot build everything yourself. Our principle here is that if we can take advantage of what they've built to further our own brand and product, we'll partner with them, instead of assuming that we can compete head on with them."

An example he shares is that of Facebook Messenger, which has taken over Globe's own SMS service. Ernest's strategy was to bank on what he calls the "win-win scenario" by riding on Facebook to spur the use of mobile data. "Facebook has more subscribers or more accounts set up as it became the de facto social media network of choice, eliminating all the others. Globe, at the same time, got more revenues from this because the habits were built on mobile data." Spotify is a Globe partner today for the same reasons. "What we have is a great ability to market, and a great ability to build the consumers for the subscription fees of that particular service. Our place was marketing and billing, theirs was the application," Ernest says of his strategy.



Ernest, however, admits that things don't always go as planned when two parties are involved. "A failed partnership is when that win-win scenario doesn't materialize or a partner does not hold true to the promises made early on, or there is a sudden change in personality. A partnership has certain physics. The physics is you're both in the same direction, and the momentum that you want to build. The chemistry among the partners is also very important. You have to be able to work with them, and speak honestly to each other. The math part is asking if the numbers will work. If the trajectory that they want to go or the direction suddenly changes, maybe it's time to call it quits."

"If you've built a culture, you've built a system, that's strong enough to stand without you – that to me is the ultimate success."

When asked about the success of their partnership with Singtel, Ernest says, "Sharing of experiences across many markets is very important. We share strategies and we share products. We openly share the concepts with each other to launch products quickly."

Continuing this success is and will definitely be no easy feat. Innovation and fresh marketing – these are the elements Ernest recognizes as keys to the success of Globe.

When asked about his own take on success, Ernest replies, "If you take people with you on the journey, and they also feel successful – that it's not only your success. If you've built a culture, you've built a system, you've built a process that's strong enough to stand without you – that to me is the ultimate success." He hopes to have done enough in Globe, not only to be a lynchpin during his time, but to one day be able to pass on a solid foundation to the next CEO. "The saddest part will be seeing what you have built over the past years suddenly fall apart simply because you're not there. It means you haven't done your job."

Improving success rates in partnerships

Carefully planned partnerships or alliances often lead to success, and allow the organization to reap rewards such as higher revenues, and economies of scale. As one CEO said, “Good partnerships are anchored on long-term goals, and not on quick fixes to shore up the bottom line.” With this in mind, starting with a strategy instead of a partner is important to understand why a potential partnership will help the organization become more effective. Factors to be considered include market trends, competitor actions, and the potential structure—whether a joint venture or a merger.

Melito Salazar, Jr., CEO of Omni Pay, Inc. said, “Everyone needs a partner, but finding the right one is the key.” Forming partnerships may be challenging for most companies. Nevertheless, companies who take a collaborative approach built on trust while ensuring a formalized and well-planned execution will experience exciting times as the partners grow together.

Common challenges that can derail partnerships

1. Establishing trust – There needs to be a high degree of trust, transparency, and mutual understanding among the participants, and they must be nurtured and managed very carefully.
2. Cultural differences – Understanding one another’s cultures and values is essential to be able to work together towards a common goal.
3. Unanticipated events – Partners should foresee the possible events such as a regulatory challenge, change in the competitive landscape, and change in one organization to ensure that the partners will be able to adapt to the changes.
4. Lack of performance monitoring – Performance metrics are ultimately a reflection of what each stakeholder considers most important about the alliance — in other words, they are fundamental to the success of the alliance and need to be agreed on at the outset, not cobbled together once the alliance is up and running.

5. Exit issues – Partners need to consider the conditions under which they would want to dissolve the arrangement and then hammer out the details, including such issues as the handling of jointly developed intellectual property and the incurring of liquidation costs.

“While the benefits are clear, entering a partnership can likewise be complex. Finding the right partner is a critical first step. As the relationship requires sharing of resources and risks, trust is an important ingredient in a partnership. Well-articulated plans, clear roles and responsibilities, and fair allocation of risks and rewards should be tabled at the outset.”

**Mary Jade Roxas-Divinagracia, CFA®
Deals and Corporate Finance Managing Partner,
PwC Philippines**

Tough questions

1. How will you and your partner complement each other?
2. How will you and your partner share the risks and benefits?
3. What factors have you included in your partner selection and due diligence process?
4. What are the commitments of each partner, and how will you monitor the delivery of such commitments?
5. How will you untangle the partnership when the relationship no longer makes sense?

Sharing the vision: The importance of going beyond synergies

Manuel V. Pangilinan

Chairman, Metro Pacific Investments Corporation

With his experience in investment banking, management, and telecommunications, Manny Pangilinan helped start Metro Pacific Investments Corporation (MPIC) in 2006. From its initial venture in water through Maynilad Water Services, Inc., Manny transformed MPIC to an empire with investments in water, power, toll roads, hospitals, rail, and logistics.

As one of the top dealmakers in the Philippines and in the region, Manny proved that partnerships, if executed properly, will lead to great results. MPIC's financial success and global recognitions reflect what they have achieved from their partnerships with DMCI Holdings, Inc., Marubeni Corporation, Ayala Corporation's AC Infrastructure Holdings Corporation, the Philippine Investment Alliance for Infrastructure's Macquarie Infrastructure Holdings (Philippines) PTE Ltd., GIC of Singapore, and GT Capital Holdings, Incorporated, amongst others.

Asked about how he decides on new investments, Manny replies, "We take a look at the overall economic structure, and see if there are inefficiencies and vacuums that exist in the economy of the country. We look at the needs in the beginning to determine where we enter as an investor. The second part relates to the environment of the country - the culture, the regulatory regime, the political system, and the banking and financial regulations, which could impact the way you do business in that particular country."

Even while we are still at the very early stages of ASEAN integration, Manny is building off from their experiences and expertise in both the water utility and tollways to expand in ASEAN. "We rely on rifle shots – specific opportunities in specific industries where we think we're quite good at and where we have a home base that is large enough to enable us to venture into other countries. Maynilad Water has the expertise and the scale to be able to export both this investment and its expertise. So, the vision for Maynilad is not to become only a Philippine water company but also an ASEAN water company. We're replicating that on tollways."

Manny also admits that he considers both due diligence and intuition when making investment decisions. "Clearly, we would approach any investment in a very analytical manner. If we think that it's an attractive investment opportunity, we would pursue it, and typically



engage advisors. There's also an element of gut-feel in our investment decision-making process. The rule of thumb in the group is if you feel comfortable with your gut to the extent of 70%, then you're probably okay."

For Manny, investment is both a science and an art. "There's a scientific element to it because you have your advisors and your internal team. It's also an art because you are asking yourself whether you are making the right decision. At the end of the day, it's a gut sense—do you feel good about it? You may be right or wrong at that point in time when you've made a decision, but it is only the facts that will bear you out whether you're right or you're wrong."

As for the right partners, Manny stresses the importance of having alignment in vision as well as governance. "You want to ensure that their plans comport with our own vision of what a particular company ought to be. Number two are financial affairs. You want to make sure that they're in order, disclosures are okay, the numbers are not fudged, and they are presented as truthfully as can be, and the governance principles are adhered to internally."

"Success is not about the legacy I could leave behind, but the improvement I could bring in the lives of our people."

Manny also recommends that one should strike a balance between the right set of characteristics and good chemistry. "Look for a partner that could add value to the business that you have or the company you're investing in - typically, a partner that is in a related business. Chemistry is also very important because partnerships are like marriages. You will be together for a long time. While there will be the legal documents that will formalize the arrangements and the relationship that you have between you and your partner or partners, but if you get into a legal situation, you prefer that you don't actually."

For Manny, success is not accomplished through achievements and milestones. "Success is never an endpoint. As they say in investment banking, you're only as good as your last deal....Success is not about the legacy I could leave behind for our people, but the improvement in the lives of our people. If I could say that we've managed to do that – even if we touch the life of a single person – I would be able to say that I am truly happy."

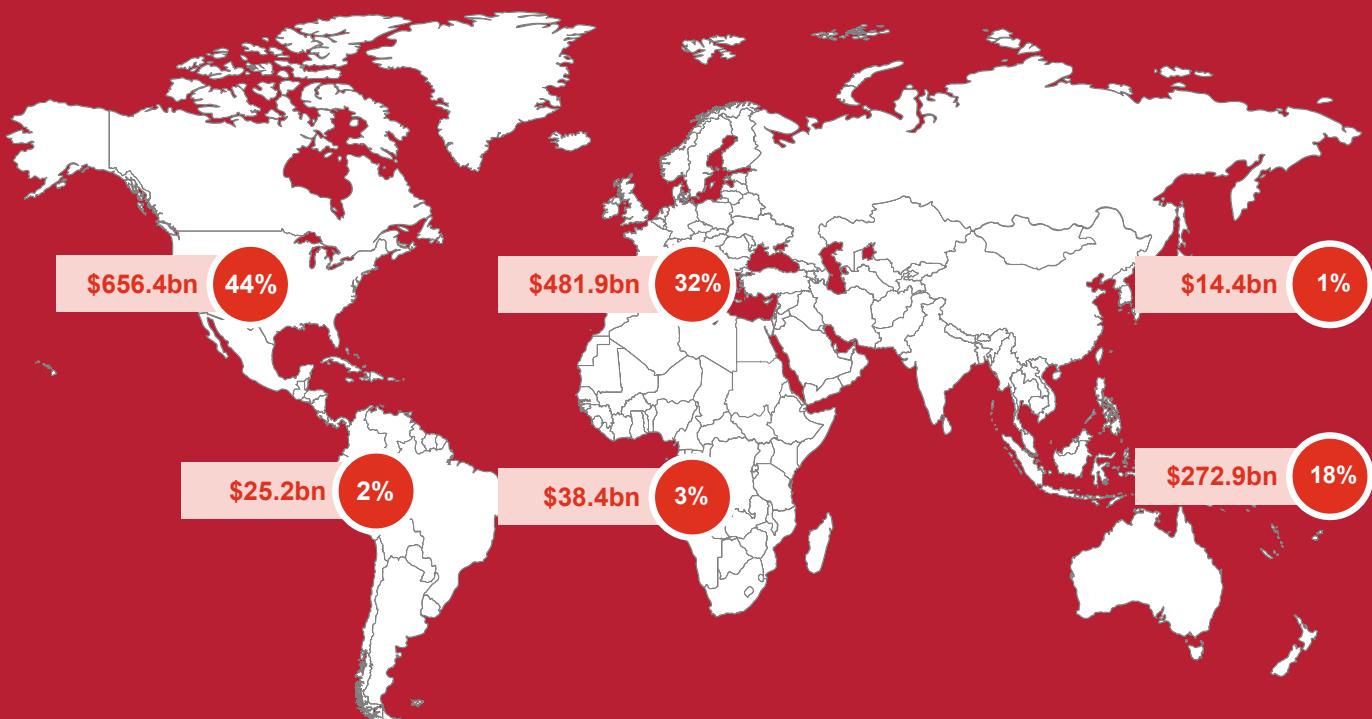
Partnerships in ASEAN

Tapping new markets, acquiring new customers or distribution networks as well as gaining access to better technology, talent, and more resources motivate companies to complete cross-border deals.

Such drivers helped grow the global M&A deals, which reached US\$1.49 trillion in the first half of 2017, 8.4% higher than the value recorded in same period in 2016. In the Philippines, there were six announced outbound deals in 2016, of which five were completed by listed companies.

While the global economy is seen to grow by 2.9% annually from 2017 to 2021, the number of CEOs who plan to compete outside the Philippines declined from 56% in 2016 to 45% in 2017. On a positive note, most of

our CEOs decided to focus on the Philippines because they believe that the market and growth are still in the country. Most investors, both local and foreign, choose to expand in the Philippines because of the friendlier fiscal policy under the current administration as well as the ongoing tax reforms. The stronger relations with China may also help boost the investments in infrastructure and exports. Similarly, the stable global growth will help sustain the OFW remittances, which will also help maintain the stability of the Philippine economy.



1H 2017 Global M&A

Total deal value: US\$1.4 trillion, 8% higher than 1H2016
Cross-border deal value: US\$703.8bn, 28% higher than 1H2016

1H 2017 Asia Pacific M&A (excluding Japan)

Total deal value: US\$272.9bn, 7% lower than 1H2016
Inbound Deal value: US\$38bn, 6% higher
Outbound Deal value: US\$55.7bn, 58% lower

Source: MergerMarket

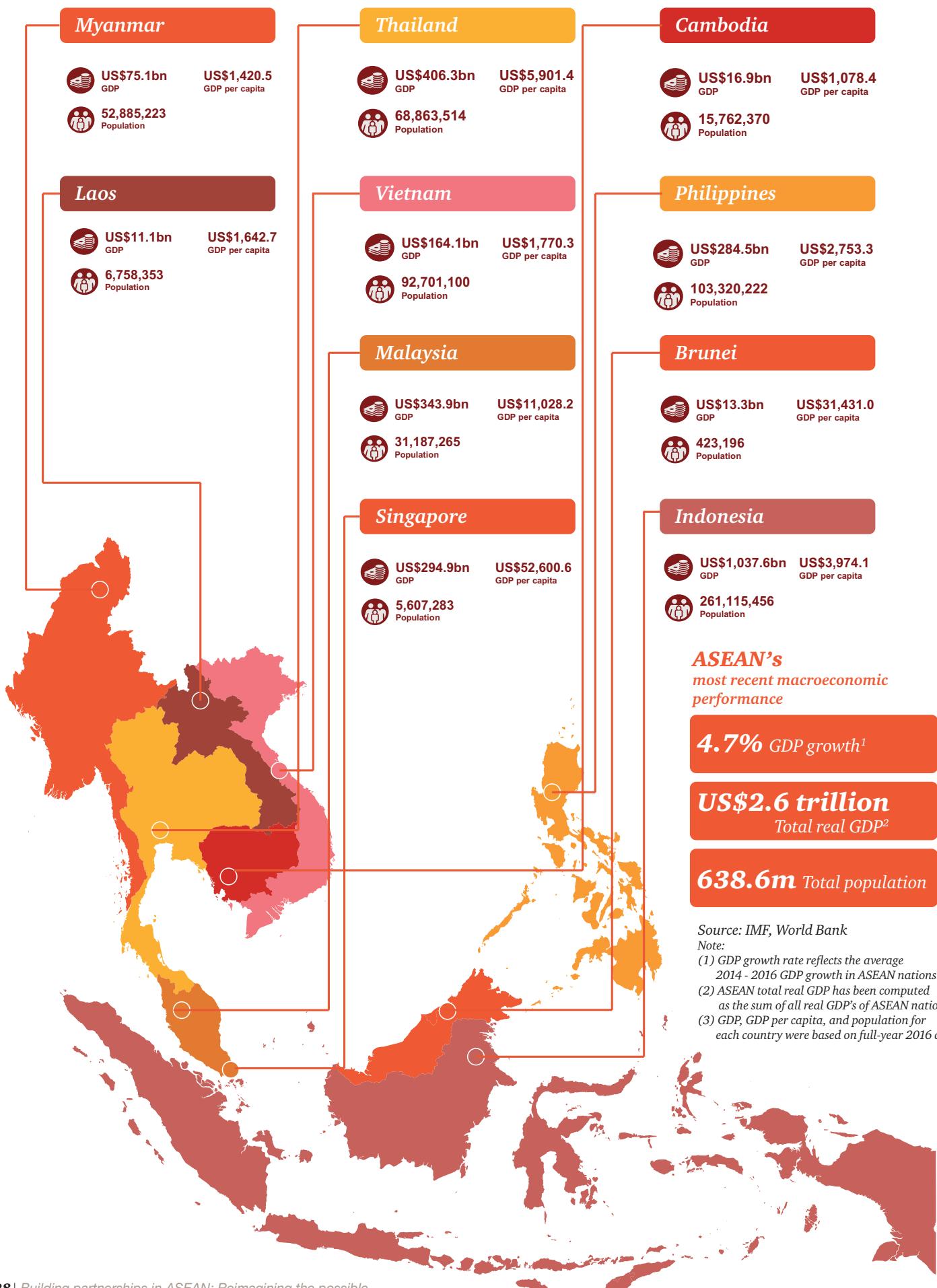
Announced Philippine Outbound Deals as of July 2017

Completion/ Announcement date	Bidder	Target	Target's country	Target's sector
January 2017	Emperador Inc.	Grupo Garvey	Spain	Food and beverage
April 2017	Integrated Micro- Electronics, Inc.	STI Enterprises Limited	United Kingdom	Industrial: Electronics
June 2017	AC Industrial Technology Holdings Inc.	MT Misslbeck Technologies GmbH	Germany	Automotive
July 2017	San Miguel Corporation	Barossa Bottling Services Pty Ltd	Australia	Manufacturing
July 2017	Cirtek Holdings Philippines Corporation	Quintel Technology Limited	USA	Telecommunications: Hardware

Announced Philippine Inbound Deals as of July 2017

Completion/ Announcement date	Bidder	Target	Bidder's country	Target's sector
January 2017	Knight Frank LLP	CB Richard Ellis Philippines Inc.	United Kingdom	Real estate
February 2017	Ant Financial Services Group	Globe Fintech Innovations Inc.	China	Computer software, internet/e-commerce
March 2017	BCPG Public Company Limited	PetroWind Energy Inc.	Thailand	Energy
April 2017	MAA International Assurance Ltd	MAA Generak Assurance Philippines, Inc.	Malaysia	Financial services
May 2017	Partners Group Holding AG	SPi Global Holdings, Inc.	Switzerland	Services
June 2017	Arkay, Inc.	HDK Philippines Inc.	Japan	Industrial: Electronics
June 2017	Epta S.p.A	King Richard Shop Systems, Inc.	Italy	Industrial products and services

Partnerships in ASEAN



Vietnam, Indonesia, and Malaysia, topped the list of countries where CEOs want to expand. Consistent with the results of the 2016 survey, our CEOs would like to prioritize these countries mainly because of the bright economic outlook. Vietnam's economy, for instance, is expected to benefit from the strong investments in the manufacturing sector, openness to trade, political stability, growing tourism sector, and ongoing reforms. Similarly, Indonesia's GDP growth is expected to be stable because of the tax amnesty program as well

as the government's commitment to ease red tape, and grow infrastructure spending. In the same manner, Malaysia is still expected to grow as a result of the improved political outlook and exports. With Vietnam, Indonesia, Malaysia, and the Philippines, the ASEAN will remain a top performing region as a result of its robust macroeconomic fundamentals, economic and political reforms, improved trade, and favorable demographics.

“Understanding, awareness, and respect for cross-cultural differences is important for expanding in growth markets. One must have the flexibility to make adjustments to differences in local practices and tradition without sacrificing business ethics. Identify and assess the right business partner.”

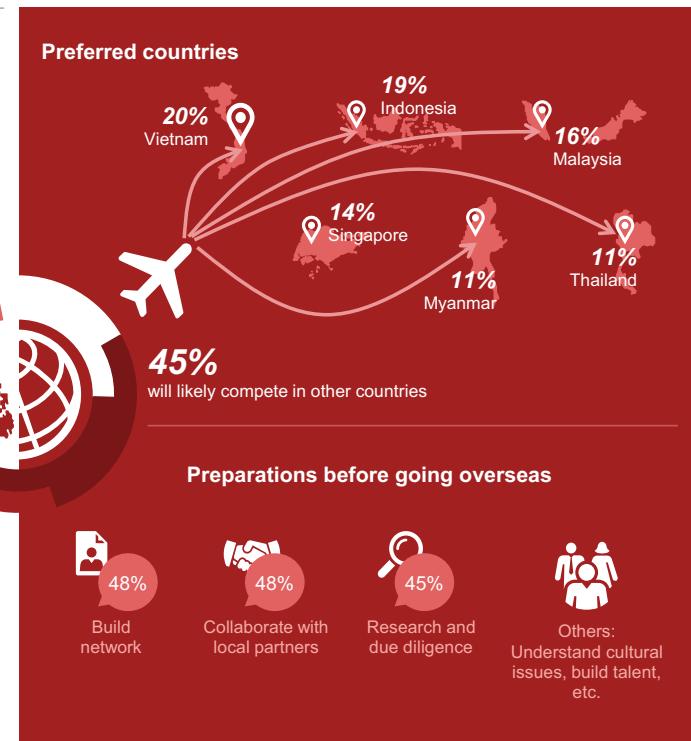
Jocelyn Pick
CEO, Profiles Asia Pacific

Question: Over the next three years, how likely will your organization compete in a country other than where you are currently? If “Very likely” or “Likely”, which countries will your organization likely enter? Otherwise, what are the reasons why you have decided to stay and expand in the Philippines?

Reason for staying in the Philippines



Top five challenges in going abroad



**The power of partnerships:
Globalizing a ‘Filipino business’**

Ramon R. del Rosario, Jr.

President and CEO, PHINMA Corporation

With their mission of improving the quality of lives, PHINMA Corporation has been serving the Filipinos through their investments in education, housing, energy, hotels, steel products, and knowledge process outsourcing for over 60 years.

Just recently, PHINMA’s mission has broadened from improving the lives of Filipinos to enabling them to help others in the region. Ramon del Rosario goes into detail: “Our mission has changed. Now, it’s making lives better for Filipinos, and others who can benefit from the services that we provide. In this day and age, we no longer think of ourselves only as Filipinos, but also as members of a broader ASEAN community. We have decided that it’s time for us to reach out, and share whatever modest things that we could contribute to our ASEAN brothers and sisters.”

As part of their bigger mission, PHINMA opened a healthcare training center in Myanmar in 2016 in partnership with the Victoria Hospital Group. “Education has become one of the flagships of the PHINMA group, and we’re very excited about the work we’re doing because it’s education that addresses the needs of the poor. We think that the experience that we’ve developed here in the Philippines can benefit not only Filipinos, but also the people in the Southeast Asian region.”

Why was education their first venture outside the Philippines? Ramon replies, “As you know, Myanmar opened meaningfully six years ago. We sent our mission composed of CEOs from our various businesses, and they surveyed the situation there. We came to the conclusion that there were many opportunities in many sectors, but education was the one that resonated strongly.”

When expanding overseas, Ramon says that you need to consider several factors. “First, identify your strengths, and see if there’s a market for it. Next, study the regulatory environment. One should look into the investment policies of a particular market, and confirm that the market is receptive to investments by Filipinos. Third, choose the right person to manage the business



for you. Your ball carrier should not only be a technical expert, but must also have the personality and self-confidence. The ball carrier should be one of your most competent people who can deal with different cultures. Most important, find the right partner. Partners are very critical not so much because of their ability to contribute capital, but because of their ability to share their knowledge about local conditions, market, regulations, and experience in maneuvering through the bureaucracy.”

What does PHINMA look for in a partner? Ramon says, “It’s important that we share a common vision. We also like to stress the fact that our enterprises have a higher purpose, which is to benefit the population we are serving. In the case of Myanmar, it is the poor who need good quality education. That vision needs to be shared because it does not come naturally from business enterprises to balance those objectives. Oftentimes, businesses are primarily interested in generating profits. In our case, we have come to the conclusion that it’s not really a sacrifice. It’s a market that needs to be served, and it is a market from which reasonable returns can be realized if you run your enterprises properly and efficiently.”

“The experience we developed here can benefit not only the Filipinos, but also the people in the Southeast Asian region.”

With PHINMA’s success in starting a partnership in Myanmar, the group is now looking at expanding to Laos, Cambodia, Vietnam, and Indonesia. “We’re not a group that has a lot of experience in working overseas so we want to tread a little softly to make sure we know what we’re doing before we launch head on.”

Despite their success, Ramon believes that they still need to do more to uplift the lives of Filipinos as well as the other members of the ASEAN community. He shares this advice to entrepreneurs who want to grow outside the Philippines: “Look for what your strength is, and bring it to the other countries. Be patient because things don’t happen very quickly. Lastly, look for the right partner. Until you’re able to generate enough confidence in yourself, and know how to navigate on your own, I think partnerships are very critical.”

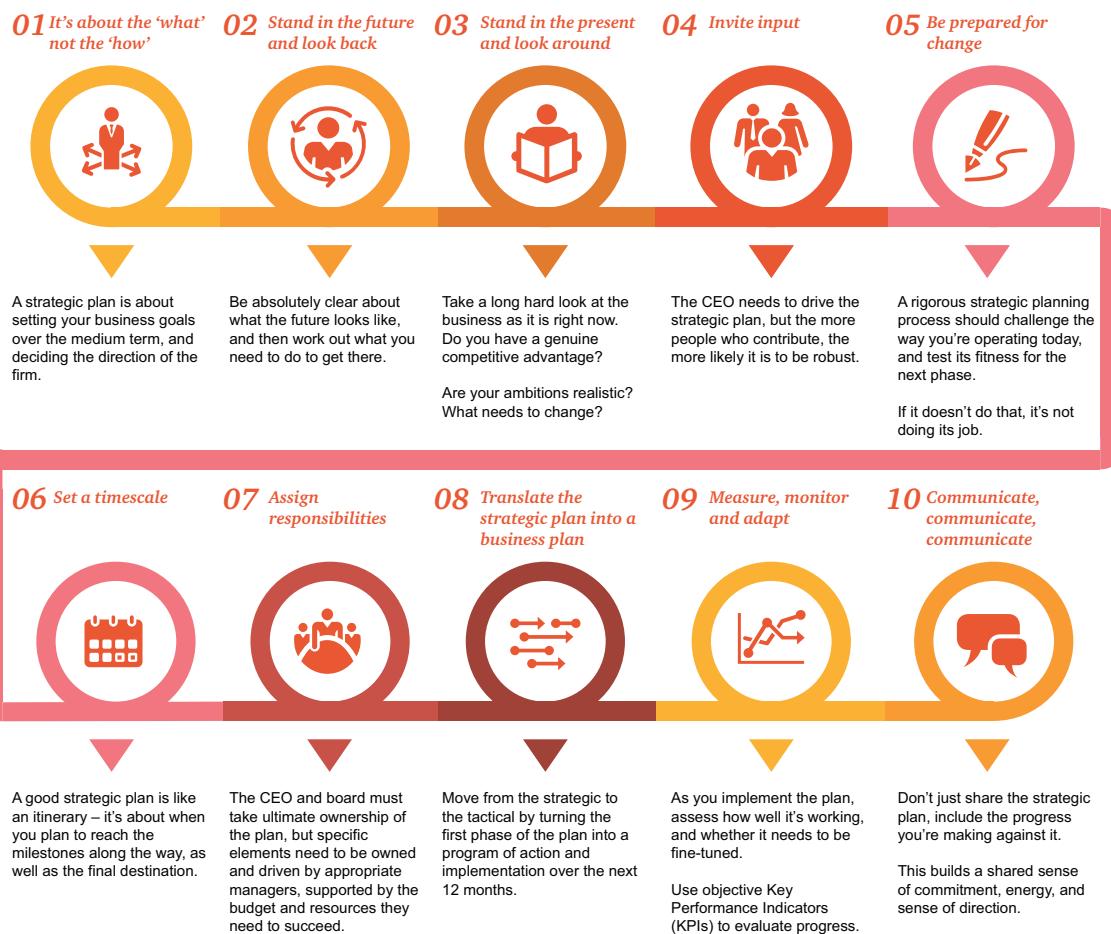
Overseas expansion may also be possible through other ways aside from completing M&A deals. In our survey, we asked our CEOs to identify the countries that are important for their companies' growth prospects—not just for potential M&A deals, but for other plans related to their operations. These plans may include entering into agreements with suppliers, distributors, franchisees, and customers. Some of our CEOs also already have a presence in these countries, and may choose to further grow their businesses there.

Once again, Vietnam and Indonesia topped our CEOs' list of important countries. Other countries that they find relevant are China and the US. Expanding the current business, and entering into franchise agreements with local players were among the major plans identified for the selected countries. Market growth opportunities as well as gaining access to other major markets were among the top reasons that support our CEOs' decision to expand to other regions. Despite these opportunities, our CEOs understand that going global is not an overnight success. Among the major concerns of our CEOs are

regulatory requirements, finding the right partner, and cross-cultural management.

While market expansion continues to be part of our CEOs' strategies, our leaders should keep in mind that proper planning and execution are key to successful regional and international expansion. Factors to be considered before tapping other markets include ensuring a strong local business, the team's commitment, a business plan, sufficient capital, research, and the right talent.

10 steps to effective Strategic planning



Our CEOs understand that proper preparations are needed to be successful outside the Philippines. Their key preparations include building their network, entering into partnerships or collaborations with potential local partners, and performing extensive research and due diligence.

Over the past few years, Filipino companies have made their presence felt in ASEAN and other regions by establishing their companies

or bringing their products and services through various modes of partnerships. Some companies, however, failed to fully realize the potential rewards because of the missing piece—a robust strategic plan for going international. Having a strategic plan together with proper due diligence and preparations will help ensure that the business is moving in the right direction.

With our innovative ideas and hard work, Filipinos can easily succeed

outside our home country. Our low interest rate environment as well as the availability of capital—both from the businesses' internal funds and untapped external financing—offer our CEOs the opportunities to further grow and diversify their businesses.

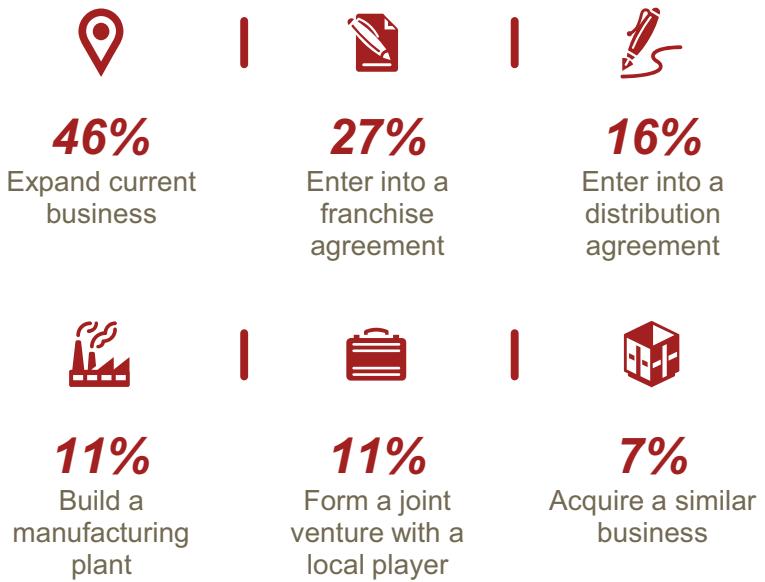
"To stay competitive in the local market, one must go global."

Melito Salazar, Jr.
Chairman, Omnipay, Inc.

Question: Which of the following countries do you consider most important for your company's overall growth prospects over the next 12 months? What growth plans are you planning to execute in these countries?



Growth plans



Tough questions

1. What are the strengths of your local brand/business that will make it attractive in other countries?
2. How prepared is your team to take your business overseas?
3. How was regional expansion integrated in your strategic plan?
4. What are the key initiatives and programs that you are planning to implement to support your overseas plans?
5. What are your criteria for selecting your overseas partners?

The space between: Empowering the rising businesses in Asia

Mario Berta

Founder and CEO, Flyspaces

Having launched in Manila in 2015, Mario Berta expanded Flyspaces' listings to include co-working spaces, private offices, retail spaces, and meeting rooms in Singapore, Jakarta, Macau, Cebu, Kuala Lumpur, and Hong Kong.

When asked about his business model, Mario says, "Our difference from the other co-working spaces here is that we are not a physical player. We are an aggregator of the existing players in the co-working space business. We're a technological marketing sales layer on top of all the existing operators." Asked why he established his regional office in the Philippines, Mario replies, "It's not just because of the typical reasons such as the Philippines is an English-speaking country, it has a young population, etc. The critical factor is the cost of entrepreneurship in the Philippines is lower: there are opportunities everywhere."

Believing that the opportunities in Southeast Asia are endless, Mario started tapping the key cities in the region. Seeing that the co-working space market has exploded in Southeast Asia, Mario decided to grow his collaboration with the physical players instead of competing against them. "We joined them to democratize the search and the discovery of the flexible office space solutions. The product-market fit came at...the advent of technology-enabled sharing economy allowed real estate owners to monetize spare space."

Flyspaces experienced rapid expansion in Asia in just two years. According to Mario, "The top three things that helped me successfully grow outside the Philippines are the product-market fit, strong demand for office spaces, and my local team who is capable of managing regional operations." Managing



relationships with the different stakeholders is also critical for Mario. "Our working relationship with our merchants is pivotal. It is the key to succeed in our business. However, the main driver of our success is my team. It is my team here which manages our relationships with our merchants across Southeast Asia, mainly because we operate in English-speaking countries. Filipinos have the best English in Asia."

Having recently completed the largest pre-series A financing in the history of start-ups in the Philippines, Mario believes that they still have room to grow in the country and the rest of Asia. "We're looking at every product that we can sell to our customers. We

generally roll out things first in the Philippines because this is where our core team is, and it's easier for us to execute here. For the other Southeast Asian countries, we just follow how we do it here in the Philippines." As part of their plans, Flyspaces will be adding more categories to their listings while investing in technology. "We have our technology to allow our merchants to have a better experience such as seamless clerical integrations. We also plan to have additional features such as catering, accounting services, or visa services. That's really the direction where we are going with our partners."

With Mario's vision for his company as well as for Asia, Flyspaces will continue empowering rising businesses by providing a choice of transforming office rent to variable cost, while allowing the entrepreneurs to grow faster and create sustainable businesses.

CEO agenda

The future of ASEAN: Growth is here

Twenty years from now, the way we do business will be very different from what we know today. We will witness the shift in global economic power from developed countries towards emerging or growth economies primarily in Asia. This will be driven by demographics and productivity aided by technology and innovation.

Back in 1995, the E7 economies composed of China, India, Indonesia, Brazil, Russia, Mexico, and Turkey were half the size of G7 economies represented by the US, United Kingdom, France, Germany, Japan, Canada, and Italy. By 2050, it is projected that E7 could be more than double the size of G7 with the former comprising about 50% of world GDP while G7's share declines to just over 20%.

ASEAN, on its part, is home to a number of the most dynamic economies in the fastest growing part of the world. Vietnam is projected to grow the fastest globally at an average of around 5% while the Philippines will be fifth at around 4.3%. In PwC's *The World in 2050* report, five of the ten ASEAN countries will be in the top 25 economies based on gross domestic product in purchasing power parity terms.

Interestingly, the Philippines, Indonesia, and Vietnam are also the countries that most of the CEOs would like to expand into or continue to invest in.

These markets are far from being mature with a great amount of uncertainty. However, as volatile as the business environment in these countries is, it would be careless not to consider exploring the possibilities in these growth markets. As shown in the study, business leaders will be missing out on the bulk of the growth opportunities in the world if they choose not to engage these markets between now and 2050.

Companies seeking to capture opportunities in these growth economies will have to navigate through varying degrees of challenges ranging from political instability, unclear economic policies, through to lack of contract enforcement laws. A good understanding of the diverse culture, regulatory policies, and market nuances will be critical as is taking on the right local partner.

Whether the world is going forward with globalization or backward with protectionism, establishing partnerships and alliances will remain an important growth strategy.

PwC has identified seven factors that can lead to successful alliances.

1. **Put strategy first:** Finding the right partner starts with having a clear strategy. A solid strategy will help assess whether growth will be realized organically, through M&A or other forms of alliances.
2. **Invest in joint upfront planning:** Plans should be discussed upfront. Spend time to jointly develop a compelling business case. Agree on priority areas as well as decision making rights. Those who fail to plan, plan to fail.
3. **Plan the end:** While often a difficult topic, it will help if dispute resolutions and exit mechanisms are discussed and agreed early in the process. This will be a more difficult conversation at a later stage when relationships have already soured.



4. **Create trust:** Successful partnerships are based on a mutually beneficial relationship, anchored on trust and transparency. A person who cannot be trusted with small things cannot be trusted with big things. Make good on commitments, focus on growing the whole pie, not securing the biggest slice.
5. **Start small:** Build trust and confidence in the partnership by agreeing on small, realistic, and achievable goals. Celebrate and build on these small successes.
6. **Keep track:** Clarify milestones and monitor whether or not the partnership has delivered on its intended objectives. Adjust as necessary.
7. **Build enterprise-wide capability:** Establish a dedicated corporate alliance management function, and use this to codify and share leading practices, drive collaboration, provide expertise, coordinate relationships with key partners, and ultimately create an enterprise-wide ‘alliance culture’.

As in most things in life, there is no one size fits all framework to a successful partnership. Yet companies that go into partnership built on trust and gain-sharing, combined with adequate preparation and well-executed strategy, will improve their chances of success and will be well on their way to growth.

Projected GDP rankings of selected ASEAN countries at purchasing power parity (2050)



Seven factors for a successful strategic alliance or partnership

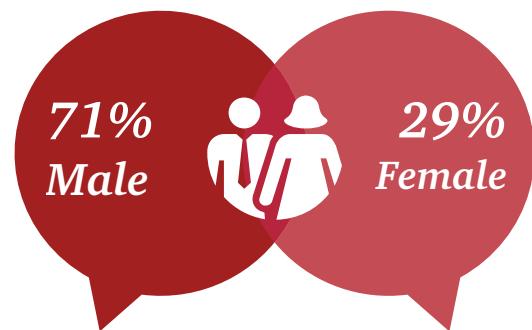




Profile of respondents

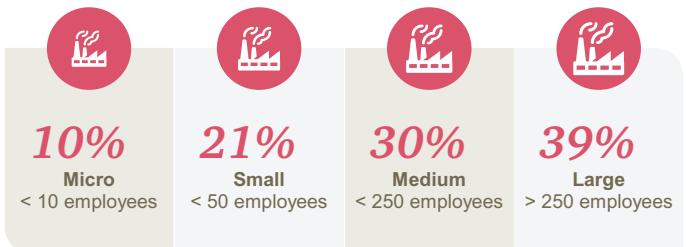


For this study, we have a total of 120 respondents. Total field interviews conducted for this study is 10, four of whom answered the survey as well.



18% are publicly listed

82% are privately owned

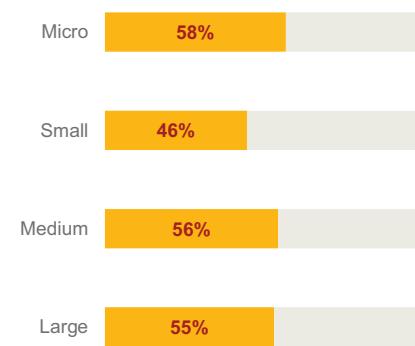


Additional findings

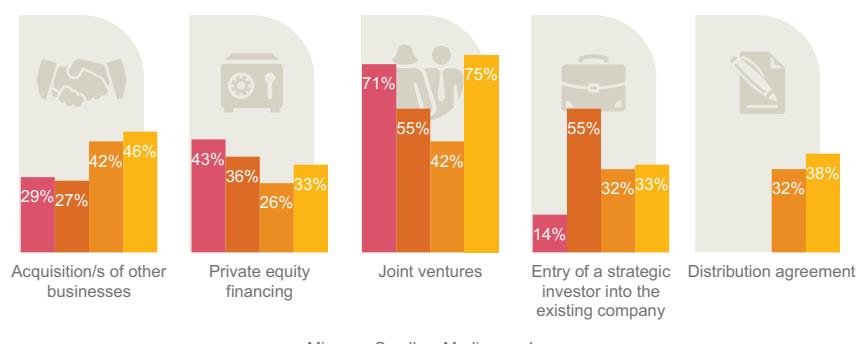
Question: Select the top five initiatives/changes that you believe the Philippine government should prioritize during its term.



Question: Is your proposed partnership/collaboration articulated in your strategic plan?



Question: If "Yes", what forms of partnerships will your company consider?



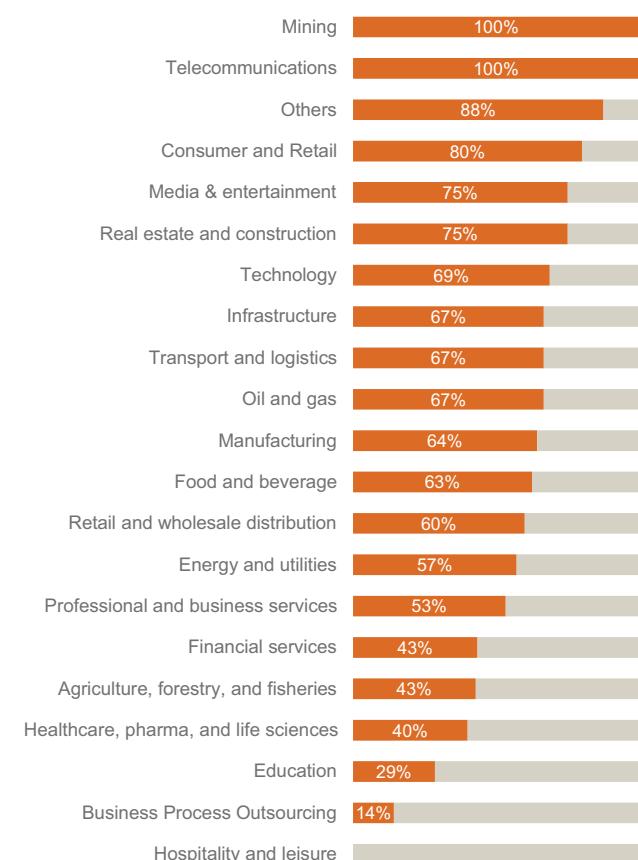
* Survey respondents may select multiple answers

Yes

Industry analysis

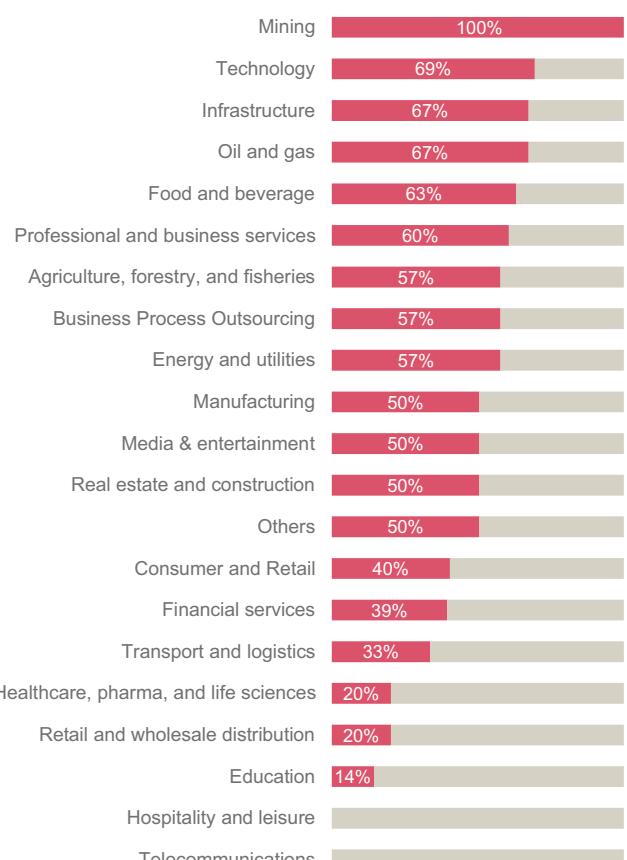
The following charts show the percentage of CEOs from each industry who are 'very likely' and 'likely' to compete in industries and countries other than their own.

Question: Over the next three years, how likely will your organization compete in industries other than your own currently?



■ Very likely + likely

Question: Over the next three years, how likely will your organization compete in a country other than where you are currently?



■ Very likely + likely

Research methodology and contacts

The survey was conducted by PwC, in collaboration with the Management Association of the Philippines (M.A.P.). 114 CEOs answered the survey, and the respondents of the survey were primarily members of the M.A.P. The survey methodology used was a mix of online and printed questionnaires.

We also conducted face-to-face in-depth interviews with eight CEOs and two government officials to support the findings of the survey. Their interviews are featured in this report, and more extensive extracts can be found on our website at www.pwc.com/ph/ceosurvey.

The interviews and the survey responses were also spread across a range of industries.

The results were tabulated and analysed by PwC.

Notes:

- Not all figures add up to 100%, due to rounding of percentages and exclusion of “no comment” or “no response”.
- The base for figures is 114 (all survey respondents) unless otherwise stated.

For further information on the survey, please contact:

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