

POWERCLUB

A MERALCO PUBLICATION | OCTOBER 2015

FOREIGN TASTES

More disposable income means bigger appetites for international brands

INVESTING OVERSEAS

Filipino companies look beyond our shores

ELECTRIC ALL THE WAY

A new player charges up the electric vehicle industry

GEARING UP FOR THE SMART GRID

Meralco invests in a digital future to make energy more accessible

RUNNING AN INTERNATIONAL CONGLOMERATE

JG Summit Holdings Inc. President and Chief Operating Officer **Lance Gokongwei** puts the next moves of his massive corporation into play





CHANGE FOR ALL GENERATIONS

Many of us can recall a time when “local” was equivalent to “inferior,” leading to a preference for imported products. Unfortunately, this attitude was prevalent at a time when the Philippines was struggling to find its economic footing, necessitating restrictions on the importation of foreign products.

Things have vastly changed for the better. The economy is booming, and Filipinos have more disposable income. Foreign companies are coming over in droves to feed a growing appetite for premium goods.

Remarkably, Filipinos are taking more pride in what’s “local.” Product quality is at par with, and sometimes superior to, international standards, leading to the rising worldwide dominance of Filipino brands: Jack ‘n Jill snacks, manufactured by Universal Robina Corp., and Oishi snacks, made by Liwayway Marketing Corp., can be found throughout Asia, while Suyen Corp.’s clothing brand Bench is immensely popular in China, the U.S., and the Middle East, and real estate companies like Robinsons Land Corp. and SM Prime Holdings Inc. have built a significant presence in China.

It’s no surprise these global expansions are led by family-owned conglomerates like JG Summit Holdings Inc. These businesses tend to think in terms of generations, not years, putting emphasis on knowledge exchange and the transfer of best practices. They also pour significant investments into new technologies and upgrading the skills of their workforce. Family members are not excluded from this program; often educated abroad, the next generation are expected to surpass the achievements of their current leaders when they take over the reins.

Investing in innovative technologies is a critical path the Meralco has been following for years now. We are in the midst of a transformation intended to disrupt the traditional model of power generation and distribution. It will not happen immediately, but when all the pieces are in place, the changes will benefit the country and the economy for many generations to come.

Alfredo S. Panlilio

Senior Vice President and Head
of Customer Retail Services and
Corporate Communications

KEEPING THE CUSTOMER CLOSE

The energy needs of every customer of Meralco are unique, as are the ways each uses energy. This is why Meralco’s client services are intensely customer-centric: our Relationship Managers constantly engage our customers at the chief-executive and middle-management levels, providing regular consultation and energy advice, while becoming immersed in the operations of each business.

This deep collaboration is best illustrated by our engagement with the conglomerate, JG Summit Holdings Inc. Meralco regularly provides assistance to Universal Robina Corp.’s (URC) food and beverage group, conducting load-profile analyses to better understand consumption behavior and make the changes necessary for improved energy efficiency.

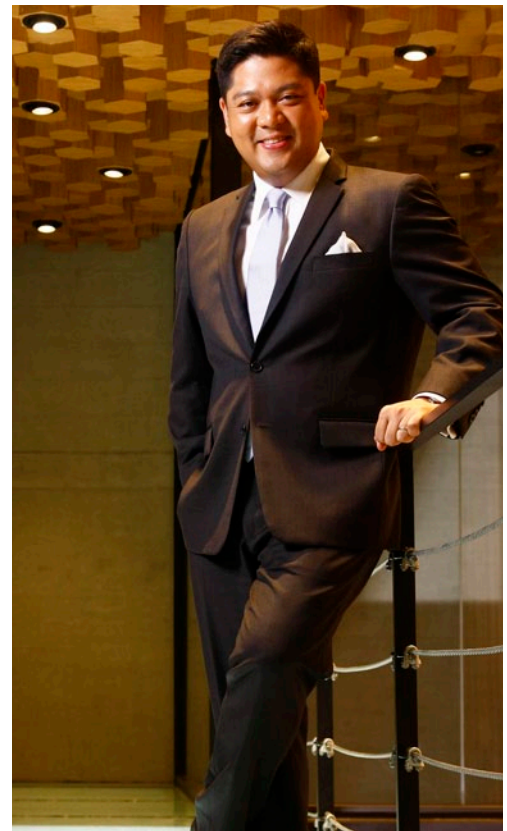
Following our recommendation, URC factories have set aside their self-generation power systems and connected back to the Meralco grid, vastly improving power quality and reliability. We are also in discussion with JG Summit Petrochemical Corp., to connect their Batangas plant to our grid. This can create a win-win arrangement, ensuring reliable power for them, while securing a possible source of power for us.

Our close cooperation is available to all our business partners, big and small, old and new. We particularly want to ensure that new businesses – including foreign companies that may be unfamiliar with local regulations and power standards – are able to set up operations quickly and smoothly.

Above all, we want our customers to be future-proof. Whether encouraging disaster preparedness through programs like *Salba-bote*, or paving the way for digitally integrated power through our MTech forum, we hope to make all our customers ready for the challenges, and the opportunities, that lie ahead.

Victor S. Genuino

Vice President and Head,
Corporate Business Group



Photography by **Jun Pinzon** Grooming by **Arlene Acto**



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A Relentless Invasion

by Veronica C. Uy



The fascination for imported products has long caused consternation to Philippine producers and fervent nationalists alike. Yet even as Philippine brands have grown here and abroad, the influx of foreign brands

has hardly waned, as evidenced by last year's successful launch of Swedish clothing retailer, H&M, on the heels of Japan's casual-fashion giant, Uniqlo, and the Korean-American Forever 21.

According to a March 2015 report released online by research firm Cushman & Wakefield*, this marks a third wave of new foreign retailers entering the Philippine market, following the country's remarkable 7.6-percent growth in 2010. Close to 200 mid-range and luxury foreign retail brands have entered the local market

Research firm Nielsen PH reveals that confident, free-spending consumers and economic growth are attracting foreign brands.

over the last seven years alone.

Established international companies have not been idle, either; Citibank is expanding its back-office operations while 7-11 is pushing out to Mindanao.

But are today's foreign incursions really driven by cultural preferences, or are international firms simply taking advantage of a good situation?

Riding the Boom

Stuart Jamieson, managing director of Nielsen Philippines, a global performance measurement company,

boils it down to two words: consumer confidence. "Filipino consumers are at the pinnacle of confidence," he declares. "Filipinos are happy consumers, and happy consumers buy. Their happiest time is when they spend money."

Over the past five to six years, the confidence level among Filipino consumers is at an "all-time record high" in Nielsen's survey on Consumer Confidence and Spending Intentions as of May 2015.

"They like to eat out, buy new



International retailers fill shopping centers like Century Mall in Makati City, eager to tap local customers.

clothes, and travel because they have disposable income," he adds.

The Philippines takes first place on the consumer confidence index in Southeast Asia, and places second globally, after India. It rose on consumer sentiment, gaining seven points to rise to a score of 122 – its highest level on record – followed by Indonesia (120).

The survey – which measures perceptions of local job prospects, personal finances and immediate spending intentions among more than 30,000 respondents with Internet access in 60 countries – ranks consumer confidence levels above and below a baseline of 100 to indicate degrees of optimism and pessimism.

Filipinos also expressed optimism in local job prospects (75 percent, up two percentage points from the first quarter) and their personal finances (81 percent, up four percentage points) for the next 12 months, the only market in Southeast Asia to show improvement in confidence levels.

"There's consistent growth space driven by consumer spending, not foreign direct investment, nor government spending," Jamieson

points out.

This rise in spending is driven by the twin pillars of overseas Filipino worker (OFW) remittances and the business process outsourcing (BPO) industry.

More than 10 million OFWs sent a record US\$27 billion (P1.22 trillion) to their families in the Philippines in 2014. They and their families use telecom and Internet services like Skype or Snapchat, and purchase tech products like smartphones, tablets and computers to stay in touch.

The BPO industry, on the other hand, currently employs about 1.2 million Filipinos who receive above-average wages. "They are not scared of losing their jobs," Jamieson emphasizes. "They believe the economy is in good hands. They buy the latest gadgets, they travel domestically and internationally, they buy new clothes, and they eat out."

In the last 12 to 18 months, BPOs have been picking up speed not only in Mega Manila but also in Iloilo, Cebu, and Davao. Along the way, they stimulate other businesses in those areas.

BPO jobs are nice multipliers, the Nielsen executive says. "Fast-moving consumer-goods sales from January to May 2015 are up 9.8 percent from last year, with growth across all retail channels."

International tastes

One trait of Filipinos that investors, local and foreign, are eager to tap is a predilection for top brands.

"Filipino consumers are buying into the [aspirational] lifestyle," Jamieson elaborates. "Harley Davidson [motorcycles], which has a showroom here, are not simply a means of transport, but also a source of prestige."

This consumer trend is not unique to the Philippines. A Nielsen study shows that the three factors empowering the growing consumer class in Asia are: purchasing power, mobility, and digital connection.

Throughout the region, the consumer class is expected to grow from 30 percent in 2013, to 55 percent of the total population by 2020. In the Philippines, the consumer class is expected to increase at a 72 percent growth rate, second only to Indonesia's whopping 174 percent.

The same Nielsen estimate notes that middle-class consumers, earning between US\$16 to US\$100 (P720 to P4,500) daily, have the highest spending growth rate at 5.4 percent, enabling them to afford more than just the basic necessities.

How do Southeast Asian consumers spend extra money? Overlapping results from the survey show 70 percent of respondents save for a rainy day, while 42 percent spend on travel, 30 percent on new clothes, and 24 percent on out-of-home entertainment.

The Philippines remains a favorite for retail investors, ranking along with India and Indonesia, as one of the top three countries in the best financial position, Jamieson reveals. It has one of the fastest-growing economies in the world, and its population of English speakers makes it easy for many foreign brands to become established.

Points of growth

There are also external forces that usher businesses into the Philippines. With the US still coming out of a recession and Europe struggling with



International restaurants including US food chain P. F. Chang's seek to satisfy changing tastes.

Stuart Jamieson
Managing Director
Nielsen Philippines

Improvement in Confidence Level

Filipinos expressed optimism in local job prospects and their personal finances for the next 12 months

75%

up two percentage points from Q1

81%

up four percentage points

How do Southeast Asian consumers spend extra money?

42%

travel



24%

out-of-home entertainment



70%

savings



30%

new clothes

a fiscal crisis, investors look for other places to park their money.

"What are the other growth areas? India and China are growing, but at a decreasing rate," Jamieson says.

Looming large on everyone's radar is the integration of the Association of Southeast Asian Nations (Asean) into one economic community by the end of 2015. For investors, this regional process means more than half a billion potential consumers.

The invasion of foreign brands is anticipated to become a little more frenzied with the upcoming Asia-Pacific Economic Cooperation (Apec) Leaders Summit, to be held in Manila in November. In addition to 21 world leaders from Apec, including the United States, China, and Russia, the Philippines also expects to host a coterie of business executives.

"They want to be pioneers in this region," he declares, adding that

these investors are reviewing the retail and tourism sectors, looking to set up "hotel chains, conference tourism, restaurants, and coffee shops."

The travel industry is another area of growth. With Asean integration, more people and goods will travel across national borders, amplifying the need for ports, airports, and other infrastructure, and bolstering opportunities for airlines and shipping companies. This is especially true for archipelagos like Indonesia and the Philippines.

Even the green economy is promising. Filipino consumers, Jamieson notes, are the most active in looking for products that are eco-friendly and manufactured in a sustainable manner. This shows in the proliferation of companies installing solar-energy systems for business and home use, as well as the increasing availability of appliances using low-

consumption inverter technology.

The right place to be

As the Philippine government continues to push for public-private partnership in big-ticket projects, the implication is that there will be more foreign direct investments.

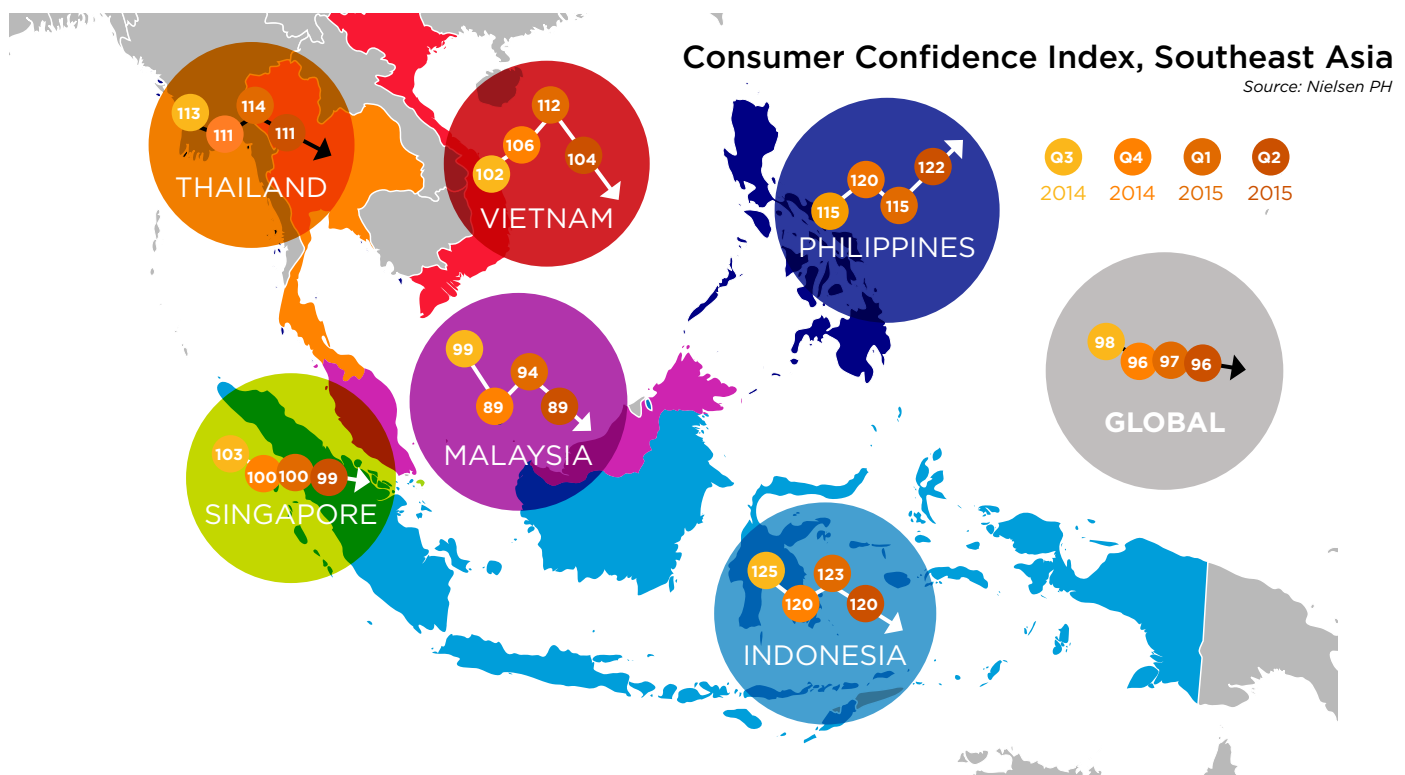
But these companies aren't here simply because Filipinos want them; these brands are here because they want to be where Filipinos are.

With a booming economy, expanding middle class, and increasing consumer confidence, the country is in the right place at the right time.

"The Philippines is in a sweet spot," Jamieson concludes. "It is in a perfect storm for good investment opportunities."

* "How Global Brands are Shaping the Metro Manila Retailer Landscape," published by Cushman & Wakefield Research, March 2015. 📄

The Philippines takes first place on the consumer confidence index in Southeast Asia, and places second globally, after India.



A black and white portrait of Lance Gokongwei, a middle-aged man with dark hair, wearing a light-colored button-down shirt. He is looking slightly to the right with a thoughtful expression, his hand raised in a gesturing motion.

The Business of Family

By Corrie Salientes-Narisma

Lance Gokongwei builds on the multinational conglomerate he inherited.

It is a traditional expectation in Asia for the eldest son to take over the family business, and when Lance Gokongwei took the reins of JG Summit Holdings Inc. (JGSHI) from his father, taipan John L. Gokongwei Jr., it was considered inevitable.

But the only son of “Mr. John” quickly points out that nothing – especially in business – is inevitable.

When he joined the company at the age of 21, the younger Gokongwei had to show he was capable of running one of the Philippines’ largest conglomerates.

Business created by his father

Although he became a senior vice president of JG Summit in 1990, the young Gokongwei left an indelible mark on the family-led company – and on Philippine business history – when, at 30, he became the president of the new Cebu Air Inc. in 1997.

As top manager of the nascent airline, Cebu Pacific (CEB), he faced challenges very different from those of his father’s more traditional businesses, as he went up against the dominant player in the Philippine aviation industry.

With an initial fleet of four short-range McDonnell-Douglas DC 9 jets, CEB quickly became a serious contender in the domestic market. It offered affordable fares, with in-flight games hosted by young, cheerful flight attendants.

The airline quickly expanded from a network that originally covered Manila, Cebu, and Davao, to one that reached 18 domestic destinations by 2001. It then

acquired rights to fly to Malaysia, Indonesia, Singapore, Thailand, South Korea, Hong Kong, and Guam, launching its first international service to Hong Kong on November 22, 2001.

"Now we fly to North Asia and we have gone long-haul," interjects Gokongwei. "We will follow Filipino communities wherever they may be."

Today, the airline flies to 34 domestic destinations, and 28 international destinations in 16 countries, including Australia and the Middle East. CEB operates a fleet of 55 aircraft, comprised of 47 Airbus and eight ATR 72-500 aircraft with an average age of 4.76 years. With some 17 million passengers flown in 2014 and its extensive domestic network, CEB is now the largest carrier in the Philippines.

Ready for the top

Gokongwei's triumph at CEB, especially tackling serious challenges like an air crash just in its second year, demonstrated his readiness for bigger things.

In 2002, he became president and chief operating officer of JGSHI, with core businesses in food and beverage (Universal Robina Corp. or URC), real estate and property

An Airbus A330-300 of Cebu Pacific takes off; the airline is the country's largest domestic carrier.



'We will follow Filipino communities wherever they may be.'

development (Robinsons Land Corp. or RLC), banking (Robinsons Bank Corp.), aviation (Cebu Pacific), petrochemicals (JG Summit Petrochemical Corp.), and strategic investments in telecommunications (Philippine Long Distance Telephone Co.) and power distribution (Manila Electric Co.).

It also has a 37-percent stake in Singapore-based property development firm United Industrial Corp. Inc. (UIC).

Under Gokongwei's stewardship, these companies continue to perform well. Last year, the conglomerate's core net income after taxes jumped by 49 percent to P20.3 billion on consolidated revenue of P184.8

billion, which rose 23 percent year-on-year.

Forbes magazine also ranked JGSHI 1,525th in its 2015 list of Top 2000 Global Corporations, with an estimated value of US\$11.6 billion (P523.71 billion).

JGSHI's relationship with Meralco runs from the boardroom all the way to operations, covering many of the conglomerate's core businesses.

In April 2012, URC enrolled its Calamba manufacturing plant in Meralco's Peak/Off-Peak (POP) program, providing monthly savings of P700,000. POP offers reduced power rates to businesses operating during hours when power demands are lowest.



*A family that works together: President and Chief Operating Officer of Robinsons Retail Holdings Inc. (RRHI) **Robina Gokongwei-Pe** speaks during the company's annual stockholders meeting. Also present are RRHI's board of directors which includes **Lisa Gokongwei-Cheng** (far left, seated), **Lance Gokongwei**, **James Go** (fourth from left), and Chairman **John Gokongwei** (fifth from left).*



JGSHI RANKS
1,525th
IN FORBES MAGAZINE'S
2015 LIST OF TOP 2000
GLOBAL CORPORATIONS

Elements of an Empire:

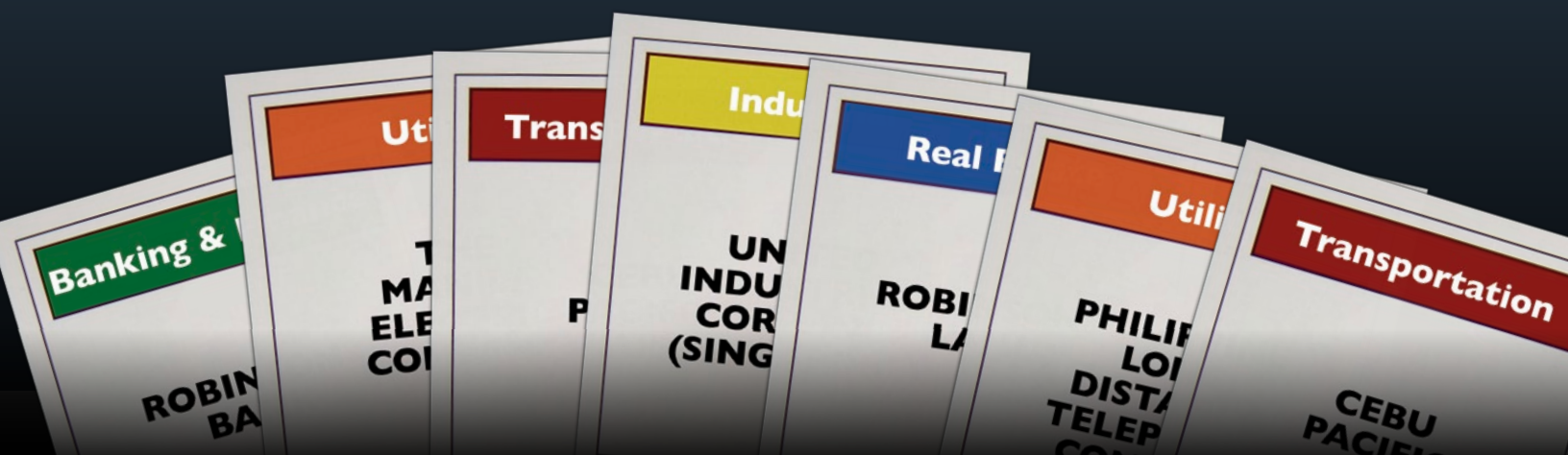
The key pieces of
JG Summit Holdings, Inc.

2014 net income after taxes:

P20.3 billion (up 49%)

2014 consolidated revenue:

P184.8 billion (23 % year-on-year increase)



MPower, Meralco's retail electricity supplier, has contracts with URC plants in Cavite, Tarlac and Bulacan. MPower has also renewed its contracts with RLC to power Robinsons Cybergate Center Towers 1 and 2, Robinsons Cybergate Plaza, Robinsons Summit Center in Makati, and Robinsons Cainta and Crowne Plaza Manila Galleria.

Meanwhile, JG Summit Petrochem is exploring the feasibility of connecting the 81-megawatt generator of its Batangas City plant to the Meralco grid, to create a mutually beneficial arrangement. Aside from ensuring stable power for its operations, JG Summit Petrochem can create a business opportunity by selling its excess power capacity. Meralco, on the other hand, will be able to source additional power supply for its customers.

Osmosis and parental guidance

The DNA of this empire started with soap, candles, and sewing thread. After his father passed away, Mr. John, at 15, sold these items in a Cebu market stall to help his mother feed the family. With diligence and sacrifice, by 1954 he established Universal Corn Products (UCP), the

forerunner to URC.

While young Lance and his five sisters were exposed to his father's company operations, he insists "there was no forced training; we were never deprived of our childhood."

Spending Saturdays at their father's office in Bagong Ilog, Pasig, Gokongwei remembers, "we were just drawing, playing, making pests of ourselves."

"We watched our father, our uncles and aunts work. That enabled us to get the feel of [the business]." That was in the 1970s, when URC was the sole business concern that pioneered snacks like Chiz Curls and Chippy. URC today is one of the country's largest F&B firms, selling the still-popular Jack 'n Jill snacks, C2 bottled teas, Nissin Cup instant noodles, as well as branded flour, spaghetti, and sugar. It also has a renewable-energy division.

This upbringing helped give the siblings a good grounding in management. "It's osmosis," Gokongwei explains. "Surrounded by people who do business and talk about it...it just rubs off on you."

By the time he joined the family business, it had expanded into retail,

property development, banking and telecommunications. "My father was already 61 or 62," he explains. "I decided I had to come home right away after graduation to help." (The younger Gokongwei graduated with double summa cum laude honors from the University of Pennsylvania with degrees in Economics and Applied Science. In three and a half years, he earned a degree in Finance from the Wharton School.)

Being the son of the president afforded a perk or two: "I started as a salesman, but I was lucky because when I got to do field work I went around in a (Ford) Fiera." He made the rounds of other departments of the company, including marketing and finance.

Family matters

The primacy of family permeates much of Gokongwei's personal life. Work still dominates his schedule, but he spends weekends with the family.

"I hang out with my wife, Mary Joyce (néé Leong) and my two kids (Hannah, 12 and Jacob, 9)," he grins. "We watch TV. My daughter likes to watch Modern Family while the boy loves Star Wars. We like to play chess and backgammon. We also

In the 1970s, URC pioneered snacks like Chiz Curls and Chippy. Today, it is one of the country's largest F&B firms.



play Monopoly and black jack."

The clan remains intact: regular Sunday lunches are with his parents, his sisters Robina, Lisa, Faith, Hope and Marcia, and their families. When work comes up, "it's usually *chismis* (gossip)," he dismisses. "We don't discuss serious business at family gatherings."

He hopes his children will, again by osmosis, take an interest in the family business. "I am trying to brainwash them a little bit," he admits. "When we go abroad, I bring



*John Gokongwei Jr.
Chairman
JG Summit
Holdings Inc.*

Its snack foods and beverages satisfy consumer demands for quality. "It is not enough to be cheap; consumers look for a broader meaning of value and today's concerns include lifestyle, health elements, innovation," Gokongwei elaborates. "The products we launch are geared to meet these requirements of the aspiring middle class."

The real-estate business also looked abroad for growth and opportunities. With the rise of online shopping, Gokongwei believes malls must shift from pure retail and offer a good mix of shops, restaurants,

'The company's success is built on the values of my father: his spirit, vision, courage and perseverance.'

them to factories and the like.

"It looks like there is a chance they will be interested in the business, they are both good in Math," he says proudly.

Professional to the core

The family retains a strong presence in the conglomerate's executive committee: Gokongwei; his father as JGSHI chairman emeritus; his uncle, chairman and chief executive officer James Go; two sisters and two cousins are members. At weekly meetings, the committee functions "both as a family council and an executive committee."

Gokongwei says relatives who are part of the conglomerate possess professional qualifications, but adds that of his 21 cousins, only 10 or 11, in a workforce of 25,000, work for the company.

"JG Summit is a family-owned, professionally managed company," he underscores. "Over the last 10 to 20 years, we created management capabilities to run multiple businesses and continuously strengthen the management team,

so that we will not be dependent on just one or two people or on family members."

This lets Gokongwei enable the company to compete effectively across varied businesses and geographies. "What I bring to the table is a culture where people are willing to take risks, willing to speak up and not be concerned about covering their behinds."

International growth, timeless values

Many of these risks, particularly JGSHI's regional expansion, have paid off handsomely.

URC's various food brands are now familiar favorites in the region. Overseas sales brought in US\$539 million (P24 billion) for 2014, thanks to the company's facilities and substantial market presence in Thailand, Vietnam, Indonesia, Malaysia, Singapore, Hong Kong, China, and New Zealand.

The company has announced aggressive expansion plans that include building additional plants in Vietnam and Thailand and a US\$30-million (P1.35-billion) consumer food factory in Myanmar.

movie houses, and the best possible services.

"You need to make it a bit high-end," he adds, "with items that cannot be replaced by e-commerce. More lifestyle elements, and less basic shopping."

This approach succeeds for Robinsons malls in the Philippines and also in the booming cities of China, where RLC's developments in Xiamen, Shanghai, Chengdu, and Taicang combine malls with upscale residences and offices.

Complementing this is UIC which, aside from extensive holdings in Singapore, also has hotel, residential and office developments in Shanghai, Chengdu, Tianjin, and Beijing.

JGSHI has come a very long way from that market stall more than half a century ago. Despite its size, reach and complexity, the conglomerate still adheres to his father's ethos, Gokongwei declares.

"The company's success is built on the values of my father, his spirit, vision, courage and perseverance. He is an entrepreneur, innovative, not afraid to take risks, a hard worker and frugal." 🍵

Outward Bound

By Tina Arceo-Dumlao

As numerous foreign companies pour into the Philippines, local businesses could have had their hands full at home. Yet the immense and lucrative domestic market – young, moneyed, and growing beyond 100 million – isn't big enough to satisfy the ambitions nor the appetites of a number of Philippine corporations keen to claim their piece of the global economy.

Liquor company Emperador Distillers Inc. (EDI), clothing brand Bench, and utility firms Manila Water and the Manila Electric Co. (Meralco) are among the Filipino-owned firms taking their products and expertise to the world.

Giant takeovers

Emperador Inc., the holding company owned by tycoon Andrew Tan that controls EDI, acquired the revered Scotch whisky company, Whyte & Mackay in 2014 for £430 million (P31 billion). Tan is often associated with his real estate firm Megaworld Corp., but he got his start in the liquor business 36 years ago.

When EDI's Emperador Brandy was introduced in 1990, it shook up a local market long dominated by well-established gin and rum manufacturers.

"Through dynamic marketing and by establishing a reputation for product quality, Emperador created a

More and more Filipino companies are taking their brands far beyond our shores.

strong demand for brandy in the Philippine spirits market," declares EDI President Winston S. Co. "As a premium brand, Emperador has been the market leader among brandies in the Philippines in terms of sales volume since 1990."

By early 2013, EDI acquired full control of Bodega San Bruno in Jerez, Spain, investing some P5.8 billion for vineyards and brandy production facilities. The purchase includes the San Bruno trademark, registered since 1942.

Audacity pays off

This acquisition, from one of Spain's largest and oldest liquor and wine conglomerates, gives Emperador ownership of a sizable inventory of maturing brandy, stored in sherry casks in Jerez's bodegas. These are considered among the world's best brandy stocks: rare, high quality, and aged for more than 40 years.

These audacious international expansions paid off handsomely. Net income grew to P6.2 billion in 2014 from P5.8 billion in 2013, with EDI accounting for 30 percent of Alliance Global Group Inc.'s (AGI) net income last year. AGI is the Tan family's holding company for their real estate, food and beverage, and quick-service restaurant investments.

Co expects rapid growth from Emperador this year, here and abroad.

"EDI is set to launch Emperador in several countries in Asia, Europe, and Africa," he announces. "It will be very active in duty-free travel retail shops globally, supplied from the Philippines or Spain. In the Philippines, Emperador is set to release eight major products in 2015."

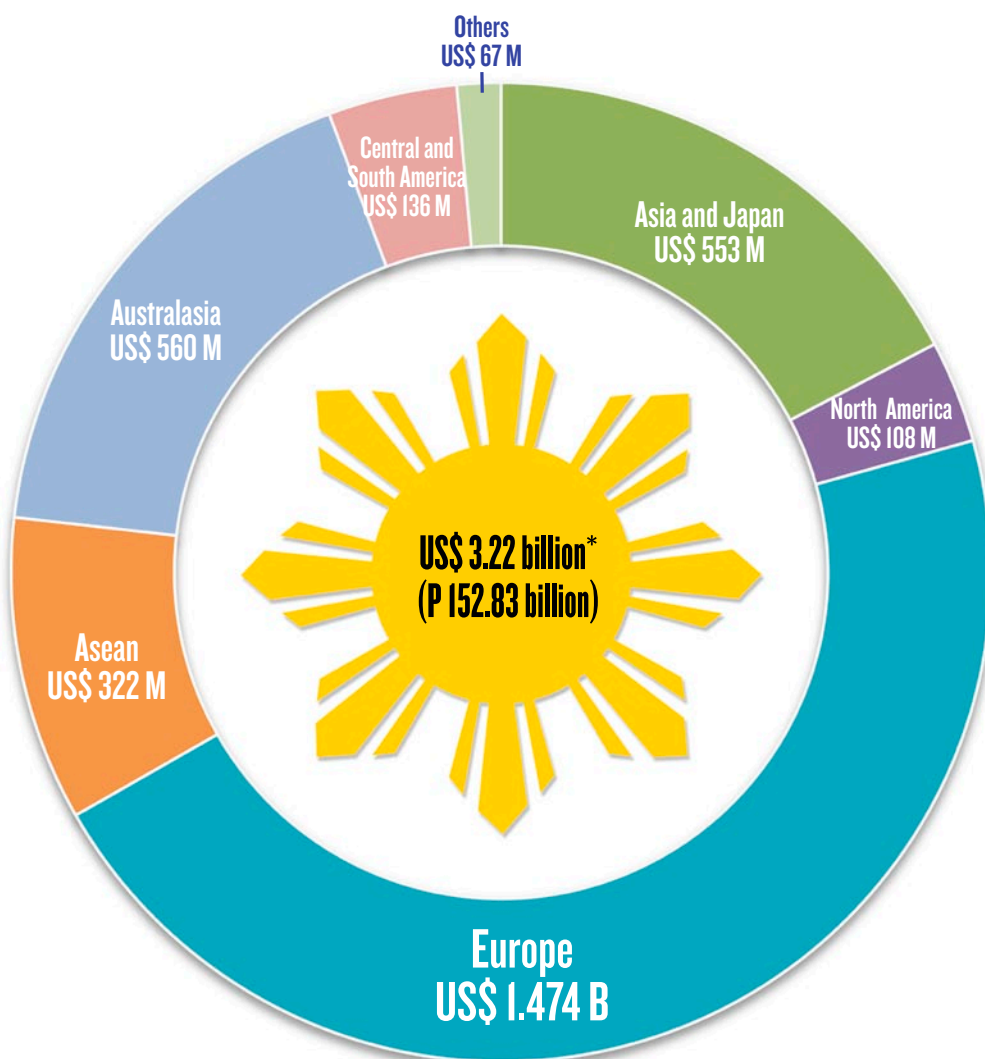
Globally, EDI banks on unleashing the full potential of its Whyte & Mackay acquisition, a company known for its single-malt and blended Scotch whiskies, but also a producer of liqueurs and vodkas.

"We can expand into foreign markets via Whyte & Mackay, which reaches at least 50 countries," says Co.

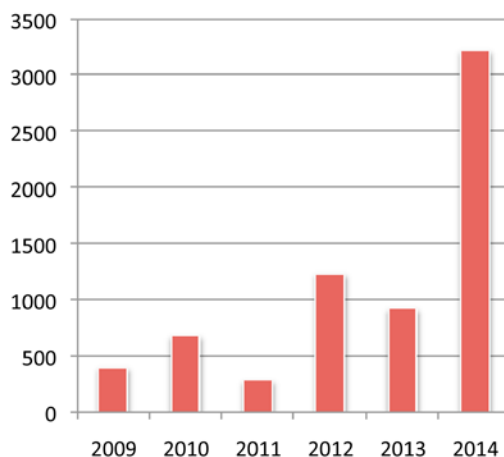
Whyte & Mackay products are available in 300 cities around the world, and are particularly strong in the United Kingdom and European markets.

PHILIPPINE RESIDENTS' DIRECT INVESTMENTS ABROAD (2014)

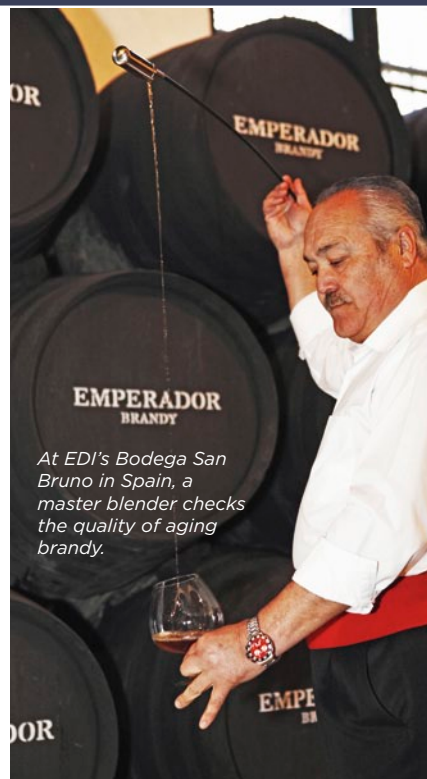
* Equity capital only and to countries with Philippine investment of \$500,000 and above.



ANNUAL OVERSEAS DIRECT INVESTMENTS OF PHILIPPINE RESIDENTS (IN MILLION US\$)



Source: Bangko Sentral ng Pilipinas



At EDI's Bodega San Bruno in Spain, a master blender checks the quality of aging brandy.

Filipino fashion passion

As EDI transforms the Philippines into an arbiter of good taste in premium liquors, Bench establishes it as a hip fashion trendsetter. Bent on "Bringing the Philippines to the world, and the world to the Philippines," the dominant retail brand engineers its global expansion program with 528 local stores and 61 stores abroad.

"In bringing Bench to countries such as China, the United States, Singapore, and the Middle East, we are raising the Filipino flag in these markets," says Jude Ong, general manager of Bench's holding company, Suyen Corp. "We are showing the world that a Philippine brand can break barriers and make waves in the international scene."

Bench went back to basics when it ventured overseas, as market characteristics and legal and operational frameworks vary from country to country.

"When we started operations in Shanghai in 1994, we knew that, with the number of people in the country, even a small portion of the pie would be significant," Ong recalls.

Bench initially offered apparel and underwear, but seasonal differences between China and the Philippines

forced the company to rethink its product line. "There was an underserved market in the mid-range branded underwear segment," shares Ong, "which Bench Body is able to address. Underwear remains in demand, no matter the season."

In the Middle East, "we adjusted our products – the graphic designs of our T-shirts, the fashions, etcetera – to be acceptable to their culture and religion," he adds. "We learned to arrange for more items during holidays like Ramadan, which is comparable to the holiday season here

in terms of sales."

What initially helped Bench get established overseas was the presence of Filipino communities in key markets.

"In the United States, the Middle East and Singapore, there was a huge Filipino following for our apparel, underwear, fragrances and cosmetic items," Ong asserts. "So when our stores opened, we already had a loyal market." In the Middle East, the brand is so widely accepted by the mainstream market, that 60 percent of Bench buyers are Arabs and other nationalities, he adds.

Invested in innovation

Ong knows Bench's success lies in being able to provide each market with high-quality and innovative products like underwear lined with bamboo fiber, or whitening lotions with nano-bead technology for better absorption and faster whitening.

The company continuously looks for new suppliers to update its fashion and accessories lines, and makes significant investments in the back end, with half its manufacturing facilities in China (for jeans and shirts) and the rest in the Philippines.

'EDI is set to launch Emperor in several countries in Asia, Europe, and Africa.'



Winston S. Co
President
Emperor Distillers Inc.

"It makes better sense to manufacture everything in China; it is cheaper there," Ong shares. "But we are a Filipino company, so we want to produce as much as we can locally. It's faster for us to execute new designs here, and this rapid turnaround helps us stay ahead of competition."

As more retail brands come in from different countries, Bench will continue to innovate and develop more competitive pricing for its superior mix of basic and fashionable apparel. "This," says Ong, "is how we will meet our competition head-on."

Liquid overseas

For one Filipino company, the path to international expansion rests on a simpler, more basic necessity.

Manila Water Corp., a unit of the Ayala group of companies created from the 1997 privatization of water distribution services, will expand its business beyond its distribution areas in the East Zone of Metro Manila.

Manila Water Asia Pacific Pte Ltd Chief Operating Officer Virgilio C. Rivera Jr. indicates a nearby glass of water and proudly says: "The water we provide our customers is clean enough to drink

At the Century Mall,
United Arab Emirates



straight from the tap, without additional filtering or chemicals.”

This devotion to quality goes beyond the product. Manila Water brought down non-revenue or unbilled water from a high of 63 percent to the current 11 percent. The competencies developed and experience acquired from the East Zone operations enabled the company and its subsidiaries to expand to Clark, Laguna, Boracay, Cebu and Zamboanga. Later this year, it expects to add new bulk water for Tagum City, Davao del Norte, to this

‘In bringing Bench to China, the US, Singapore, and the Middle East, we are raising the Filipino flag in these markets.’



Jude Ong
General Manager
Suyen Corp.

growing list.

The initial strategy, Rivera says, was to grow the network to at least 20 cities outside Metro Manila. However, the economic integration of the Association of Southeast Asian Nations (Asean) at the end of this year has broadened those goals.

“Asean is a big market,” says Rivera. “We believe the competencies we developed can be leveraged in the region. But we have to be very selective, and focus on countries like Vietnam, Indonesia, and Myanmar that are more or less at the same level as us, either trailing or slightly better than the Philippines.”

In 2010, Manila Water based its investment vehicles in Singapore, specifically to hold its interests in various companies within the region.

In just two years, it incorporated three more Singapore entities, Manila Water South Asia Holdings Pte Ltd (MWSAH), Thu Duc Water Holdings Pte Ltd (TDWH), and Kenh Dong Water Holdings Pte Ltd (KDWH).

TDWH has a 49-percent interest in Thu Duc Water B.O.O. Corp., a bulk water supply company with the second largest water treatment plant in Ho Chi Minh City, producing 300 million

liters per day (MLD). KDWI has a 47.35-percent interest in Kenh Dong Water Supply and Joint Stock Co., which is also a bulk water supplier (150 MLD) in Ho Chi Minh City. MWSAH has a 31.47-percent stake in Saigon Water Infrastructure Corp., which will be the primary development and investment company for the expansion of business in Vietnam's economic center.

Manila Water also forged a partnership with Yangon City, Myanmar, together with the Mitsubishi Corp., to help the city improve its water efficiency. The memorandum of understanding with Yangon City paves the way for a pilot project to lower non-revenue water or systems losses.

To be successful abroad, Rivera insists that, aside from deploying an effective management team, companies have to be very sensitive to cultural differences. "While I find cross-border deals personally exciting, they are also very challenging because there are cultural differences, nuances."

Manila Water's outward push reaped some handsome returns; its net income from subsidiaries outside the East Zone will contribute nearly 15 percent of total group-wide net income in 2015. These results further feed the company's appetite for additional ventures.

"We wanted to move to the next stage," Rivera emphasizes, "taking a capital investment risk, aside from leveraging knowhow and management expertise."

Foreign power

Water isn't the only utility the Philippines is exporting.

In 2011, Meralco was invited by Lagos-based Integrated Energy Distribution and Marketing Ltd as a technical partner to manage the distribution utilities of the Nigerian cities of Yola and Ibadan. In 2013, a Meralco subsidiary, PowerGen Corp., purchased a 70-percent stake in an 800-megawatt liquefied natural gas (LNG) power plant on Jurong island,

Virgilio C. Rivera Jr.
President
Manila Water Asia Pacific Pte Ltd



'Asean is a big market. We believe the competencies we developed can be leveraged in the region.'



Singapore. The facility, Singapore's first LNG power plant, became operational in December 2013.

Neither Emperador, Bench, Manila Water nor Meralco are the first Filipino companies to expand beyond the Philippines; they will certainly not be the last. But these corporations are showing everyone – especially local

businesses – the vast opportunities that await Philippine enterprises overseas.

Despite their disparate product categories, they share similar priorities: superior product quality, expertise, good knowledge of international markets, and perhaps most importantly, the courage to go where few have gone before. 🌐

Run Silent, DREAM BIG

By Jose Bimbo F. Santos

Bemac bets on the future of electric vehicles in the country.

Quick. Quiet. Zero-emission. Electric vehicles (EVs) can benefit smoggy, crowded cities, but despite its decades-old technology, these have yet to be adopted on a broad scale in the Philippines.

Some companies are optimistic that the Age of the EV is finally here. Masato Oda, chief executive officer of the Japanese consortium Bemac Electric Transportation Philippines Inc., is convinced EVs are among the key solutions to the country's transportation problems.

Economies of scale

Bemac develops and produces electric tricycles, or e-trikes. Its principal model is the 68VM EV, a 5-kilowatt three-wheeled vehicle with a passenger cabin, 50-kilometer (km)-per-hour maximum speed and 60-km range on a single charge, powered by one 48-volt lithium-ion battery pack.

Some units already ply the main road of Boracay, the country's famous resort island, and, since June, the University



Masato Oda
Chief Executive Officer
Bemac Electric Transportation
Philippines, Inc.

of the Philippines in Diliman, where it is dubbed the "UP E-kot."

Bemac e-trikes are assembled at a 13,500-square-meter plant in Carmona, Cavite with a monthly capacity of 500 units; Bemac plans to double this with another production line. Once production reaches 10,000 units, Bemac's goal is to be able to reduce the unit cost to around 50 percent of its current market price of US\$10,000 (P450,000).

At the plant's inauguration last

February 11, Trade and Industry Undersecretary Prudencio Reyes agreed with Oda on the e-trike's potential as a cleaner-air replacement to traditional tricycles.

Simple technology

Oda outlines the technical simplicity of the Bemac e-trike's design, compared to that of hybrid-power or fuel-cell vehicles. Its fewer parts keep maintenance work and repairs quick and inexpensive.

It's suitable "for public transport and for some commercial purposes," he emphasizes, to help "develop the infrastructure for smarter cities."

A study by the Asian Development Bank (ADB) released in 2012 shows motorcycles account for about half of the Philippines' roughly 6.6 million registered vehicles.

Oda proposes that if the country swaps all its public urban transport tricycles, jeepneys, and buses with EVs, "the Philippines can have the cleanest air quality in Asia and become the global leader in EV usage." But a key challenge to greater acceptance for EVs is its battery capacity.

Going the distance

"The usual limiting factor for EV expansion is 'range anxiety'," notes Oda, "from the current EVs' shorter mileage and inconvenient charging methods."

He explains: "In a tropical country like the Philippines, heat is critical to battery life." A rise of 8 degrees Celsius in ambient temperatures can cut in half the life of a lead-acid battery. (Last May, at summer's peak, an electric jeepney by another EV supplier reportedly burst into flames along Katipunan Ave. from an overheated battery.)

To enhance its performance, Bemac e-trikes utilize a Battery Management System (BMS) to maximize battery capacity and longevity. It requires that end users be trained to properly handle

The vehicle control unit provides a more comfortable ride, improved battery management and efficient power usage.

and maintain the batteries.

The BMS is equipped with a digital vehicle control unit (VCU) for a more comfortable ride, improved battery management and efficient power usage. The VCU notably utilizes regenerative braking, to harness the kinetic energy produced when the vehicle slows down and converts it into electrical energy.

Bemac places a premium on the quality of and correct specifications for its e-trike batteries, which are sourced from a reputable Japanese company. Its battery offers better value for money, with a life cycle that's four times longer than other lithium-ion brands in the market.

Power in place

Also critical to range is the availability of EV charging stations. The Manila Electric Co. (Meralco) has set up these stations at Quezon City's Ateneo de Manila University campus, and the Net Lima building at Bonifacio Global City, Taguig. *(Read the story in the Meralco Power Club 2015 Q1, or download the issue at <http://corporatepartners.meralco.com.ph/publications/2015/04/q1-2015-transportation>.)*

It works with Bemac to develop further innovations, like induction charging bays that recharge parked EVs without having to plug into a socket.

Meralco coordinates with the EV industry to promote awareness and a greater acceptance of electric transportation among the general public and with the government, a task made easier by Senate Bill 2856. Passed on January 28, 2013, the bill, also known as the Electric, Hybrid and other Alternative Fuel Vehicles Incentives Act of 2011, provides fiscal and non-fiscal incentives to EV industry players and end users.

Oda hopes for more inducements, perhaps subsidies for corporations or local governments that use EVs. "The government's understanding of and support for expanded EV use are crucial," he adds, "and we need investment from local players."

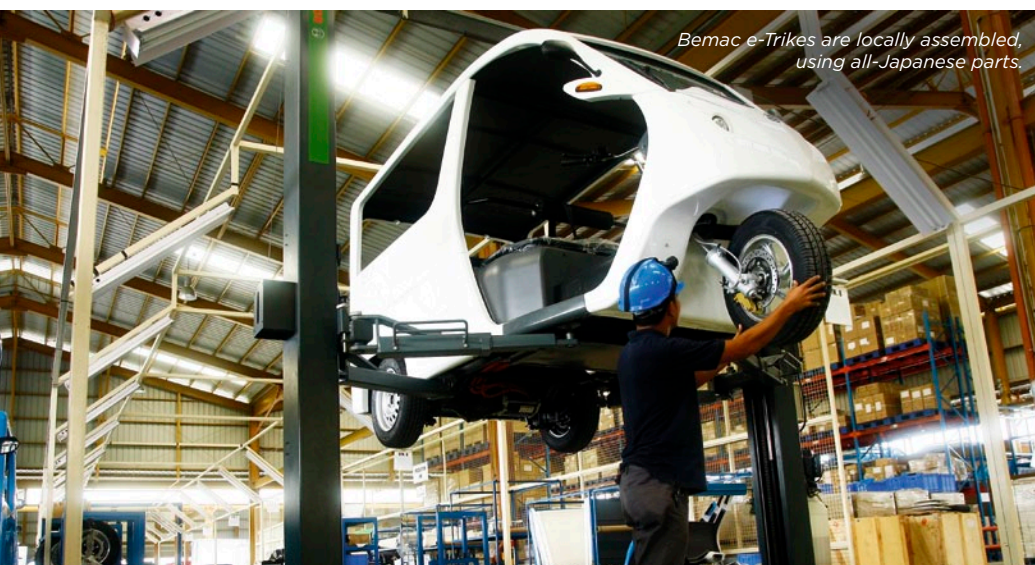
Extra funding brightens outlook

Already, the prospect for EVs is positive. The industry coalition Electric Vehicle Association of the Philippines sees an annual growth of 11 to 13 percent in the next two years, and projects locally manufactured EVs to reach 69,145 units by 2017, from 38,220 in 2014.

A significant boost comes from a \$504-million project of the ADB to deploy 100,000 e-trikes nationwide by 2018. Oda will monitor this program, "and other important projects that can be catalysts to opening up the EV market."

Ultimately, the success of Bemac and of the EV industry lie in the consistent manufacture of quality, affordable, and appealing vehicles.

"It's very important to come up with an excellent product for the EV market first," Oda concludes. "The Philippine government, private sector, and other stakeholders in the EV industry should work closely together." 🌐



Bemac e-Trikes are locally assembled, using all-Japanese parts.



Preparing for Anything

by Mari-An C. Santos

Republic
Surety covers
the things
no one else
would.

Pedro Benedicto Jr.
*President
Republic Surety and
Insurance Co. Inc.*

We pass hundreds of them on roadways everyday, but barely glance at utility poles. Festooned with cables and wires, these concrete and wood poles are obstacles to be avoided, and often, ignored.

Until disaster strikes.

Typhoon Milenyo (international name Xangsane) struck Luzon in

September 2006, leveled many of Metro Manila's utility poles, and left many areas without electricity for up to six days.

While the Manila Electric Co. (Meralco) raced to repair the infrastructure, the company also faced the issue of financing billions in lost assets.

Insuring the un-insurable

Meralco had to replace damaged facilities without burdening itself

or its customers with the costs, but it soon came to an unpleasant realization.

"At that time (2006), insurance for transmission and distribution assets was not acceptable in the commercial insurance market," recalls Pedro Benedicto Jr., president of Republic Surety and Insurance Co. Inc.

Because of the 2001 Enron scandal, which revealed the energy firm's misrepresentation of its real

financial standing, international accounting standards were revised, thus, preventing companies from booking future expenses or future sales. Meralco could no longer book expenses against future losses.

This prompted the distribution utility to acquire a majority ownership of the nearly 60-year-old Republic Surety and Insurance Co. in 2007, and to woo Benedicto from the academe to find a solution to this predicament.

Acquiring an insurance company was just the first step.

Sleeves rolled up

"The law allows us to insure up to 20 percent of our net worth," Benedicto explains, "but in 2006, Republic's net worth was just P100

'The probability of another typhoon like Milenyo affecting a [Meralco] franchise area is less than two percent.'

million, while Meralco's assets were in the billions."

To cover the rest of Meralco's assets, Republic needed to "sell" the rest of Meralco's coverage to reinsurers, a nearly impossible task at the time. So in 2008, Benedicto created the Transmission and Distribution (T and D) Assets Insurance Program.

"Underwriters feared the impact of typhoons," he adds, "so, for six months, we [collated] data from Pagasa (Philippine Atmospheric, Geophysical and Astronomical Services Administration). We went through all their documents and photocopied them, because Pagasa's files were not digitized."

With painstaking data analysis, Republic was able to break down the average number of typhoons to hit the country on a yearly and monthly basis.

"Meralco's franchise areas comprise just three percent of the entire country," notes Benedicto. "We showed our underwriters that the probability of another typhoon like Milenyo affecting a franchise area is less than two percent."

With this data in hand, Republic gave reinsurers a basis for calculating risk and pricing.

These efforts bore fruit when typhoon Glenda (international name Rammasun) in July 2014 caused significant damage to Meralco's T and D assets in southern Luzon. This time, the cost of repairing the damage was far easier to bear.

Risk management is key

Benedicto applies "risk management" in insuring Meralco and its subsidiaries, a skill he's had many years to perfect.

An electrical engineering graduate from the Mapua Institute of Technology, Benedicto headed Malayan Insurance's Risk Analysis department, conducting surveys of large factories and facilities to aid in the pricing of insurance premiums. After 1999, he worked at Pioneer Insurance on nontraditional products like liability insurance.

Risk management enables the insurer and its clients to evaluate all areas of exposure, and recommend methods to eliminate or minimize hazards. It helps assess the proper pricing of an insurance policy and enables clients to safeguard its facilities and operations against risk.

It's a strength that Republic leverages to expand its business outside its parent firm. Sixty percent of the company's business comes from Meralco and its subsidiaries, but Benedicto wants to balance out this portfolio.

To non-Meralco companies, it offers non-life products like property insurance, marine insurance, surety,

special packages, and risk and insurance management. It has expanded into personal insurance products like accident and health insurance, casualty insurance, and motor insurance.

Personal non-life insurance promises the greatest growth potential. "We can focus our resources on this bigger source of profit," confides Benedicto. "Offering personal insurance to employees within the [Meralco] group can be our turning point."

Changing mindsets

The main challenge is facing up to Filipino fatalism. "Many people feel they don't need [insurance], unlike in developed countries," Benedicto shrugs. "Many Filipinos still rely only on God, that God will protect them, yet when a calamity strikes, they blame the government."

Insurance is also kept low on the priority list, he observes: "When they cut expenses, the first to be cut is insurance."

However, rising affluence and the recent spate of natural calamities are changing attitudes.

"As we increase our wealth and improve our lifestyle, insurance becomes a buffer against any eventuality that can have an impact on our financial standing," Benedicto elaborates. "Wealth does not exempt you from being affected by calamities. If your properties are wiped out, you go back to zero."

Raising public awareness is critical. "If we educate our customers about their risks, in the long run, they are better buyers of insurance," he insists, "so when the thing they fear happens, they are prepared."

Although founded in 1948, Republic Surety and Insurance Co. has seen some of the most dramatic changes to its identity over the past nine years. And while the company continues to focus on covering Meralco's facilities, Benedicto hopes to protect so much more. 🌀

CURATING THE FUTURE

by Esmi Barrera

Gavin Barfield leads Meralco's drive to meet the changing needs of a digitally connected generation.

'Globally, the electricity industry is changing. The convergence of information technology and operational technology has shifted the ground that we stand on.'

Imagine blazing a trail for the country's largest electricity distribution company, to bring in a new culture of technology and innovation in order to keep pace with a rapidly changing industry. And with disruptive technologies a game-changer, Gavin Barfield, chief technology advisor for the Manila Electric Co. (Meralco), has his work cut out for him.

Challenges as opportunities

A highly experienced information technology professional and energy market expert, Barfield has over 13 years of practice in international management consulting, most of it in Asia. His main task in Meralco is to define the company's technology

roadmap and ensure Meralco is ready to face the technology challenges of the future.

The challenges, he stresses, will not come from competing power companies but from disruptive technologies that will shake the industry as well as the changing needs of customers.

"The new generation of customers are mobile, and highly engaged online," he says. "Customers wish to be active participants in managing their power consumption, fuelled by real-time information. We're seeing a push towards consumer empowerment."

"Empowerment" isn't just a buzzword in this instance; it is happening quite literally, shaped by new energy technologies that are

already coming into the market.

"The way we have generated and supplied electricity has been roughly the same for decades," Barfield points out. "But over the last few years there have been major technology advances in biofuels, fuel cells, electric vehicles, wind, solar, hydro, etcetera. Renewables will change our industry."

The falling prices of solar-energy systems has prompted more malls, factories, commercial buildings, and homes across the country to install solar panels.

"With falling cost and rising capacity of battery storage, it's only a matter of time before it will be practical for our customers to generate and store their own power,"

Barfield predicts. "This 'distributed generation' model will change the role of Meralco."

A smart new world

One such change is the expansion of the company into the solar business, enabling customers to utilize the benefits of solar with the reliability of grid connection.

"The electricity industry is transforming from centralized to decentralized, from one-way communication to bi-directional communication," confirms Barfield. "Solar power will have a big impact on grid stability, and we want to be in a position to help manage [intermittent] power, whilst providing the opportunity for our customers to utilize renewable technologies."

A key component to achieving this goal is the Smart Grid, a digitally enhanced energy network that allows for two-way communication between Meralco and its customers in real time. It is already in the process of installation and testing across Meralco's franchise areas.

"We've connected over 10,000 smart meters," reports Barfield, "received regulatory approval for another 30,000, and filed for regulatory approval for another 100,000 for 2016."

Among the many enhancements Smart Grid offers customers is instant monitoring of their power usage, through mobile devices and online. Through the upcoming Post Paid Plus service, customers can view their power consumption on an hourly basis, and determine periods of peak usage. This in turn can help them better manage their usage and change their activities to remain within their budget. Eventually, the market may move to a time-of-use model, where customers – or even their smart appliances – can choose

when to use power given the price.

"The Smart Grid will also provide much more information on the status of the network and individual customers supply, allowing us to provide proactive outage alerts," Barfield adds, "which means customers no longer have to report a power failure via our call center."

Prepared for prepaid

Perhaps the most revolutionary service available through the Smart Grid is Meralco's Prepaid Retail Electricity Service, the Kuryente Load (KLoad) program. KLoad customers

out in 2013 to residents in Taytay, Binangonan and Angono in Rizal province, KLoad is now available in Manila, Pasig (Manggahan), Bulacan (San Jose del Monte), Cavite (Gen. Trias) and San Juan City. Plans are underway to offer prepaid electricity to businesses that lease space, freeing property owners from managing their tenants' electric bills.

The electricity industry is changing

Spearheading MTech – the company's first technology expo (see "Vision Meets Engineering" on page 24) – Barfield seeks "to raise awareness among Meralco employees and to set the company firmly on the path for a technology revolution."

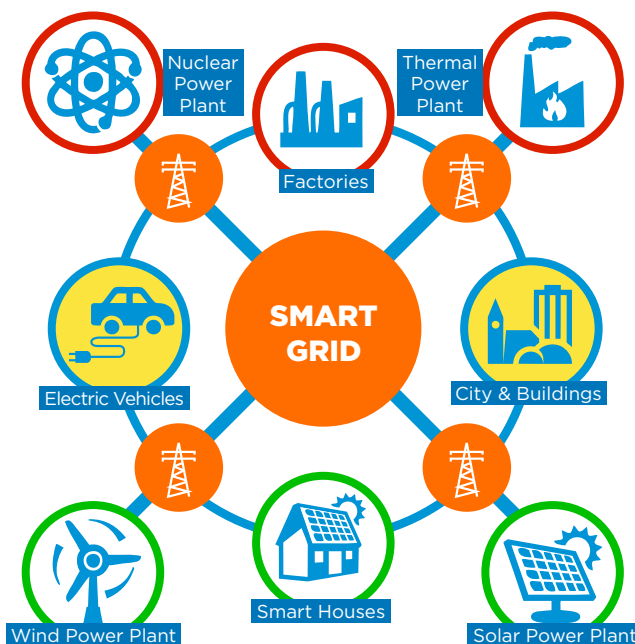
During his presentation, he emphasizes that Meralco must adapt to remain relevant in the future.

"Globally, the electricity industry is changing," he declares. "The convergence of information technology and operational technology – together with social media, big data, cloud computing, advanced metering and predictive analysis – has shifted the ground that we stand on."

He wants the company to approach these seismic shifts with confidence, employing technology and innovation as key tools to success in the

coming decades.

"We've already embarked on major technology innovations," he declares. "But this isn't just about software and computers; it's about a transformation of our company into new ways of working. It's about digitizing our processes, engaging with our customers electronically, harnessing data and introducing new products and services. This will be a huge effort but Meralco is committed to building an electricity system fit for the future and to support the Philippines' growth." 📶



Easier monitoring of power usage and pre-paid electricity are just some of the many new services offered by the Smart Grid.

can buy electricity load from outlets like *sari-sari* stores and replenish their accounts via SMS. They also receive updates and alerts on their consumption through daily messages or when their balance is low.

"Customers are able to more effectively manage their consumption by topping up load in denominations that match their budget," Barfield notes.

The Philippines is one of the first countries in the world to have prepaid electricity service delivered through the Smart Grid. First rolled

Vision meets Engineering

by Esmi Barrera



Meralco Chairman **Manuel V. Pangilinan** delivers a forward-looking address.

Global tech firms showcase new energy-solution advancements as Meralco readies itself for disruptive technologies.

From the economy to pop culture, the digital revolution has energized nearly every aspect of life – including energy itself.

To stay abreast of mobile-savvy customers, Gavin Barfield, chief technology advisor of the Manila Electric Co. (Meralco), strongly believes it is imperative to “embed technology and innovation into our DNA.”

This is the impetus behind the first Meralco Technology and Innovation (MTech) Summit last June 24 to 26. MTech 2015’s theme, “Visioneering” – a blend of the terms “vision” and “engineering” – urged participants to anticipate changing needs and practices, while developing innovative ideas to keep energy affordable,

reliable and sustainable.

In his talk on “One Meralco Technology Vision 2021,” Barfield cautioned that disruptive technologies will profoundly affect the power-generation industry. He highlighted recent examples of new technologies and business models upending traditionally capital-intensive industries: Facebook’s online social networking service, Uber’s crowd-sourcing carpooling network, and vacation rentals via Airbnb.

Presently, the power industry’s structure is typified by centralized generation, transmission and distribution, monthly meter reading and aggregated bills. “Technology is challenging that (business) model,” declared Barfield. He described how distributed generation, where customers generate their own power

through solar panels or wind turbines, “will allow new entrants to provide off-grid solutions.” He is also keen to adapt information technologies such as mobility and cloud to provide customers with a greater level of information and convenience.

Barfield emphasized that Meralco’s business model is already moving in this direction, with mobile apps like MoVE (Meralco Virtual Engine). MoVE enables the company to take a proactive stance in sharing billing and outage information with customers, while providing a wealth of new products and services.

Its keystone technology, however, is the Smart Grid (see “Curating the Future” on page 22). The Smart Grid not only allows residential and business customers to participate in distributed generation, it also allows



for revolutionary services like prepaid electricity (Kuryente Load), online bills payment, remote control of home appliances using smartphones, and real-time monitoring of power consumption.

Over time, Meralco will evolve, Barfield said, "from a company that sells electricity to one that helps customers manage their power needs."

In a forum on Disruptive Technologies at the MTech Summit, technology experts from several companies identified other innovations that would change the power industry. IBM Fellow, Scalable Solutions Architect and Master Inventor Kerrie L. Holley, in his keynote address, "Opportunities in the 'Internet of Everything' Economy," invited attendees to track global trends and adapt to new technologies.

"MTech will become annual," promised Barfield. "We plan to invite more industry players, more technology vendors, and more regulators, to make it a bigger, industry-wide event." 

*Above: From left, Meralco's Chief Technology Advisor **Gavin Barfield**; First Vice President and Deputy General Counsel & Head, Legal **William Pamintuan**; First Vice President and Head, Networks **Ronnie Aperocho**; and President and Chief Executive Officer **Oscar Reyes** view a demonstration at the technology expo.*

*Top right: IBM Fellow and Chief Technology Officer of IBM's Service Oriented Architecture Center of Excellence **Kerrie Holley** emphasizes the need to adapt to disruptive technologies.*

*Second right: Chief Data Scientist for IBM Analytics **Dr. Olav Laudy** reveals the transformative nature of Big Data.*

*Third right: Siemens Head of Engineering and Chief Technical Officer, Energy Management division for Asean **Anand Gopal Menon** envisions cities powered by sustainable smart technologies.*

*Fourth right: Opower Asia-Pacific Managing Director **Sajin Rehan** wants to turn customers into assets for utilities.*

*Fifth right: Dell South Asia Head of Big Data and Cloud Practice **Raju Chellam** discusses analytics, big-data monetization and cloud technologies.*

Below: Meralco is exploring the use of Unmanned Aerial Vehicles (UAV's) to inspect and monitor its power lines and other facilities. UAVs can carry a wide array of sensors, enabling repair crews to quickly assess damage from a safe distance, while improving operational efficiency.





Ready *for the* Next Flood

One Meralco Foundation helps prepare Marikina residents for the next downpour with *Salba-bote*.

With the rainy season rolling in, Metro Manila's flood-prone areas are bracing for another series of deluges. But thanks to an improvised flotation device (IFD) called

"*Salba-bote*" (a contraction of *salbabida* or lifesaver, and *bote* or bottle), residents in these areas stand a better chance of surviving potentially life-threatening floods.

Salba-bote is an initiative of the One Meralco Foundation (OMF), under the Manila Electric Co.'s (Meralco) Typhoon Watch program, created in collaboration with the Philippine Red Cross (PRC), the Philippine Coast Guard Auxiliary (PCGA), Pepsi, Glad and advertising agency

The gift of life-saving: (From left) Marikina City Mayor Del de Guzman; Barangay Captain Gerardo Sto. Domingo of Bgy. Concepcion Uno, Marikina City; Meralco Vice President and Head, Home and Microbusiness-Central Business Area Ferdinand Geluz; and OMF President Jeffrey Tarayao.

Each Salba-bote consists of a bright orange mesh bag that can be filled with empty plastic bottles to provide buoyancy for a 200-pound (90-kilogram) person. It also features a water-resistant pocket for emergency supplies such as flashlights, mobile phones, medicines and bottled water.



The straps can secure the bag to the wearer's body, or link several IFDs to create a raft.

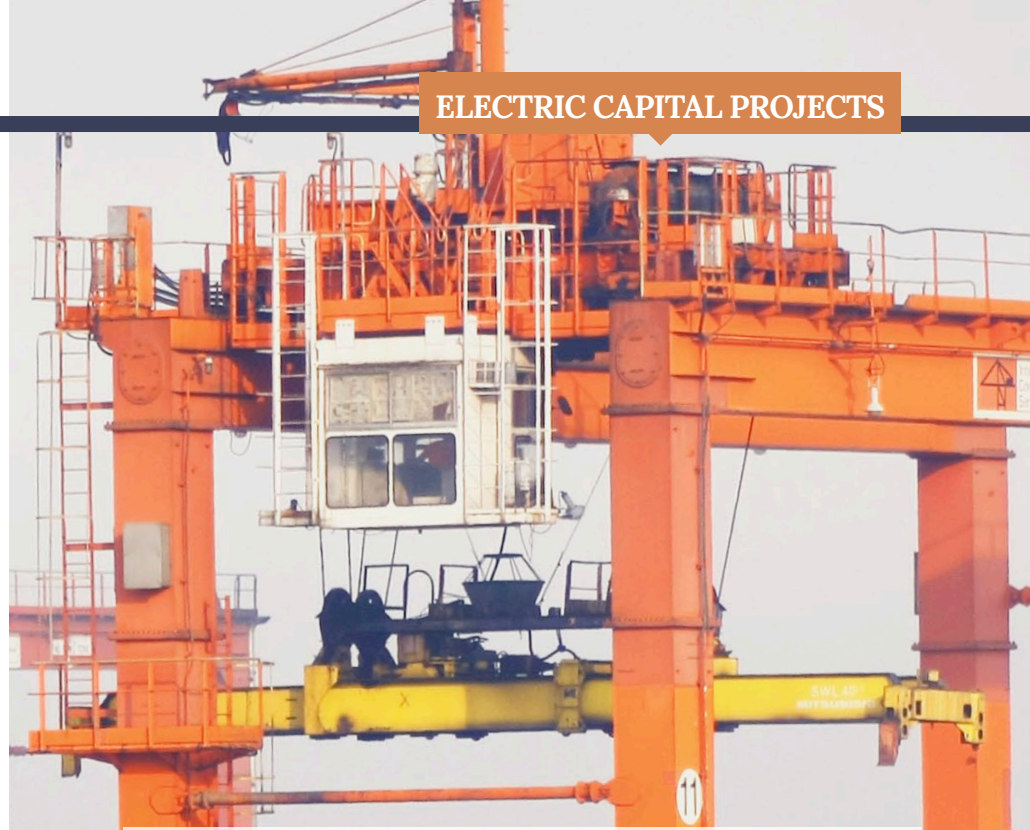
DDB Philippines.

At a turnover ceremony last July 15, OMF distributed *Salba-bote* kits to rescue units and to residents of nine barangays in Marikina City, as part of Meralco's disaster-preparedness program.

"We selected communities that are most vulnerable to floods, and made them our priority in distributing the IFDs," shares Jeffrey Tarayao, president of OMF. "We also partnered with local government units and organizations that are the front liners when it comes to emergency response."

Present at the ceremony were local government officials led by Marikina Mayor Del de Guzman, joined by officers from Meralco, OMF, and the PCGA. The PCGA alone received 500 kits. (*The Salba-bote program was featured in the Q4 2014 issue of the Meralco Power Club and can be viewed here: <http://corporatepartners.meralco.com.ph/publications/2015/01/q4-2014-media>.*)

Tarayao declares the *Salba-bote* reflects Filipino resourcefulness in its use of affordable and readily available local materials: "It can be easily reproduced using ordinary household materials. We hope that this project would spark similar initiatives aimed at disaster preparedness." 📸



Stable Power for Commerce and Consumers

A growing, vibrant economy requires steady power to keep up with the needs of businesses and their customers. This is why the Manila Electric Co. (Meralco) has upgraded the distribution systems of two key areas in Metro Manila.

Expansion of Tutuban Substation (third bank)

Meralco has expanded the Tutuban Substation to provide additional capacity and improved system reliability for the bustling commercial district of Binondo and the busy Port Area in Tondo, benefitting customers like International Container Terminal Services Inc., Far Eastern University, and 168 Mall. This expansion involves installing a third 83-megavolt-ampere power transformer bank, and the associated 115-kilovolt (kV) and 34.5-kV gas-insulated switchgears. The third bank was commissioned on June 26, 2015.

Upgrading of Meycauayan-Bagbaguin 115-kV Line

On June 30, 2015, Meralco upgraded a seven-kilometer portion of the 115-kV line running from the Meycauayan Substation in Bulacan to the Bagbaguin Substation in Valenzuela. This improvement enhances the reliability of power delivery to residents and businesses in Valenzuela, Meycauayan, and some parts of Quezon City and Caloocan City, including Moldex, Bestpak and Steel Asia. The doubled capacity prevents overloading of the Meycauayan-Bagbaguin line in the event of an outage on the 115-kV lines, averting widespread power interruption to the served areas. 📸

Photography by Jun Pinzon



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