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Enhancing Business-Community Relations

Sun Microsystems Philippines, Inc. Case Study



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Sun Microsystems Philippines, Inc.; **Open Source/StarOffice Training Volunteering Case**

Research Project Background

This case study is one of ten that were chosen as part of the 'Enhancing Business-Community Relations' project in India implemented in collaboration with Philippine Business for Social Progress (PBSP). These cases document examples of engagement between businesses and communities and can be used as learning tools for the promotion of responsible business practice and sustainable development.

The Enhancing Business-Community Relations project is a joint international initiative between United Nations Volunteers (UNV) and the New Academy of Business. Implemented in seven developing countries, the purpose of the initiative was to collect and document information on business-community practices as perceived by all stakeholders, build partnerships with them and promote corporate social responsibility practices. It is also intended to enhance international understanding of business-community relations through information sharing and networking with other countries especially those participating in the project - Brazil, Ghana, India, Nigeria, Philippines, South Africa and Lebanon.

The findings and recommendations reflected in the case study are those of the author and do not necessarily reflect those of UNV, PBSP or the New Academy of Business. It is important to note that these cases were written as examples of business-community initiatives. They do not constitute a comprehensive assessment of the company's social responsibility.

1. Introduction

Intellectual Property Rights violations are rampant in the Philippines, which at best seem to be addressed half-heartedly. The main cause for these IPR violations, particularly for software, is that license fees are generally expensive. Software vendors offer so-called academic editions but the fees for these are still out of reach of many educational institutions. Public schools already experiencing challenges in getting school buildings and decent access roads very often have little left to spend for information technology expenses. Students therefore rarely have the chance to develop the skills needed in the New Economy.

One way that the Philippine government addresses this concern is by eliciting the assistance of the private sector. One such project is the PCs for Public High Schools program, where 1,000 public high schools nation-wide received 20 new computer units each. This program is complemented with the construction of computer labs, the installation of communications equipment and the use of legitimate software.

Another way that the Philippine educational system can overcome the financial constraints of licensed software is through what is known as Open Source technology.

Open Source software is software whose source code is made available to the public and the community at large can introduce enhancements to the code, thereby allowing the software to evolve to better and better versions. Open Source is a relatively new concept to most Philippine IT

organisations and companies in general but it has been gaining popularity in many countries, particularly in Europe and Asia. Many governments have seen the value of implementing Open Source as a policy to significantly reduce the financial burden of expensive proprietary software. The most common examples of Open Source software are Linux, which is fast becoming a widely-accepted alternative to Windows, Java technology, an object-oriented, platform-independent, multi-threaded, programming environment that offers flexible, write-once/run-anywhere development platform and OpenOffice which offers most of the functionalities of Microsoft Office.

Sun Microsystems, Inc. is one of the proponents of Open Source technology. [Sun develops standards-based, cross-platform software systems and applications.] Open source is an important vehicle for many of the technologies that go into these systems and applications. Producing open systems has been the hallmark of Sun's business philosophy since its founding.²

Sun invented Java, which is the world's, most popular software development platform. The Java platform provides freedom of choice through multi-platform compatibility. It's a highly secure, open, robust, viable, and flexible platform.³

Sun also developed a product called StarOffice, which offers an office productivity alternative to Microsoft Office. While it is priced at a fraction of Microsoft Office, StarOffice 6.0 is offered for free to educational institutions.⁴ StarOffice 6.0 is a reference implementation of OpenOffice.org.⁵ Sun has hundreds of engineers working on a variety of free and open source projects that benefit the Linux and open source community, such as OpenOffice.org, GNOME.org, Mozilla.org, Jxta.org, and Apache.org. In addition to participating in open source projects, Sun has contributed perhaps more code than any other commercial vendor to the community. The StarOffice source code contributed through OpenOffice.org remains the largest single open source contribution ever.

In the Philippines, Sun implements its StarOffice education initiative by providing StarOffice for free to public and private schools, colleges and universities. This initiative is supported by Sun's joint-venture company, Sun Microsystems Philippines, Inc. (SunPhil).

2. About SunPhil

2.1. Corporate Profile

Since July 1989, US-based Sun Microsystems, Inc. was represented locally by Philippine Systems Products, Inc. (PSPI), whose management the Mamon family took over in 1992. In July 1999, IT Holdings – managed by the Mamon family – and Sun Microsystems, Inc. formed Sun Microsystems Philippines, Inc. (SunPhil), a joint venture company.⁶ SunPhil is the first joint venture of Sun Microsystems and was followed by similar partnerships in Indonesia and Sri Lanka.

SunPhil bagged large and strategic projects such as the five-year, US\$33 million World Bank-funded Philippine Tax Computerisation Project with the Bureau of Internal Revenue. This project is considered as the largest successfully completed IT project in Philippine government. PSPI/SunPhil has enjoyed double digit growth over most of the last decade. Today it employs close to 100 persons.

The “free software” paradigm that is espoused by the Open Source Technology movement is also one of the pillars of SunPhil's corporate citizenship program.

For instance, StarOffice, Sun's multi-platform office productivity software suite, is given away to schools and other educational institutions and individuals. While this software used to be given out for free to the community at large, Sun now charges license fees for use by enterprises, government and individuals. However, StarOffice remains free for the education sector. The company has

currently propagated StarOffice to more than 70 schools nation-wide mainly through participation in the government's PCs for Public High Schools program, in co-ordination with PBSP.⁷

The company heavily promotes Java, a platform independent developer tool, and currently the de facto programming platform for the Internet. There are currently over 3 million Java developers world-wide and SunPhil sees this as a strategic advantage for the Philippines. Programs such as "Java sa Eskwela" and the "JavaCup" programming competition were employed in order to develop an army of Java developers.⁸ Because of its previous involvement with government, SunPhil representatives also sit in the ITECC (Information Technology and Electronic Commerce Council) as chairpersons for committees related to education and government projects.

PBSP serves as SunPhil's partner in the PCs for Public High Schools project and a Teacher Training course on StarOffice and Linux using volunteers from and recruited by SunPhil. The PCs for Public High Schools project is an extension activity resulting from donations of StarOffice to PBSP's Computer Labs for Public Schools. The Teacher Training was conducted by SunPhil's Business Development team and student volunteers from the Junior Philippine Computer Society. Aside from this, SunPhil has led the setting up of Java Competency Centres which will serve as vehicles for manpower and industry development and one of the venues for the "Java sa Eskwela" project. To date there are competency centres in the University of the Philippines, the Mapua IT Centre and the Ateneo de Manila University.⁹

2.2. Values and Leadership

SunPhil's corporate values are exemplified best by the acronym LITE: L -Leadership; I - Integrity; T -Teamwork; E - Excellence.¹⁰ The company views its corporate citizenship role as using its sphere of influence to make things better for the greater number of stakeholders – society, community & country. For Leo, there is no marked difference between personal and corporate volunteerism because corporate volunteering stems from personal values. Volunteerism in the company is fuelled by internal communications.

Though the company does not subscribe to the Volunteerism Week and Corporate Community Investment Program of Sun Global, SunPhil uses internal champions to build buy-in among employees. "Evangelists" or key people in all departments provide "unofficial" pressure for other employees. CSR and volunteerism activities are not considered by employees as situations of "reward and punishment" but as "rewards later on". For Leo, the desire to do good provides the sustainability of the volunteering effort.

2.3. Stakeholders

SunPhil considers all its target audiences as its stakeholders. These include non-revenue generating contacts and resources, and all of SunPhil's managers are involved in the process. The process by which these stakeholders are identified is based on specific goals that the company identified and the sectors that would most likely be affected. For the Philippines, these goals spring from particular conditions: (1) that Filipinos are IT consumers more than producers (2) the yawning digital divide in terms of IT access and (3) rampant software piracy. The company believes that these negatives should be turned into positives.

Leo cited for example that public schools with marginal budgets are being "forced" to piracy due to the high cost of software licenses, ergo the company must package software that schools can use legitimately.

The perception that stakeholders have of the company is important as it feeds back to how SunPhil addresses identified core problems. The company looks at the valid concerns of its stakeholders, which have been identified, such as issues that the software is not a “standard” office productivity tool and about it being “free”. SunPhil’s aggressive promotion of the concept of Open Source technology addresses the impression by donees that are not computer literate that a free product is not good.

3. SunPhil Volunteerism in Practice

3.1. Practice

SunPhil President Cynthia Mamon believes that her CEO is Jesus Christ and as such she should reflect that type of leadership in the company. This is also reflected in the way most of the managers conduct their business. She stresses that service remains a key element in the leadership style and the company culture.

“My management style is based on a very firm belief that my real boss, my real CEO is Jesus. I am inspired by the book, Jesus CEO and so based on that, and based on my strong spirituality, I do believe that, as a leader, I am not only expected to achieve profits and sales targets, but also to take care of my people especially their souls. So, I believe there is a call for spiritual leadership in corporate leaders like me. That’s something that is maybe not common, but I am that.”

There is currently no written policy for CSR. The company's vision serves as the backbone of both its commercial and social ventures. The Business Development team acts as the unit in charge of non-revenue projects (CSR) and nation-building initiatives and is answerable directly to Cynthia Mamon. This team used to be composed only of Leo and one staff. Since then the team has been merged with Marketing to form the Business Development and Corporate Marketing Group.

There are clear program designs especially for those activities that are not fully considered as CSR, such as the JAVA Competency Program. The company is targeting at least 10,000 certified developers in five years. The business case for this thrust is that it will eventually aid the company's plan to create a community of high-quality software development companies in the Philippines that will allow the country to be a net exporter of IT products and services rather than a net importer. SunPhil implements this program in co-ordination with its counterparts in other parts of Asia to form a Java Ring that comprises the ASEAN Java Competency Program.¹¹

Because of the small manpower that the company can channel to CSR, SunPhil networks with other organisations, like PBSP, to increase its bandwidth and make the most productive use of human resources it may not have within. The Business Development head volunteers time with the ITECC and with the Makati ICT Council. SunPhil paid for the training of student volunteers (members of the Junior Philippine Computer Society), which PBSP co-manages, to supplement the volunteer time that Business Development devotes.

There are no formal implementation systems for its CSR activities, except for the JAVA Competency Program, so much so that SunPhil relies on its partners to provide the design and groundwork for implementation. The company is interested in further integrating CSR in its daily life, possibly including a CSR talk in its monthly staff meetings. Systems are in place to measure costs of CSR activities, and benefits are also measured in a quantitative manner. Communications are mainly ad hoc, with reliance solely on the “Evangelist” system for “volunteer” work, while more formal systems are created for the JAVA Competency Program. Because these activities are included in the KRAs of the Business Development team, there are accounting procedures and

reporting systems in place. CSR activities and results are announced to employees mainly through monthly staff meetings but regular, frequent feedback is given to the president. The SunPhil president herself is very much involved in various CSR endeavours most notably as head of the HR for e-Commerce Committee of the Philippines-US Business Council and as a founding member of Outsource Philippines.

3.2. Feedback from the Community

Teacher Training for StarOffice & Linux programs conducted by volunteers from SunPhil and the Junior Philippine Computer Society benefited the teachers of two public schools. Both teachers compared the training course with those of SunPhil's competitors and the feedback was that there weren't enough sessions and review materials. Some beneficiaries were aware that they were being trained by employee and student volunteers, and mixed reactions were given.

Much work needs to be done on follow-on activities after the initial training. Though all the beneficiaries felt valued for being chosen by the company, perhaps due to the limited bandwidth of SunPhil for CSR activities there wasn't enough follow-up of the training. Some of the training beneficiaries expressed concern about the use of student volunteers to implement the program.

3.3. Impact Analysis

Rating perceived vs. actual benefits of "voluntary" CSR, SunPhil benchmarked the impacts on key business areas. SunPhil gained the most through the replication of its projects by its competitors and in its corporate reputation. Following closely are gains in decreased/managed risk, reaching untargeted stakeholders, and sustained build-up of social capital and promotion of public good. Some aspects of core business had better impact than most, such as advertising, which is mostly word of mouth, and corporate planning & issues management. In terms of marketing advantage (product patronage and brand equity) there was minimal gain, while elements of core business strategy were affected as expected (decision-making processes, business solutions and staff & line management functions).

"Gains" reflect that actual impact was better than expected. Losses are when the perceived impact was better than what was actually obtained.

Despite the "gains" the company obtained, SunPhil maintains that these activities are still done within the spirit of volunteerism because of the strong personal internalisation of employees involved. Leo believes the volunteerism stems from the individual and that the company's role is to provide the policies and logistics to support this. He stresses that IT is a tool for development and as such people should treat it that way to solve social problems. He believes that all companies can use IT to enhance society, especially if the company has a service orientation.

4. Cracking the Code

In principle, SunPhil has a strong foundation for its CSR in the IT industry - Open Source. The company believes in fair price for fair use, and refuses to indulge in predatory pricing for its products and services. Since Open Source in practice is virtually free, the company believes that it is partially solving the problem of piracy.

While Sun World-wide does not see itself as a purely Open Source company nor does it espouse Open Source as the solution in all cases, it believes that users should be given a choice. Such a choice is particularly relevant when the community being served cannot afford expensive proprietary solutions and resorts to piracy to meet its IT requirements.

At present, SunPhil's CSR strongly relies on its donations of software and its focus on Java training. The main weakness of its nearly two-year old volunteering effort is the delivery system for standardising "StarOffice" as well as in support activities like training documentation. Resignations of members of the Business Development team initially cast doubts on the sustainability of the company's volunteering activities, but SunPhil has since put CSR under a new integrated group called Business Development and Corporate Marketing.

SunPhil is also one of the founding members of Open Minds, a Philippine-based non-profit umbrella organisation that aims to develop the Open Source industry in the country and build the necessary infrastructure to support it. SunPhil donates employee time and resources to the organisation with the end in view of creating a multiplier effect once the required structures are put in place.

The company's strategy of employing external implementers for its volunteering is a way to complement meagre human resources, but even in this area more support should be given particularly in the extension/training aspect. PBSP became a partner in the training module development, particularly in managing the development of student volunteers. The training of student volunteers allowed SunPhil to fulfil its goal of spreading their technologies' user base, but the company must still provide the contextual background why StarOffice and Linux are relevant to regular public high schools. Employees should be present during training; especially since the trainees perceive that it is not the role of student volunteers to promote the company or its ideals.

Volunteering has only been a nearly two-year program and there is room for improvement for SunPhil. Given the interest that the earlier volunteering efforts sparked, the company can work quickly in putting more support systems in place (for example through more employee volunteers, training manuals for novices, etc.) so that the momentum is not lost. It can also tap the resources of its more experienced partners to ensure a consistent quality of delivery. Then it will not just be about walking the talk but about walking with a steady pace.

Endnotes

¹ The views expressed in this case study are those of the author and do not necessarily reflect those of the New Academy of Business, UNV or PBSP.

² Sun's Position on Open Source Technology, <http://www.sun.com/aboutsun/policy/opensource.html> and <http://www.sunsource.net/why.html>

³ About Java, <http://www.sun.com/software/java/>

⁴ StarOffice 6.0 is free for educational institutions <http://www.sun.com/software/star/staroffice/6.0/index.html>

⁵ OpenOffice.org, <http://www.openoffice.org/>

⁶ Sun Microsystems Philippines Corporate Brochure, 2003.

⁷ Sun donates to PCs for Public High Schools Program, <http://www.itnetcentral.com/article.asp?id=1072>

⁸ Java sa Eskwela, <http://www.itnetcentral.com/article.asp?id=1047>

⁹ AJCP in UP, Mapua and Ateneo, http://itmatters.com.ph/news/news_11302001i.html

¹⁰ SunPhil Vision and Mission, 2003.

¹¹ About the AJCP, <http://ph.sun.com/ajcp/index.html>