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# Switched on

**It's already the leading broadcaster in the Philippines, and now GMA Network is reaching new heights on a global scale.**

IMAGES JAMES ONA & GMA NETWORK

**W**hen GMA Network was renamed in 1975—after trading as the Republic Broadcasting System for 25 years—the 'GMA' acronym was chosen to stand for 'Greater Manila Area'. Then, as the company's reach broadened and it expanded into overseas markets, the meaning of those three letters changed. Today, 'GMA' stands for 'Global Media Arts', which is a true reflection of the mark it has made not just in the Philippines, but across the world. GMA Network owns a wide array of media-related businesses in everything from film production to program acquisition, as well as its television and radio networks. It is the only Filipino media organisation to take out the highly sought-after Peabody Award for 'Excellence in Journalism' (1999, 2009, 2012, 2013), and the Asian Television Award for 'Best Terrestrial Station of the Year' (2005).

Felipe Gozon is the CEO of GMA Network, a position he has held for 16 years. He also sits on the board of directors as the chairman. Throughout his time with the company, he has seen many changes across the business and across the industry as a whole. He says that it has been a challenge to maintain the organisation's strong reputation in the marketplace, but has tackled this by taking a customer-centric approach and staying at the forefront of broadcasting trends.

"It hasn't been easy," he explains. "The bottom line is that we try to determine what our viewers want and then try to produce the programs that they want to see. There are so many changes that we have made over the years, and fortunately they have all contributed to our number-one market position. We are considered to be a pacesetter with all of the changes we have made to our operations. >>



**Name** Felipe L. Gozon  
**Company** GMA Network, Inc.  
**Position** Chairman and CEO  
**HQ** Quezon City, Philippines  
**Employees** 4,053





**“It’s not just about the television set anymore. We understand this and we are producing programs for these new technologies.” - Felipe Gozon**

“We try to address the requirements of Filipino expatriates abroad because they are our main customer base. In fact, some of our foreign programs are in Filipino but we also acquire foreign-produced programs that we dub in Filipino. We show them locally here in the Philippines and we also program them onto our international channels.

“Having said that, lately we have also been successful in marketing our locally produced programs in other regions such as Mexico, Canada, Africa, and different parts of Asia. Of course, we have to dub them into English or another language, which we do here in the Philippines. We also have a subsidiary called GMA Worldwide that takes care of the distribution, and that has been quite successful. In Cambodia, Vietnam, and Myanmar, the TV industry is still in its infancy, which makes it a great target area for us. The oriental people have a common culture, and they more or less like the same things. They are sentimental

and emotional people with great faith. The South Korean programs we have are particularly popular in those areas.”

With the Philippines being a finite market, GMA Network recognised early on that global expansion had to be the solution for it to maintain and grow its popularity well into the future. Currently, the next trend Felipe is noticing is that more and more people want to be able to watch their favourite programs whenever they want from portable devices such as smartphones and iPads.

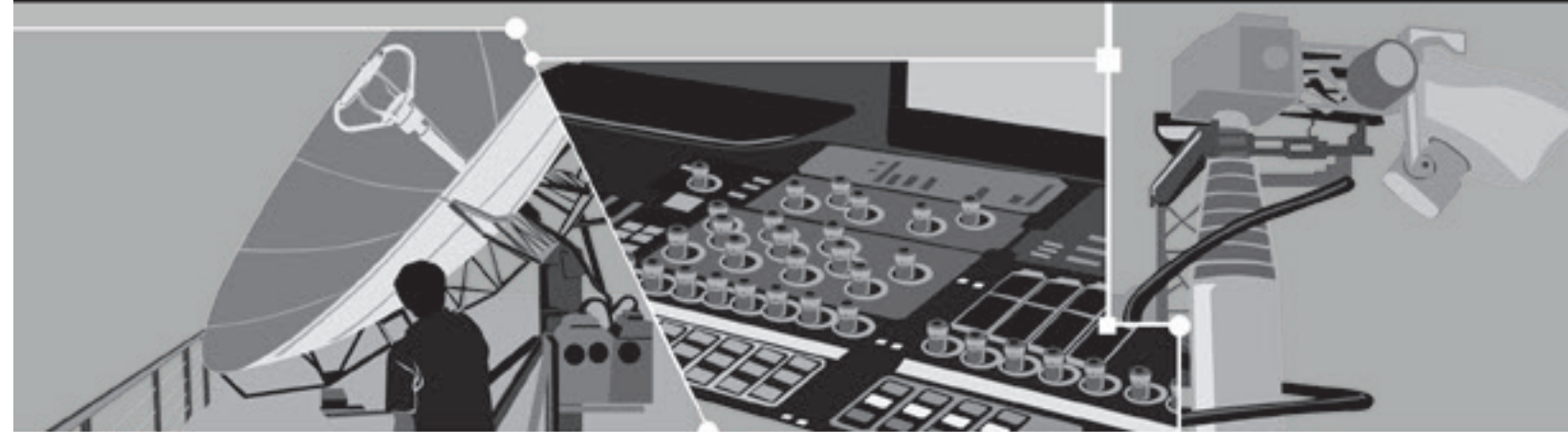
“It’s not just about the television set anymore,” he notes. “We understand this and we are producing programs for these new technologies. For example, we now have five-, 10-, and 15-minute programs which viewers can consume while riding the train. We are seeing globally that the viewer does not want to be dictated to by program schedules, and to a certain extent that is also happening here in



the Philippines. However, I say only to a certain extent because of the affordability of these gadgets. So we are in the process of addressing this, by determining what our viewers want and then trying to give that to them.”

Felipe offers an example of how the needs of Filipinos differ to those of people in other countries: “We have surpassed India in the call-centre business, or business-process outsourcing. People in this industry work at night so they cannot watch television during prime-time programming. Their rest time is during the day, which is the downtime for television programming. Therefore, we had to address and prioritise the wants and needs of this segment of the population because it is getting bigger. We had to adapt to these changes in lifestyle which are unique to the Philippines. There are millions of call-centre employees and they are the ones who can afford, and would like, to be entertained.”

The digitisation of broadcasting is also becoming more prevalent and it’s a prospect that Felipe is very excited about. GMA Network is currently testing the migration from analog to digital >>



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terrestrial television so that as soon as the market wants it, and is willing to receive the digital signals, GMA can deliver a superior product.

“Right now, I am completely occupied with digitisation,” Felipe says. “Nobody knows what the future will hold so it is kind of like shooting for the moon. We don’t want to take too much risk, so we are approaching digital with deliberate speed, and calculating the risks all the time. I think that once it takes off we will have to go all the way. We will have to provide the means for people to get our digital transmission as opposed to just analog. I don’t know

whether we will subsidise or sell it, but that’s something we will work out later down the track.

“At this point, we have the infrastructure, investment, content strategy, and business model. We have three choices to look at before going to digital: we can base it on advertising, which is much like what we are doing now; we can offer it on a subscription basis; or we can make investments on customer equipment to receive our digital transmission. We don’t yet know what we are going to do but we are preparing everything so that with a snap of the fingers we can go digital.

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“We have completed a study on costings, with a budget for infrastructure, transmission, antennas, and all else, which is less than 1 billion pesos. We have made particular acquisitions of equipment to be digital ready as much as possible, so our cameras and all those things are already digital ready. There will be very few things we will need to add on or replace to make this change. The real cost will be on programming because it’s very costly to program channels. Basically, if we need to go digital, give us one or two weeks, and we can do it. The sites have already been chosen for the transmitters, we know the suppliers, we have the money—the only thing we don’t have is all the programs that we’ll need.”

Felipe adds that GMA Network’s competitors are also starting to explore the digital future; however, their offerings are likely to be much more expensive than what GMA Network is hoping to provide. The company has filed an IP application for a set-top box which is small in size and enables an analog television set to receive a digital transmission. “For want of a better term, we are initially calling it a ‘dongle.’” Felipe shares. “It’s going to be much cheaper to produce, at maybe a quarter of the normal price, which is about 2,000 pesos. That will be the name of the game because 99.9 per cent of the television sets in the Philippines are analog and the general population cannot afford to convert their analog sets to digital. Therefore, we have to enable these analog sets to receive digital transmissions.” >>



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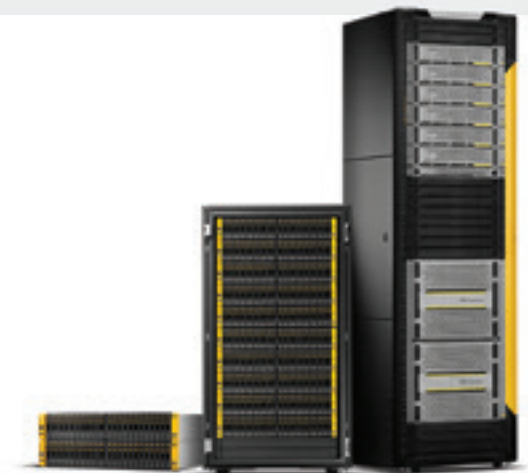
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At GMA Network, all staff are required to give their best in everything they do, while also working with integrity. Felipe credits this attitude as key to the company's long-term success, and GMA Network is well-known as an employer of choice across the Philippines with an attrition rate of less than 1 per cent.

"Let me boast a little," Felipe smiles, "we have actually accomplished and achieved all of our core values. Number one is we place God above all else. Following that, we consider our viewers to be our boss, we value our people as our best assets, we uphold integrity and

*"The business relationship between Fox and GMA commenced in the early 1980s. To this day, it continues to be a strong partnership. We are confident that the professional collaboration will be built upon for generations to come." - Brendan Zauner, Senior Vice President Sales, Asia, Twentieth Century Fox Television Distribution Inc.*



transparency, we are driven by our passion for excellence, we strive for efficiency in everything we do, and we pursue creativity and innovation.

"We treat our staff members fairly, we compensate them properly, and

we do what we say we are going to do. When I assumed my post here I told them that if they cooperated with us they would share in the benefits of the company's success. I am pleased to say I have delivered on those promises."

**"We treat our staff members fairly, we compensate them properly, and we do what we say we are going to do."**

**- Felipe Gozon**

These core values also extend to GMA Network's supplier and partner base. "Healthy and robust relationships are crucial," Felipe comments, "as corporate alliances play a vital role in the company's execution of products and services. We treat our suppliers and partners fairly and we pay our obligations. Most of them are program suppliers and we do acquire a lot of foreign programs from Western countries and also here in this part of the world. South Korea in particular is a favourite source of programming."

As well as looking towards the digitisation of television and creating



a great workplace environment, Felipe concludes he will consistently be focusing on making the company as efficient as possible. "What I mean by that is less risk," he explains. "If you compare our gross revenue to our bottom line there is a big

difference between us and the other television stations in the Philippines. That can easily be verified because of all the public records that we submit to the regulatory agencies, such as our financial statements, and I think that separates us from the rest." ■



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