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Global Sourcing (GS)

Market Vista Q3 2009 – Preview Deck



- **Product overview**
- Illustrative contents

The increasing complexity of the outsourcing market has amplified the risk exposure for companies



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Factors driving increased risk

Vendor and model proliferation

Multiple service providers and business models

Large span of functions

Typically combination of many IT, BPO and some KPO services

Increasing scope

Significant proportion of operations now in low cost locations

Global delivery chain

Services often delivered from multiple locations with diverse risk footprint

Dynamic economies

Most delivery locations are emerging economies going through rapid change

Examples of risks

Regulatory risk

Ensuring compliance with regulatory guidelines in source and destination countries across suppliers

Business case risk

Managing wage inflation without affecting quality of service

Performance risk

Managing quality of service delivery, attrition, knowledge retention

Data security and

intellectual property risk
Implementing measures to safeguard data and intellectual property

Concentration risk

Business continuity risk

Currency risk

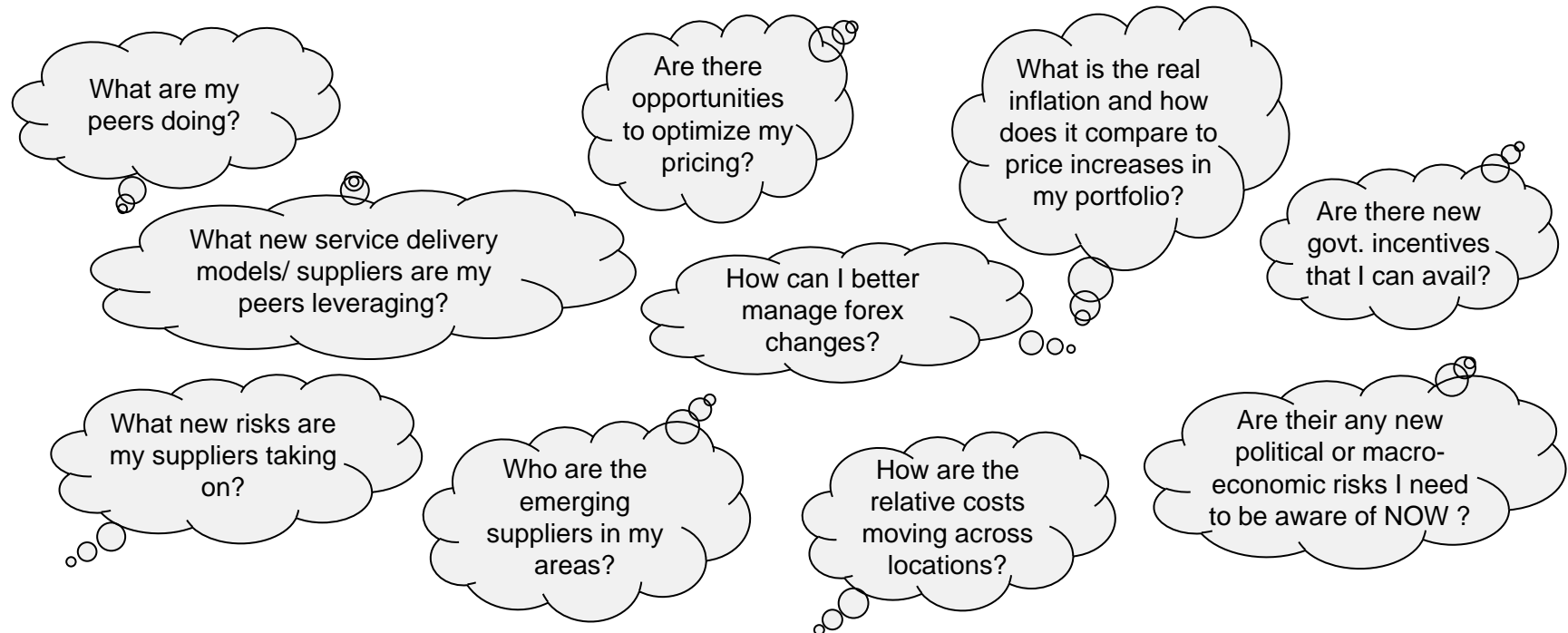
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Most large companies have capabilities in global risk management. However, the level and type of risk exposure that is emerging from the globalization of services is unprecedented

Sourcing leaders are being asked to manage risks associated with global sourcing and support the delivery of transformational results



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Key decisions that Sourcing managers need to support

- Comparison with peers
- Location risk management
- Supplier selection and optimization
- Design of new deals
- Price benchmarking and contract renewals

Market Vista provides continuously updated facts and analysis every quarter to enable effective management of global services portfolios



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Each quarterly Market Vista report captures developments across three key areas

1

Market overview

- Outsourcing transactions trends
 - Transaction analysis – By industry, geography, etc.
 - Listing of major BPO/IT outsourcing deals
 - Large offshore deals
- Captives analysis
 - New captive set-ups, divestures
- Focus on Financial Services players
 - Transaction analysis
 - Developments across global majors

2

Location trends and risks

- Key location developments
 - Establishment of new offshore delivery centers
- Risk dashboard capturing key current and emerging risks
 - Geo-political / economic changes
 - Government initiatives
- Q3 focus – Fact-base on Asian cities
 - Sustainability of arbitrage
 - Operating costs across 7 leading cities, inflation rates and currency trends

3

Supplier developments

- Key developments among 20 leading global suppliers
 - Financial performance
 - Transaction activity
 - Changes in delivery footprint
 - M&A and alliance activity
- Q3 highlight
 - Acquisitions of ACS and Perot Systems
- Detailed profiles for each player capturing key developments across dimensions

- Product overview

- **Illustrative contents**

Each section of the quarterly report comprises 30+ pages of insight and data

Illustrative Table of Contents (page 1 of 2)



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Each section of the quarterly report comprises 30+ pages of insight and data

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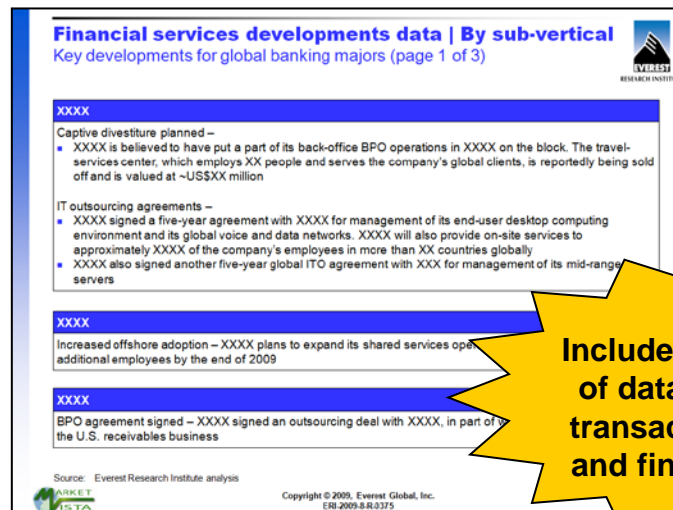
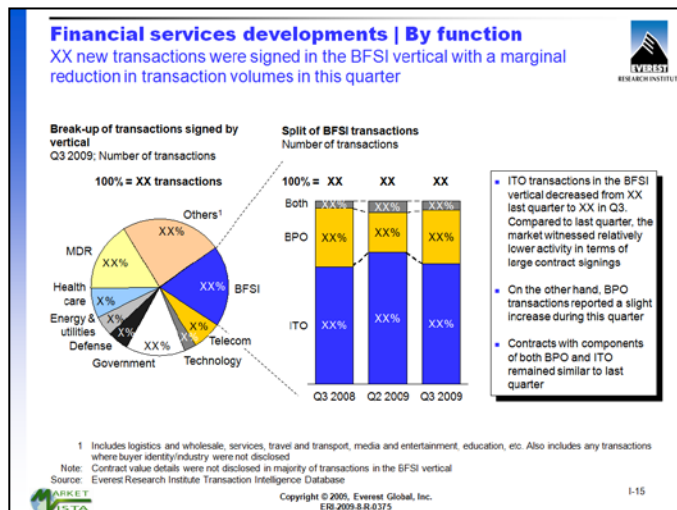
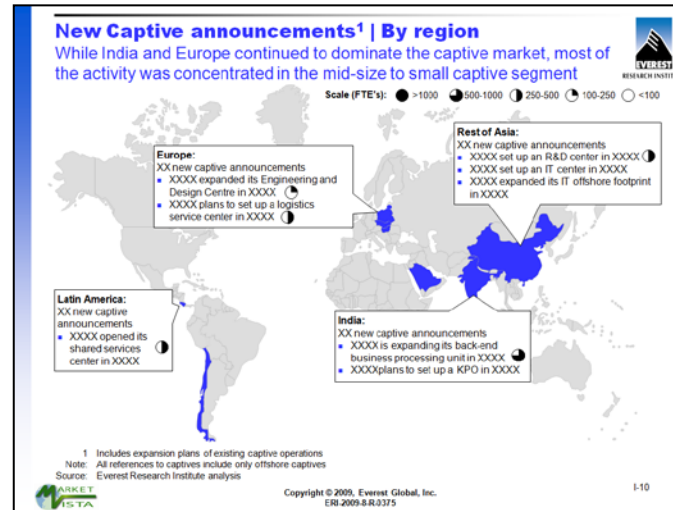
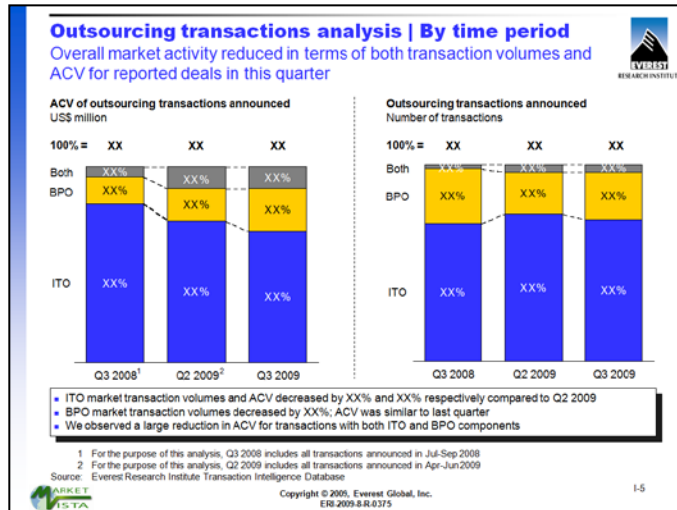


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Section I – Market section | Overview

Captures outsourcing transactions trends, captive developments with an emphasis on Financial Services players



Includes over 15 pages of data tables across transactions, captives and financial services

Section I – Market section | Illustrative output

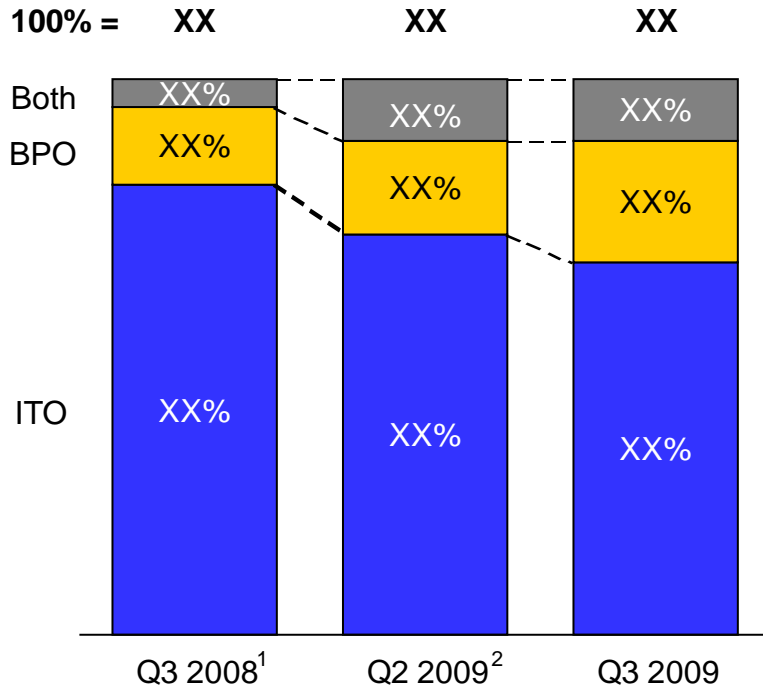
Transaction analysis for each quarter helps assess market momentum and trends over time



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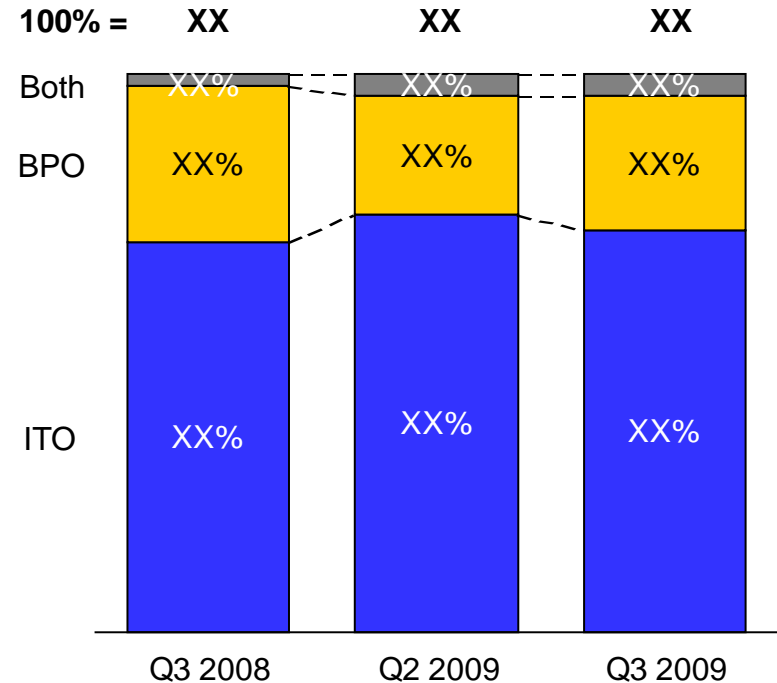
ACV of outsourcing transactions announced

US\$ million



Outsourcing transactions announced

Number of transactions



- ITO market transaction volumes and ACV decreased by XX% and XX% respectively compared to XXXX
- BPO market transaction volumes decreased by XX%; ACV was similar to last quarter
- We observed a large reduction in ACV for transactions with both ITO and BPO components

1 For the purpose of this analysis, Q3 2008 includes all transactions announced in Jul-Sep 2008

2 For the purpose of this analysis, Q2 2009 includes all transactions announced in Apr-Jun 2009

Source: Everest Research Institute Transaction Intelligence Database

Section I – Market section | Illustrative output

Analysis is further detailed at a functional level

● Decreased from last quarter	● Similar to last quarter	● Increased from last quarter
--	---	--

Q-o-Q change in number of BPO transactions, by process¹

Process category	Q3 2008 to Q3 2009	Q2 2009 to Q3 2009
XXXX	●	●
XXXX	●	●
XXXX	●	●
XXXX	●	●
XXXX	●	●
XXXX	●	●
XXXX ²	●	●

Q-o-Q change in number of ITO transactions, by process¹

Process category	Q3 2008 to Q3 2009	Q2 2009 to Q3 2009
XXXX	●	●
XXXX	●	●
XXXX	●	●
XXXX ³	●	●

1 Includes transactions in which functional scope may have multiple processes

2 Includes processes such as document management, market development, collections & mailroom scanning, R&D, engineering, safety & environmental analysis reporting, printing, product development & marketing services, logistics & supply chain management

3 Includes processes where functional scope was not publicly disclosed

Source: Everest Research Institute Transaction Intelligence Database

Section I – Market section | Illustrative output

Coverage also includes captives, with a focus on setup, divestiture and other trends among captives

XXXX – Divests captive operations to XXXX

- The insurance giant XXXX divested its Indian captive unit XXXX to XXXX for an undisclosed sum
- Based in XXXX and XXXX, the captive employs XX people and provides IT services and solutions to XXXX companies worldwide

XXXX– Divests captive operations to XXXX

- XXXX signed a multi-year outsourcing contract with XXXX, part of which it will acquire XXXX's captive operations in XXXX
- The center provides complex transaction processing services to XXXX and its clients in XXXX and the XXXX. It employs approximately XX employees who will transfer to XXXX as part of the agreement

XXXX– Divests its Indian R&D captive to XXXX

- XXXX is selling off its XXXX-based XX-employee captive to XXXX, an XXXX IT services company, which would provide R&D services in mobile handset design and back-end mobile infrastructure
- The captive is involved in wireless product development, software engineering, and software testing for the company's global product portfolio, along with developing custom wireless handsets for XXXX service providers
- After the acquisition by XXXX, the center will continue to provide engineering services to XXXX and other XXXX entities on a contractual basis

Source: Everest Research Institute analysis

Section I – Market section | Illustrative output

Developments among leading financial services players are profiled

XXXX

IT outsourcing agreement – XXXX signed a XX-year contract estimated to be worth US\$XX million with XXXX. As a part of the deal, XXXX will support XXXX's IT systems and deliver global managed services for the bank's voice trading systems

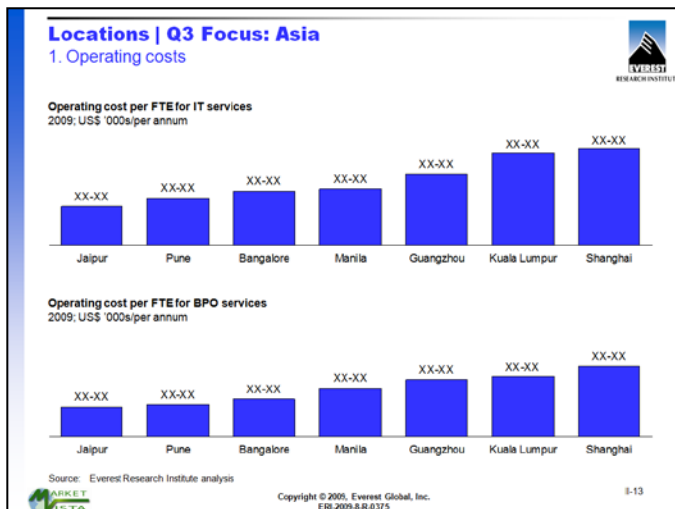
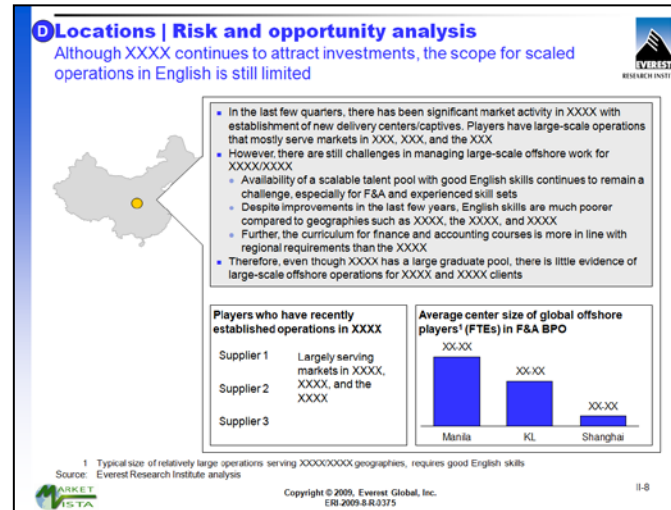
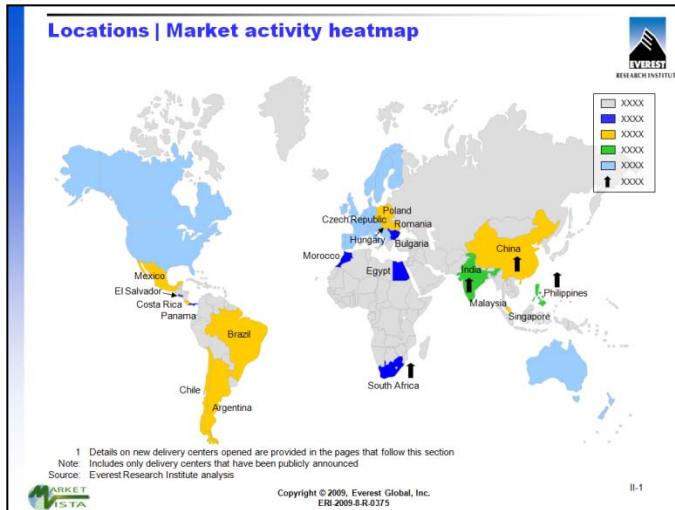
XXXX

IT outsourcing agreements –

- XXXX signed an infrastructure outsourcing contract with XXXX. The deal provides for XXXX to increase the bank's storage capacity, innovate its infrastructure, and implement and manage a new simplified IT infrastructure. XXXX will deliver all storage related to the workplace environment in the XXXX and XXXX. This contract is an extension of existing relationship between XXXX and XXXX
- XXXX, a subsidiary of the XXXX Group, renewed its outsourcing agreement with XXXX for another three years for provision of IT maintenance, support, and application development services

Section II – Locations section | Overview

Key developments and emerging risks and opportunities across locations



Locations | Market activity data

Announcements of delivery centers established in Q3 2009 (page 1 of 4)

Country	City	Month	Supplier/captive	Number of FTEs	Other comments
XXXX	XXXX	July	XXXX	XXXX-seat center	Set up a global delivery center through a partnership with the local government of XXXX (China).
XXXX	XXXX	July	XXXX	XXXX employees in multiple shifts	Set up a facility in India to provide medical coding, accounts receivable management, and data entry.
XXXX	XXXX	July	XXXX	~XXXX employees	Set up an analytics solutions center.
XXXX	XXXX	July	XXXX	XXXX initially, XX by end of 2009	Set up a call center facility.
XXXX	XXXX	July	XXXX	N/A	Set up its BPO branch in collaboration with XXXX, which would deliver end-to-end order management services.
XXXX	XXXX	July	XXXX	Capacity of XXXX seats	Opened its second data center to serve international clients.
XXXX	XXXX	August	XXXX	N/A	Set up a COE for Japersoft to provide business intelligence and solutions.
XXXX	XXXX	August	XXXX	XX consultants, software specialists	Set up the company's third analytics consulting.
XXXX	XXXX	August	XXXX	XX initial ramp-up, XX by Sep 09	Opened a BPO center for service delivery for N/A.
XXXX	XXXX	August	XXXX	N/A	Inaugurated its first phase.
XXXX	XXXX	August	XXXX	N/A	Set up a COE for modernization.
XXXX	XXXX	August	XXXX	Capacity for XXXX in first phase	Opened a techno-center.

Source: Everest Research Institute analysis

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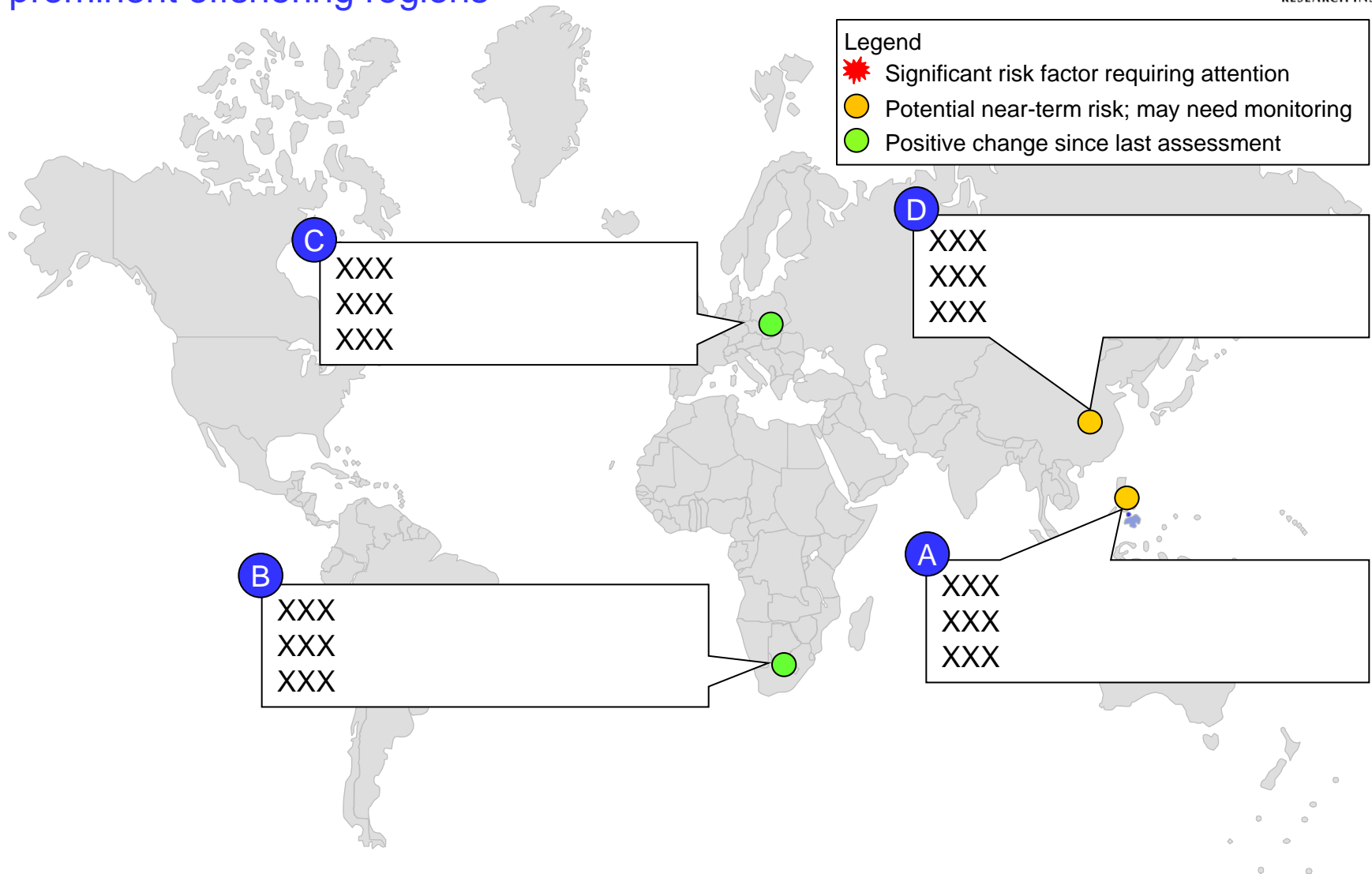
Includes over 20 pages of data tables on market activity, costs, wage inflation, etc.

Section II – Locations section | Illustrative output

The dashboard identifies key emerging risks and opportunities across prominent offshoring regions



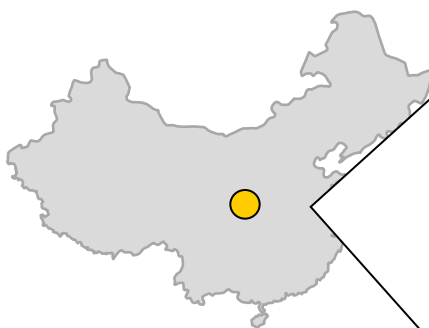
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Source: Everest Research Institute analysis

Section II – Locations section | Illustrative output

Key risks and opportunities are further detailed. For example China continues to attract investments although the scope for scaled English operations is still limited

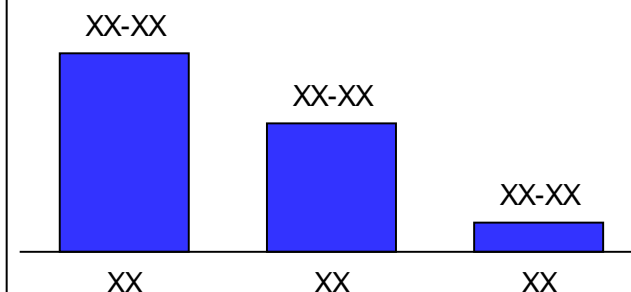


- In the XXXX, there has been significant market activity in XXXX with establishment of new delivery centers/captives. Players have large-scale operations that mostly serve markets in XX, XX, and the XX
- However, there are still challenges in managing large-scale offshore work for XXXX/XXXX
 - Availability of a scalable talent pool with good English skills continues to remain a challenge, especially for XX and experienced skill sets
 - Despite improvements in the last few years, English skills are much poorer compared to geographies such as XXXX, the XXXX, and XXXX
 - Further, the curriculum for XXXX is more in line with regional requirements than the XXXX
- Therefore, even though XXXX has a large graduate pool, there is little evidence of large-scale offshore operations for XXXX and XXXX clients

Players who have recently established operations in XXXX

Supplier 1	Largely serving markets in XXXX, XXXX, and the XXXX
Supplier 2	
Supplier 3	

Average center size of global offshore players¹ (FTEs) in F&A BPO



¹ Typical size of relatively large operations serving XXXX/XXXX geographies, requires XXXX

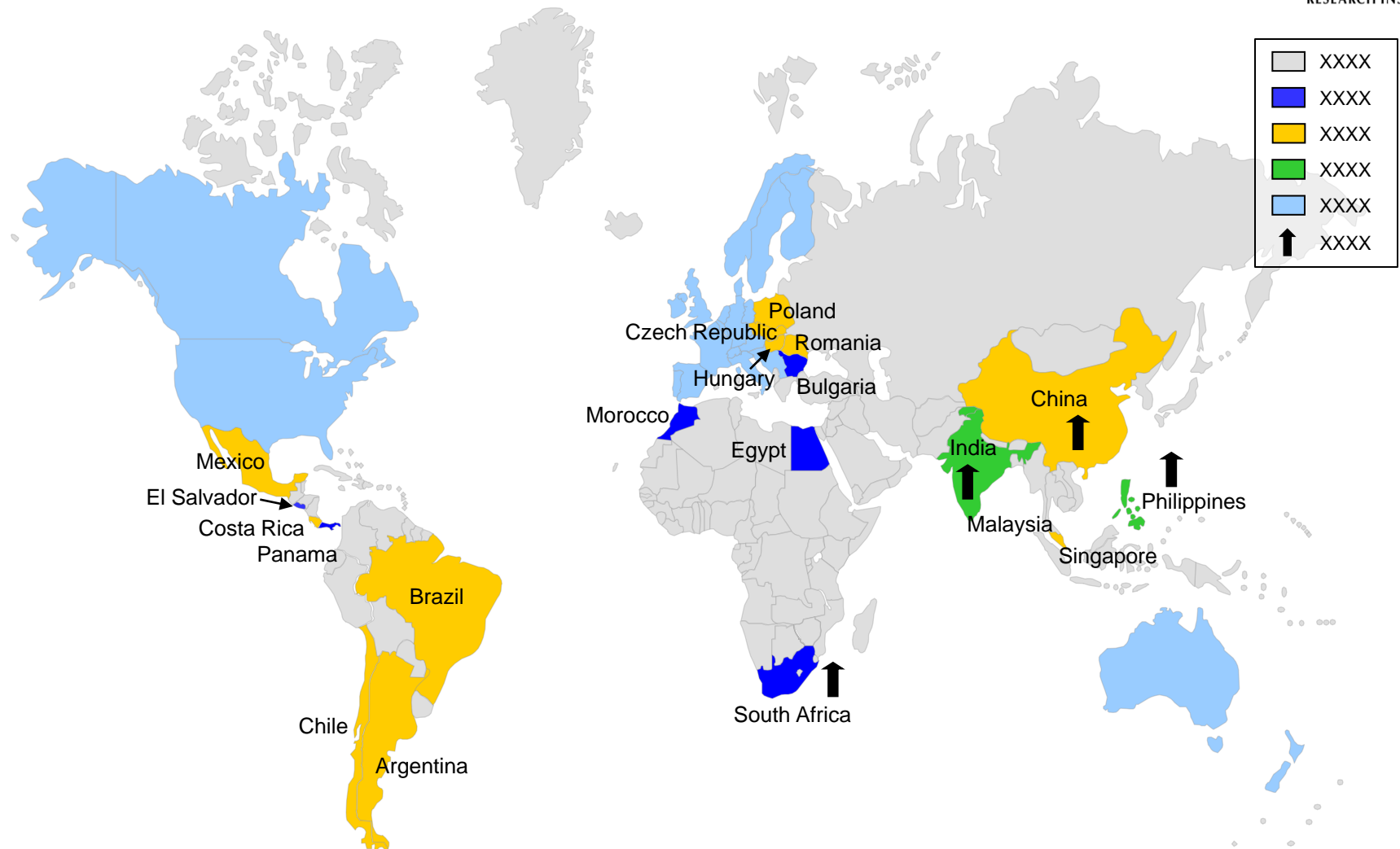
Source: Everest Research Institute analysis

Section II – Locations section | Illustrative output

The market activity heatmap identifies spikes of activity across regions



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1 Details on new delivery centers opened are provided in the pages that follow this section

Note: Includes only delivery centers that have been publicly announced

Source: Everest Research Institute analysis

Section II – Locations section | Illustrative output

The section also contains quarterly data on themes such as socio-political, macroeconomic, and promotion initiatives across regions

Locations | Market activity data

Announcements of delivery centers established in Q3 2009
(page 1 of 4)

Country	City	Month	Supplier/captive	Number of FTEs	Other comments
XXXX	XXXX	July	XXXX	XXXX-seat center	Set up a global delivery center through a partnership with the local government of XXXX (China).
XXXX	XXXX	July	XXXX	XXXX employees in multiple shifts	Set up a facility in India to provide medical coding, accounts receivable management, and data entry
XXXX	XXXX	July	XXXX	~XXXX employees	Set up an analytics solutions center
XXXX	XXXX	July	XXXX	XXXX initially, XX by end of 2009	Set up a call center facility
XXXX	XXXX	July	XXXX	N/A	Set up its BPO branch in collaboration with XXXX, which would deliver end-to-end order management services
XXXX	XXXX	July	XXXX	Capacity of XXXX seats	Opened its second data center to serve international clients
XXXX	XXXX	August	XXXX	N/A	Set up a COE for Japersoft to provide business intelligence expertise and solutions
XXXX	XXXX	August	XXXX	XX consultants, software specialists	Set up the company's third analytics solutions center to provide business analytics, optimization, research, and consulting
XXXX	XXXX	August	XXXX	XX initial ramp-up, XX by Sep 09	Opened a BPO center providing end-to-end customer service delivery for global telecom providers
XXXX	XXXX	August	XXXX	N/A	Inaugurated its first phase of a global delivery center
XXXX	XXXX	August	XXXX	N/A	Set up a COE to identify opportunities in application modernization and migration for the XXXX
XXXX	XXXX	August	XXXX	Capacity for XXXX in first phase	Opened a techno-campus in XXXX at Coimbatore

Source: Everest Research Institute analysis

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Locations | Regional developments

Geopolitical and macro-economic environment
(page 1 of 2)

Region	Key developments
Asia	<ul style="list-style-type: none"> XXXX XXXX's economy seems to be on a recovery path with the real GDP growth touching the XX% mark. The political situation in northwestern parts of XXXX worsened as inter-racial tensions continued in XXXX province. Thousands of ethnic Han-Chinese took to the streets of Urumqi, and there were violent clashes XXXX The new government in XXXX is facing the task of control fiscal deficit. It would need to restore fiscal discipline, speed up structural reform, and increase sale of public-sector assets The World Bank has sanctioned US\$XXXX billion to support the country's banking sector and boost infrastructure investment. This is the largest loan ever sanctioned for XXXX by the agency XXXX Although the GDP growth rate for Q2 2009 was still negative (-XX%), there are signs of general improvement in the overall macroeconomic and business environment in XXXX XXXX The current president, XXXX, would remain in power until her term ends in June 2010. However, she is prevented from running in the next presidential elections The government is forced to reduce its fiscal target for 2009, given weak domestic demand and lower tax revenues than anticipated XXXX With the economy still in recession, the government is planning to pursue a policy of fiscal expansion to reduce its impact. The Central Bank is also planning to provide adequate support to exports though adopting a relatively loose monetary policy XXXX There is growing political uncertainty in XXXX with the Prime Minister struggling to retain support of his coalition partners in the government

Sources: Everest Research Institute analysis, Economist

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Locations | Regional developments

Leading economic indicators

Country	GDP growth rate				CPI inflation rates	
	Q3 2008 ¹	Q4 2008 ¹	Q1 2009 ¹	Q2 2009 ¹	2008 (YoY)	Latest available for Q3 2009 ²
XXXX	XX%	XX%	XX%	XX%	XX%	XX% (August 2009)
XXXX	XX%	XX%	XX%	XX%	XX%	XX% (August 2009)
XXXX	XX%	XX%	XX%	XX%	XX%	N/A
XXXX	XX%	XX%	XX%	XX%	XX%	XX% (August 2009)
XXXX	XX%	XX%	XX%	XX%	XX%	XX% (August 2009)
XXXX	XX%	XX%	XX%	XX%	XX%	N/A
XXXX	XX%	XX%	XX%	XX%	XX%	XX% (August 2009)
XXXX	XX%	XX%	XX%	XX%	XX%	XX% (August 2009)
XXXX	XX%	XX%	XX%	XX%	XX%	XX% (August 2009)
XXXX	XX%	XX%	XX%	XX%	XX%	XX% (August 2009)
XXXX	XX%	XX%	XX%	XX%	XX%	XX% (August 2009)
XXXX	XX%	XX%	XX%	XX%	XX%	XX% (August 2009)
XXXX	XX%	XX%	XX%	XX%	XX%	N/A
XXXX	XX%	XX%	XX%	XX%	XX%	XX% (August 2009)

1 Real GDP growth, percentage change one year ago
2 Consumer prices, percentage change one year ago
Sources: Economist, IMF

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Locations | Regional developments

Investment environment
(page 1 of 3)

Region	Key developments
Asia	<ul style="list-style-type: none"> The Asian countries took several measures to promote the growth of IT/ITES industries XXXX and XXXX are likely to sign an XXXX to increase cooperation between XXXX and the XXXX for promotion of the IT/ITES industry. Both agencies are also planning to prepare a plan to promote investments and facilitating talent management between the two countries The Ministry of Commerce in XXXX signed an XXXX with XX MNCs such as XXXX, XXXX, XXXX, and XXXX to promote investments in specific sectors and provinces within the country XXXX signed an MOU with XXXX Company of XXXX to promote cooperation in the areas of embedded software, animation outsourcing, and software outsourcing training XXXX signed an MOU with XXXX to set up the XXXX Chapter. This chapter would proactively identify and promote investments in high-value and diverse investment opportunities within XXXX The Board of Investment in XXXX announced several measures to support investment in XXXX. Firms making significant investments in XXXX would be provided exemption from corporate income tax and import duties on machinery and raw materials for a period of eight years Some infrastructure-related announcements that took place in this quarter include: <ul style="list-style-type: none"> The government of XXXX identified Tier-2 cities such as XXXX, XXXX, XXXX, XXXX, and XXXX to set up IT parks/IT-ITES SEZs. The IT park in XXXX is expected to become operational by December this year The government of XXXX recently acquired 1,600 acres of land and plans to build an IT township. It also plans to lease 600 acres to private companies Leighton International, an XXXX construction company, entered into an agreement with XXXX and Infrastructure Limited (TRIL) for establishing an IT park in XXXX. This park is likely to be completed in three years XXXX at XXXX and XXXX are likely to be operational soon The Board of Investment of XXXX has signed an agreement with the XXXX Investment Agency to set up and manage an XXXX

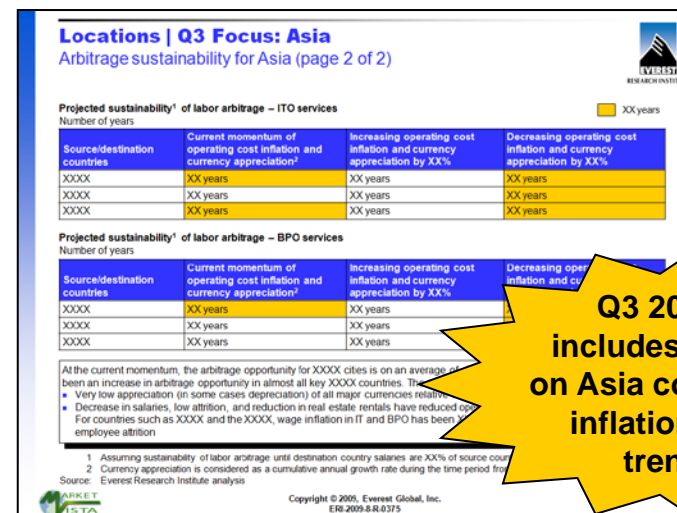
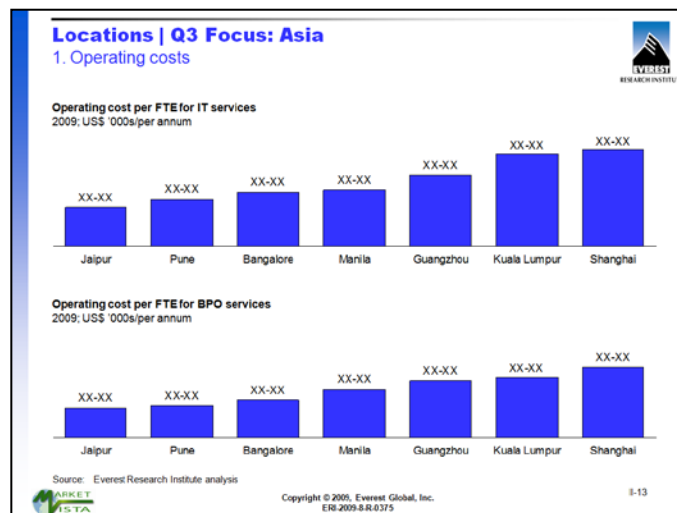
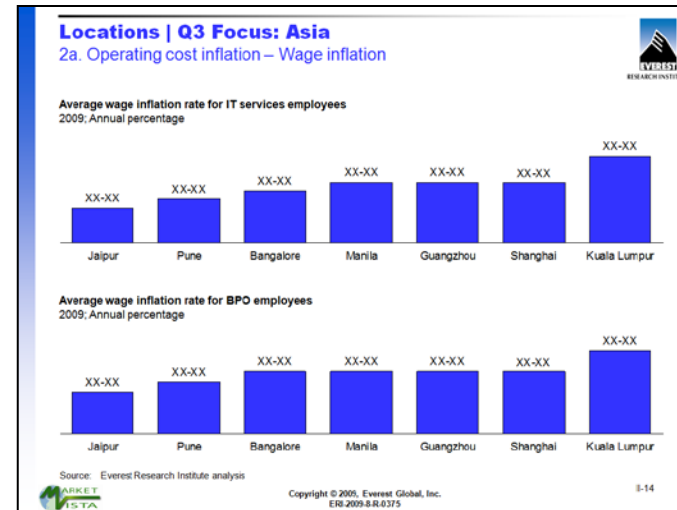
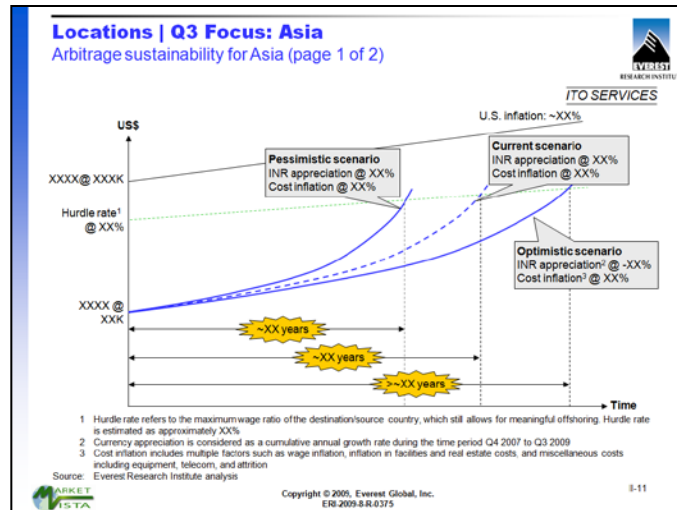
Source: Everest Research Institute analysis

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Section II – Locations section | Illustrative output

Each quarterly report will cover a deep-dive on a specific geography / theme



Q3 2009 report includes a deep-dive on Asia covering costs, inflation, currency trends, etc.

Relative momentum of transaction announcements

- Increased from last quarter
- Similar to last quarter
- Decreased from last quarter

- Across the group of Market Vista Index suppliers, XX new transactions were announced in Q3 2009, a decline from XX in Q2 2009
- Traditional global supplier XXXXXX deals and offshore-centre supplier XXXXXX deals led the overall transaction activity in the quarter
- Key transactions announced in the quarter
 - Traditional global suppliers XXXX and XXXX, along with offshore centre players XXXX, XXXX and XXXX, announced a combined US\$300 billion outsourcing deal from XXXX for IT services. Deal values vary across the group, with the largest portion going to XXXX
 - XXXX announced a five-year, US\$300 million contract with XXXX to provide IT infrastructure services
 - XXXX announced a US\$300 million, ten-year deal with XXXX for IT applications and infrastructure services

Note: 1 Analysis based only on publicly announced transactions
2 Deals that include both ITO and BPO services
The high-activity group includes suppliers with at least seven new deals; the moderate-activity group includes suppliers with two-six new deals; the low activity group includes suppliers with one or no new deal announced in the quarter
Source: Everest Research Institute (2009)

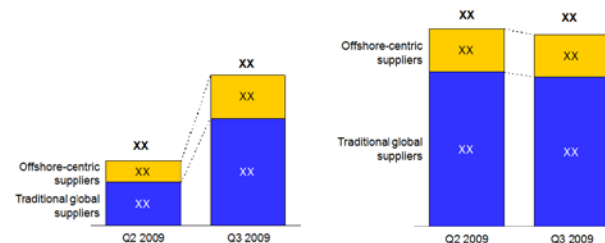
Source: Everest Research Institute (2009).

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11-10

Number of alliances by supplier category

Number of alliances



- M&A activity doubled in Q3 2009 compared to Q2 2009, a trend similar to that witnessed last quarter. Some of the key drivers for noticeable M&A activity were delivery footprint expansion by suppliers, industry consolidation, and captive divestitures by the parent organizations
- Alliance activity was similar to the last quarter, led primarily by traditional global suppliers

¹ Acquisitions of XXXX and XXXX have not been included in this analysis. These are examined in detail in the "Focus topic" section

Sources: Company Web sites; press releases

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III-14

Offshore-centric suppliers



Dell and Xerox added due to recent acquisitions

This section focuses on key developments for the above suppliers across financial performance, recent transactions activity, developments in location footprint, and mergers, acquisitions, and alliance activity

1 The EDS brand name was dropped effective October 2009, however, this report retains the EDS name for consistency. This will be dropped in subsequent editions.

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III.2

Category	Description
Talent	<ul style="list-style-type: none"> Headcount reduced by ~XXXXX in May 2009 to stand at XXXX Utilization unchanged at XXX% for the quarter Voluntary attrition at XXX%, a drop of XXX% from the previous quarter
Future growth	<ul style="list-style-type: none"> Revenue for Q3 expected to be in the range of US\$800-1.2bn, while spending remains to decline slightly to 30%-30% XXXX expects the new business environment to remain challenging with firms exercising caution and preferring to use a more phased and flexible approach to contracting work. In addition, decision making will continue to be slow XXXX is investing in newer service areas including cloud computing and SaaS, health IT, smart grid technology, Virtualization, and digitalization. It expects growth to be driven by mobility, analytics, digital and cloud computing XXXX is refreshing existing offerings including supply chain, financial and performance management, etc. It is also combining its public service and health services businesses The company is increasing focus and efforts on geographic expansion and has entered new countries to capture market share and growth

Type of announcement	Description
Capability	<ul style="list-style-type: none"> XXXX introduced an enhanced version of XXXX, its core banking platform, that effectively and upgraded easily through the broader use of standard software. XXXX, a joint venture between XXXXX and XXXXX, designed a tool to help XXXXX used to assess the financial viability of XXXXX.

Sources: Everest Research Institute (2009); company Web sites

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Includes over 40 pages of data tables on M&A, new delivery centers, management changes, etc.

Section III – Supplier developments | Illustrative output

This section includes a perspective on relative momentum across suppliers



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Transaction announcements¹ activity in Q3 2009 and trend over Q2 2009

Suppliers	ITO deals		BPO deals		Both deals ²	
	Number	Trend	Number	Trend	Number	Trend
High activity in Q3 2009						
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
Moderate activity in Q3 2009						
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●
Low activity in Q3 2009						
XXXX	XX	●	XX	●	XX	●
XXXX	XX	●	XX	●	XX	●

- Increased from last quarter
- Similar to last quarter
- Decreased from last quarter

- Across the group of Market Vista Index suppliers, XX new transactions were announced in Q3 2009, a decline from XX in Q2 2009
- Traditional global supplier XXXX(XX deals) and offshore-centric supplier XXXX(XXdeals) led the overall transaction activity in the quarter
- Key transactions announced in the quarter:
 - Traditional global suppliers XXXX and XXXX, along with offshore centric players XXXX, IXXXX, and XXXX, bagged a five-year US\$XX billion outsourcing deal from XXXX for IT services. Deal values vary across the group, with the largest portion going to XXXX
 - XXXX announced a five-year, US\$XX million contract with XXXX to provide IT infrastructure services
 - XXXX announced a US\$XXmillion, ten-year deal with XXXX for IT applications and infrastructure services

1 Analysis based only on publicly announced transactions

2 Deals that include both ITO and BPO services

Note: The high-activity group includes suppliers with at least seven new deals; the moderate-activity group includes suppliers with two-six new deals; the low activity group includes suppliers with one or no new deal announced in the quarter

Source: Everest Research Institute (2009)

Section III – Supplier developments | Illustrative output

Each supplier is profiled in detail across multiple dimensions

Sample profile – XXXX (page 1 of 2)



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Recent transaction activity				
Buyer name	Announcement date	TCV ¹ estimate (US\$ million)	Duration (years)	Services
XXXX	Sep 2009	XXXX	XXXX	AO
XXXX	Sep 2009	XXXX	XXXX	IO
XXXX	Sep 2009	XXXX	XXXX	AO
XXXX	Aug 2009	XXXX	XXXX	AO
XXXX	Aug 2009	XXXX	XXXX	AO
XXXX	Aug 2009	XXXX	XXXX	AO
XXXX	Aug 2009	XXXX	XXXX	F&A
XXXX	Aug 2009	XXXX	XXXX	AO
XXXX	Jul 2009	XXXX	XXXX	AO

Location footprint			
Location	Status	Employees	Description
No location activity announced in the quarter			

Location footprint		
Type of activity	Target/partner firm	Description
Acquisition	XXXX	XXXX acquired XXXX unit that provides engineering consulting and product development services on a global basis. Approximately XX people will be transitioned to XXXX as a result of the agreement

1 Total Contract Value

Sources: Everest Research Institute (2009); company Web sites

Section III – Supplier developments | Illustrative output

Each supplier is profiled in detail across multiple dimensions

Sample profile – XXXX (page 2 of 2)



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Mergers & Acquisitions (M&A) and alliance activity (continued)		
Type of activity	Target/partner firm	Description
Alliance	XXXX	XXXX, an association for paper, packaging, and supplies distribution industries, teamed up with XXXX to offer its members the ability to purchase access to the Supply Chain Academy, an online learning solution provided by XXXX
Alliance	XXXX	XXXX extended its alliance with XXXX, a strategic joint venture between XXXX and XXXX. Under the agreement, XXXX will design, build, operate, and maintain the “Galaxy” IT platform, capable of supporting data needs of nuclear energy facilities

Key takeaways from Q2 2009 earnings call	
Category	Description
Financials	<ul style="list-style-type: none">■ Revenue declined XX% QoQ, while operating margin increased XX bps to XX%
Pricing	<ul style="list-style-type: none">■ Some pricing pressures witnessed, mostly on the consulting and systems integration (SI) side■ XXXX experienced higher pricing pressure for existing contracts across all service segments including applications outsourcing and ERP
Segments	<ul style="list-style-type: none">■ Geographies: Demand in Spain, Italy, and France lagged that from the United States. Part of Western Europe including Netherlands, Germany, Denmark, and Norway continued to grow at double digits■ Services: Consulting revenue declined XX% to XX%, while outsourcing grew to XX%<ul style="list-style-type: none">● Consulting: Clients focused on immediate cost savings and improvement of IT operations. Within SI, there was a push towards a global delivery network as clients aim to make selective investments in ERP and CRM● Outsourcing: Single-digit growth across all operating segments. Revenue growth slowed moderately due to a continuing shift to lower-cost resources at a reduced price level and lower volume of scope expansion on existing contracts■ Verticals: YoY decline in financial services and resources segments due to restructuring and cancellation of contracts. Public services grew from XX% to XX% this quarter, while communications & hi-tech declined from XX% to XX%

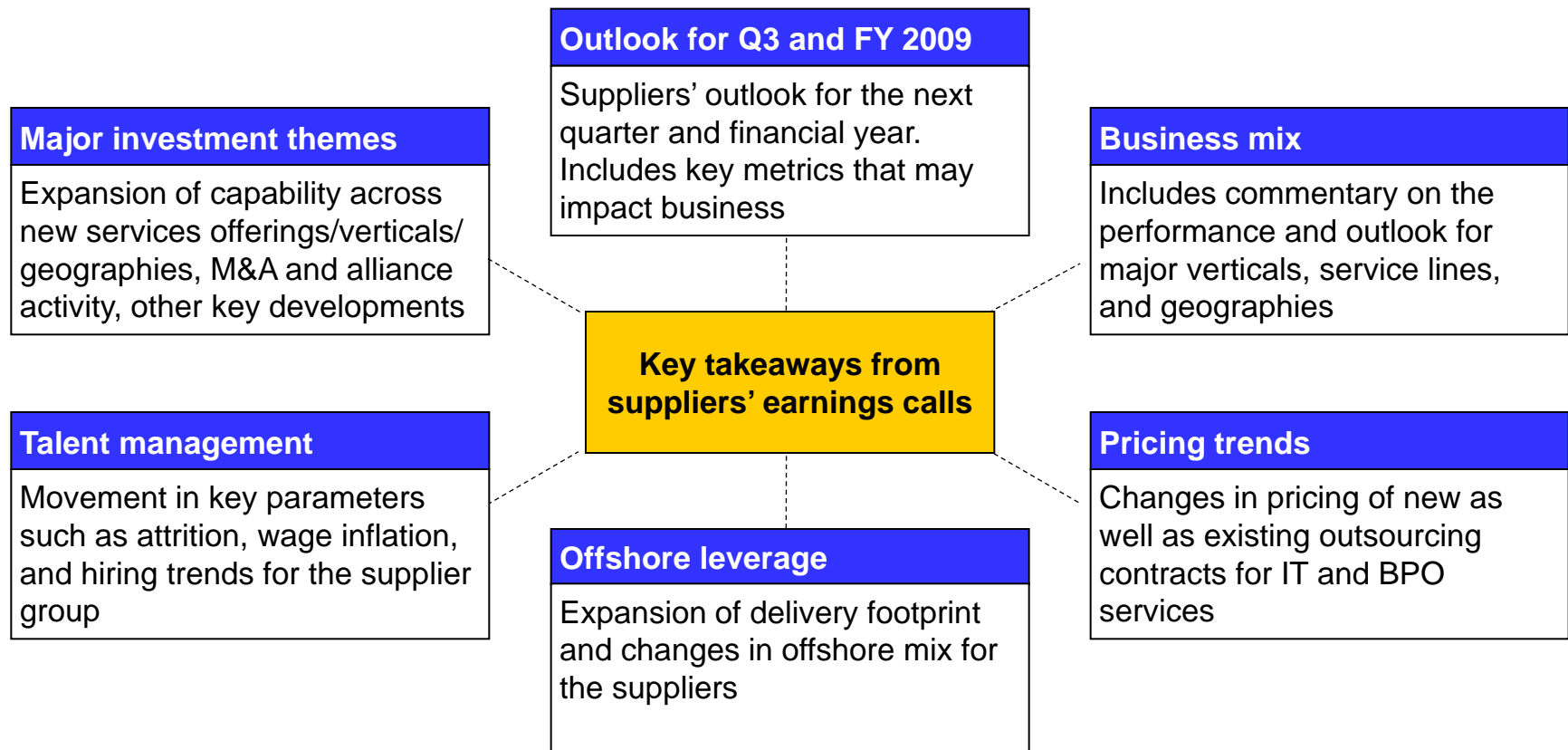
Sources: Everest Research Institute (2009); company Web sites

Section III – Supplier developments | Illustrative output

In addition, the section includes spotlight on key observations from suppliers' financial results



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This section captures the key trends, reported as part of Q2 2009 results, by 20 leading global sourcing suppliers (Market Vista Index suppliers). The views/outlook presented in this section reflect those expressed by suppliers and were compiled largely through suppliers' earnings calls and financial disclosures

Sources: Company earnings call transcripts; financial and news releases; Everest Research Institute (2009)

Appendix: Additional research references



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The following documents are recommended for additional insight on the topic covered in this Research Report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Market Vista: 2008 Year in Review** (ERI-2009-8-R-0320); 2009. This report summarizes the key trends and developments for the year 2008 in the global offshoring and outsourcing market.
2. **Topic: Moving from Input-based to Output-based Pricing – Why, When, and How?** (ERI-2009-4-R-0357); 2009. This report focuses on understanding the motivations of buyers for transitioning from input-based to output-based pricing. It also provides a buyer's perspective of the challenges and risks associated with switching and a practical approach to implement this transition. Companies will benefit by understanding the key motivations for adopting a pricing model and therefore the reasons for seeking a transition to another pricing model.
3. **Outsourcing and Offshoring in the Oil & Gas Vertical** (ERI-2009-2-R-0359); 2009. This research report examines outsourcing & offshoring activity in the oil & gas vertical. It identifies key trends across leading buyers and suppliers and provides an assessment of major transactions activity, BPO activity and as well as key IT sourcing profiles for six buyer firms. This study will assist both buyers and suppliers operating in the oil & gas vertical assess the current landscape and the potential for outsourcing both ITO and BPO services.

For more information on this and other research published by the Everest Research Institute, please contact us:

Amneet Singh, Vice President – Global Sourcing:

asingh@everestgrp.com

Anand Ramesh, Research Director:

aramesh@everestgrp.com

Salil Dani, Senior Research Analyst:

sdani@everestgrp.com

Everest Research Institute

Two Galleria Tower
13455 Noel Road, Suite 2100
Dallas, TX 75240

Phone: +1-214-451-3110

E-mail: info@everestresearchinstitute.com



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Everest Research Institute

Two Galleria Tower
13455 Noel Road, Suite 2100
Dallas, TX 75240
U.S.A.
+1-214-451-3110
www.everestresearchinstitute.com
info@everestresearchinstitute.com

Everest Group

150 E., 52nd Street, 16th Floor
New York, NY 10022
U.S.A.
+1-646-805-4000



Everest India

Ground Floor, Tower A
Unitech Business Park
South City - I, Gurgaon
National Capital Region
India 122001
+91-124-304-1000

Everest Australasia

409a Wattletree Road
East Malvern
VIC 3145
Australia
+61-3-9509-3933

Everest Canada

The Exchange Tower
130 King Street West,
Suite 1800
Toronto, ON
Canada M5X 1E3
+1-416-865-2033

Everest UK

1st Floor, Accurist House
44 Baker Street
London, W1U 7AL
United Kingdom
+44-870-770-0270

Everest Netherlands & Continental Europe

Atrium Building 3rd Floor
Strawinskylaan 3051
1007 ZX Amsterdam
Netherlands
+31-20-301-2138

Everest Australia

Level 6, 90 Mount Street
North Sydney
NSW 2060
Australia
+61-3-9509-3933