



**Global Sourcing (GS)**

**Market Vista Q1 2010 – Preview Deck**

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- **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

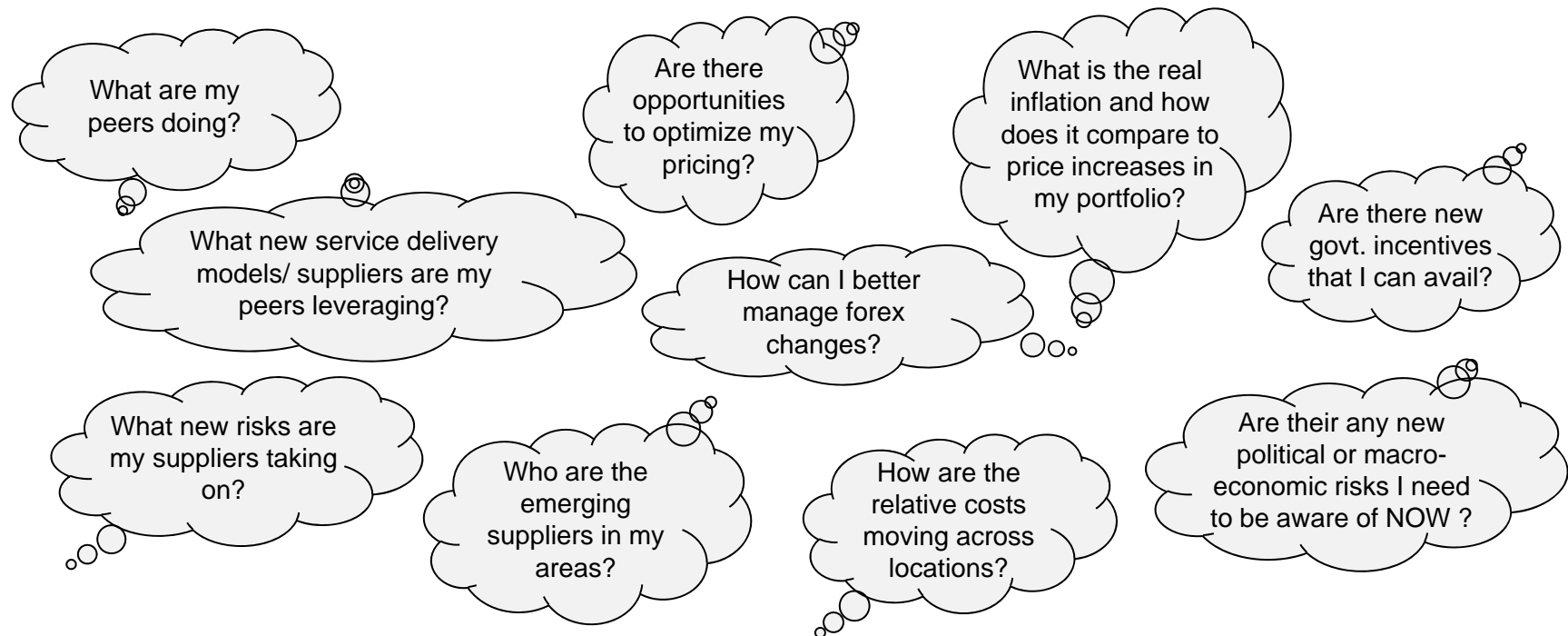
### Business continuity risk

### Currency risk

....

**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



## 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
- Q1 focus – Fact-base on Eastern European cities
  - Sustainability of arbitrage
  - Operating costs across 9 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
- 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

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

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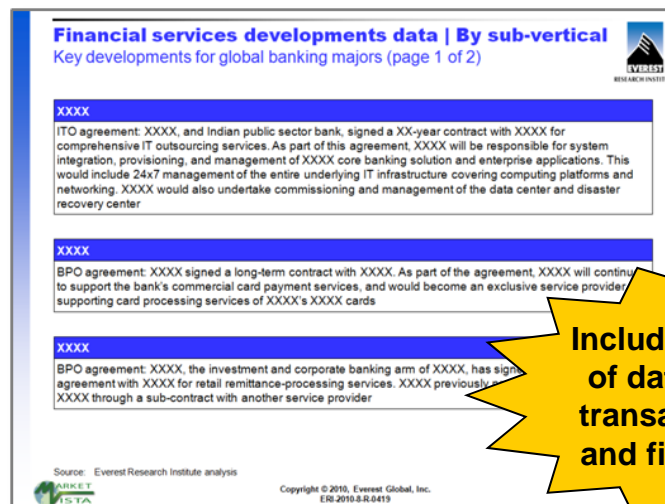
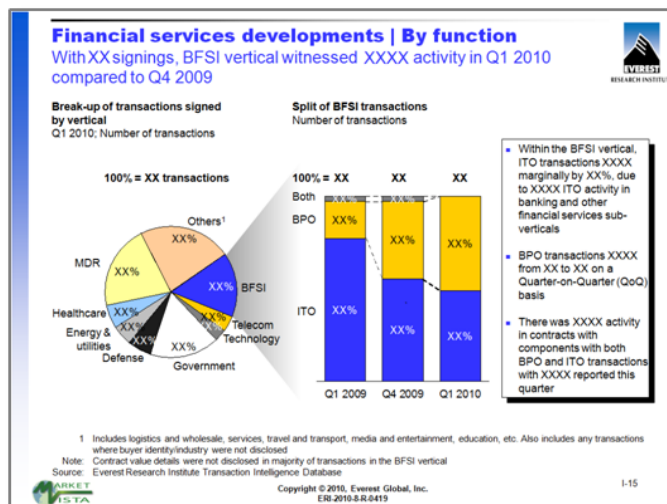
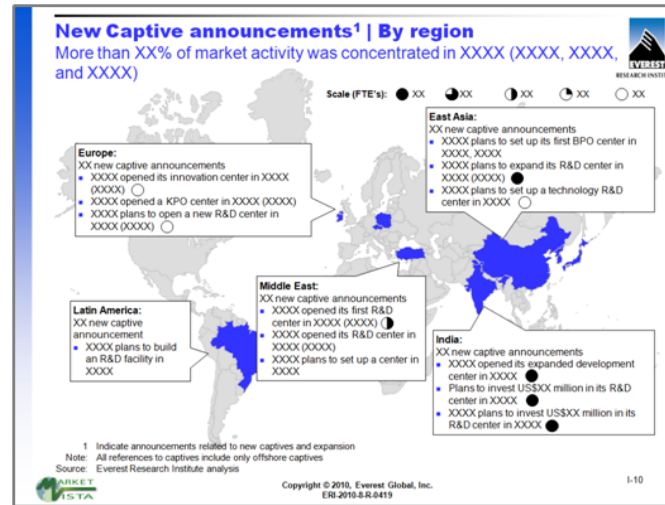
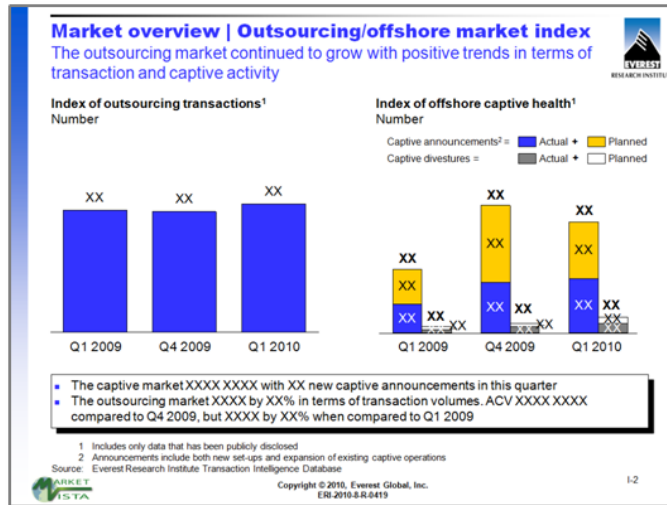
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# Section I – Market section | Overview

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



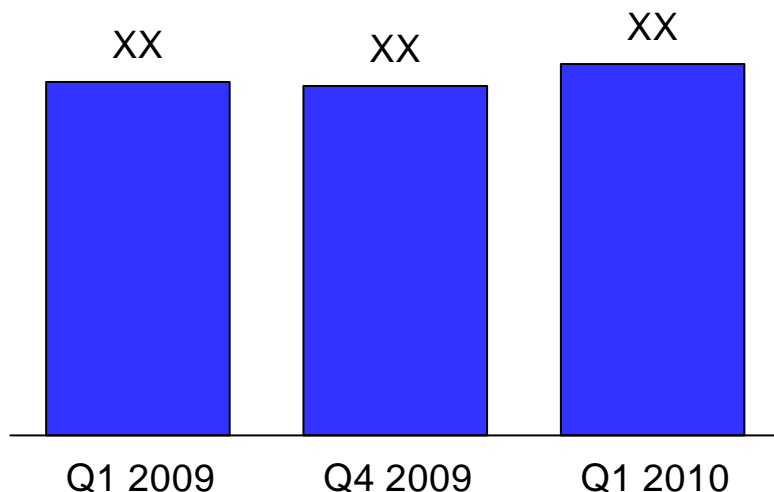
Includes over 15 pages of data tables across transactions, captives and financial services

# Section I – Market section | Illustrative output

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

## Index of outsourcing transactions<sup>1</sup>

Number

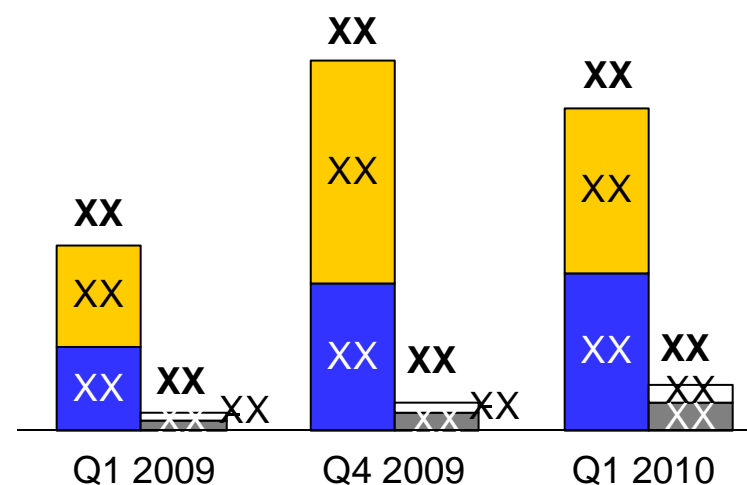


## Index of offshore captive health<sup>1</sup>

Number

Captive announcements<sup>2</sup> = Actual + Planned

Captive divestures = Actual + Planned



- The captive market XXXX XXXX with XX new captive announcements in this quarter
- The outsourcing market XXXX by XX% in terms of transaction volumes. ACV XXXX XXXX compared to Q4 2009, but XXXX by XX% when compared to Q1 2009

<sup>1</sup> Includes only data that has been publicly disclosed

<sup>2</sup> Announcements include both new set-ups and expansion of existing captive operations

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 process<sup>1</sup>**

| Process category | Q1 2009 to Q1 2010                    | Q4 2009 to Q1 2010                    |
|------------------|---------------------------------------|---------------------------------------|
| XXXX             | <span style="color: green;">●</span>  | <span style="color: yellow;">●</span> |
| XXXX             | <span style="color: green;">●</span>  | <span style="color: yellow;">●</span> |
| XXXX             | <span style="color: yellow;">●</span> | <span style="color: yellow;">●</span> |
| XXXX             | <span style="color: green;">●</span>  | <span style="color: yellow;">●</span> |
| XXXX             | <span style="color: green;">●</span>  | <span style="color: green;">●</span>  |
| XXXX             | <span style="color: green;">●</span>  | <span style="color: green;">●</span>  |
| XXXX             | <span style="color: yellow;">●</span> | <span style="color: green;">●</span>  |

**Q-o-Q change in number of ITO transactions, by process<sup>1</sup>**

| Process category | Q1 2009 to Q1 2010                    | Q4 2009 to Q1 2010                    |
|------------------|---------------------------------------|---------------------------------------|
| XXXX             | <span style="color: green;">●</span>  | <span style="color: green;">●</span>  |
| XXXX             | <span style="color: red;">●</span>    | <span style="color: yellow;">●</span> |
| XXXX             | <span style="color: red;">●</span>    | <span style="color: red;">●</span>    |
| XXXX             | <span style="color: yellow;">●</span> | <span style="color: yellow;">●</span> |

<sup>1</sup> Includes transactions in which functional scope may have multiple processes

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



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### XXXX – Divests its remaining XX% stake in XXXX to XXXX

- XXXX divested its remaining XX% stake in XXXX to XXXX. In XXXX, XXXX had divested XX% of its stake in its shared services captive, XXXX (XXXX), which was renamed XXXX
- In Q1 2010, XXXX divested its remaining XX% stake in the shared services center to XXXX
- The acquisition of XXXX strengthened XXXX capabilities in BPO F&A services, employee services, procurement, and KPO

### XXXX – Divests its services arm, XXXX, to XXXX

- XXXX divested its services arm, XXXX, to XXXX. XXXX is responsible for customer management, ticket issuing, and back-office processing across rail franchises including XXXX, XXXX, and XXXX
- Per the agreement, XXXX will continue to handle customer management, correspondence, ticketing, and other back-office processes for XXXX's rail customers. XXXX will also take over XXXX's two XXXX contact centers in XXXX and XXXX

## Section I – Market section | Illustrative output

### Developments among leading financial services players are profiled

#### XXXX

ITO agreement: XXXX, and Indian public sector bank, signed a XX-year contract with XXXX for comprehensive IT outsourcing services. As part of this agreement, XXXX will be responsible for system integration, provisioning, and management of XXXX core banking solution and enterprise applications. This would include 24x7 management of the entire underlying IT infrastructure covering computing platforms and networking. XXXX would also undertake commissioning and management of the data center and disaster recovery center

#### XXXX

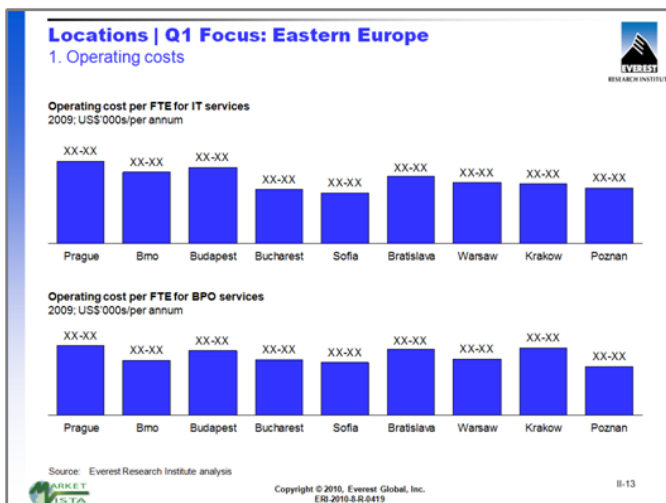
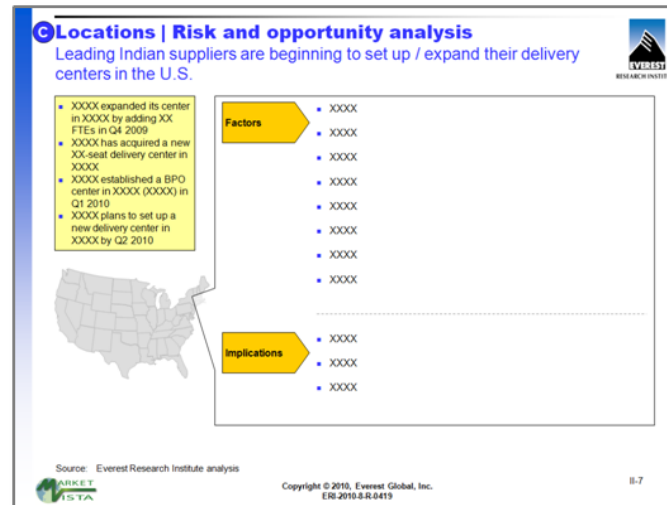
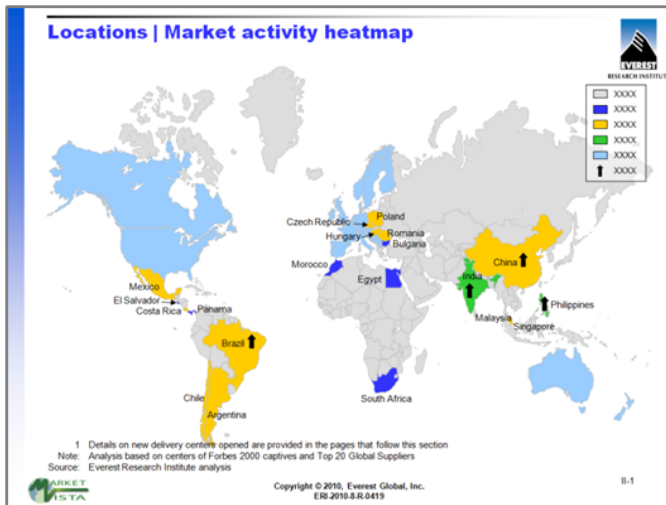
BPO agreement: XXXX signed a long-term contract with XXXX. As part of the agreement, XXXX will continue to support the bank's commercial card payment services, and would become an exclusive service provider supporting card processing services of XXXX's XXXX cards

#### XXXX

BPO agreement: XXXX, the investment and corporate banking arm of XXXX, has signed a long-term BPO agreement with XXXX for retail remittance-processing services. XXXX previously provided lockbox services to XXXX through a sub-contract with another service provider

# Section II – Locations section | Overview

## Key developments and emerging risks and opportunities across locations



### Locations | Market activity data

Announcements of delivery centers established in Q1 2010 (page 1 of 5)

| Country | City | Month    | Supplier/captive | Number of FTEs | Other comments   |
|---------|------|----------|------------------|----------------|--|
| XXXX    | XXXX | January  | XXXX             | XXXX           | Established its first back office in XXXX  |
| XXXX    | XXXX | January  | XXXX             | XXXX           | Opened a new research and development center at XXXX   |
| XXXX    | XXXX | January  | XXXX             | XXXX           | Opened a delivery center to serving XXXX clients   |
| XXXX    | XXXX | January  | XXXX             | XXXX           | Set up a second delivery facility in XXXX to provide business consulting, systems integration, information and data management   |
| XXXX    | XXXX | January  | XXXX             | XXXX           | Established its second facility in XXXX  |
| XXXX    | XXXX | January  | XXXX             | XXXX           | Established another delivery center in XXXX to provide both XXXX services to a range of clients across consumer products, travel, financial services, and telecommunications |
| XXXX    | XXXX | February | XXXX             | XXXX           | Set up an innovation center for product development, application, and design   |
| XXXX    | XXXX | February | XXXX             | XXXX           | Established a global F&A shared-services center focusing on XXXX clients   |
| XXXX    | XXXX | February | XXXX             | XXXX           | Opened a XXXX to focus on game development, game animation, and quality assurance services for XXXX gaming platforms   |
| XXXX    | XXXX | February | XXXX             | XXXX           | Opened a Center of Excellence to serve XXXX industry   |
| XXXX    | XXXX | February | XXXX             | XXXX           | Added a second center  |

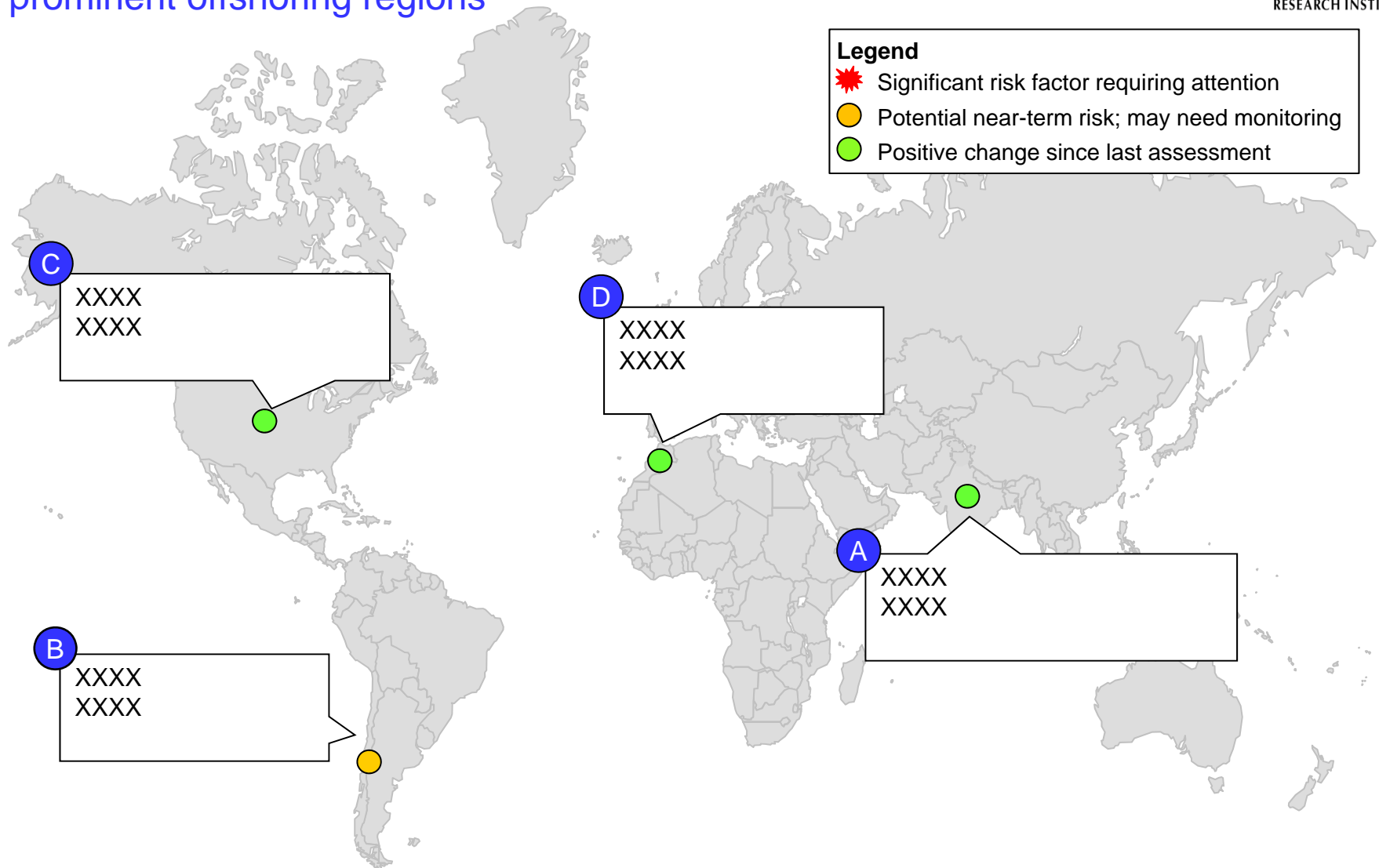
Source: Everest Research Institute analysis

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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



Source: Everest Research Institute analysis

## Section II – Locations section | Illustrative output

Key risks and opportunities are further detailed. For example in the wake of economic recovery, hiring has once again picked up among the Indian suppliers

- XXXX expanded its center in XXXX by adding XX FTEs in Q4 2009
- XXXX has acquired a new XX-seat delivery center in XXXX
- XXXX established a BPO center in XXXX (XXXX) in Q1 2010
- XXXX plans to set up a new delivery center in XXXX by Q2 2010



### Factors

- XXXX
- XXXX
- XXXX
- XXXX
- XXXX
- XXXX
- XXXX

### Implications

- XXXX
- XXXX
- XXXX

Source: Everest Research Institute analysis

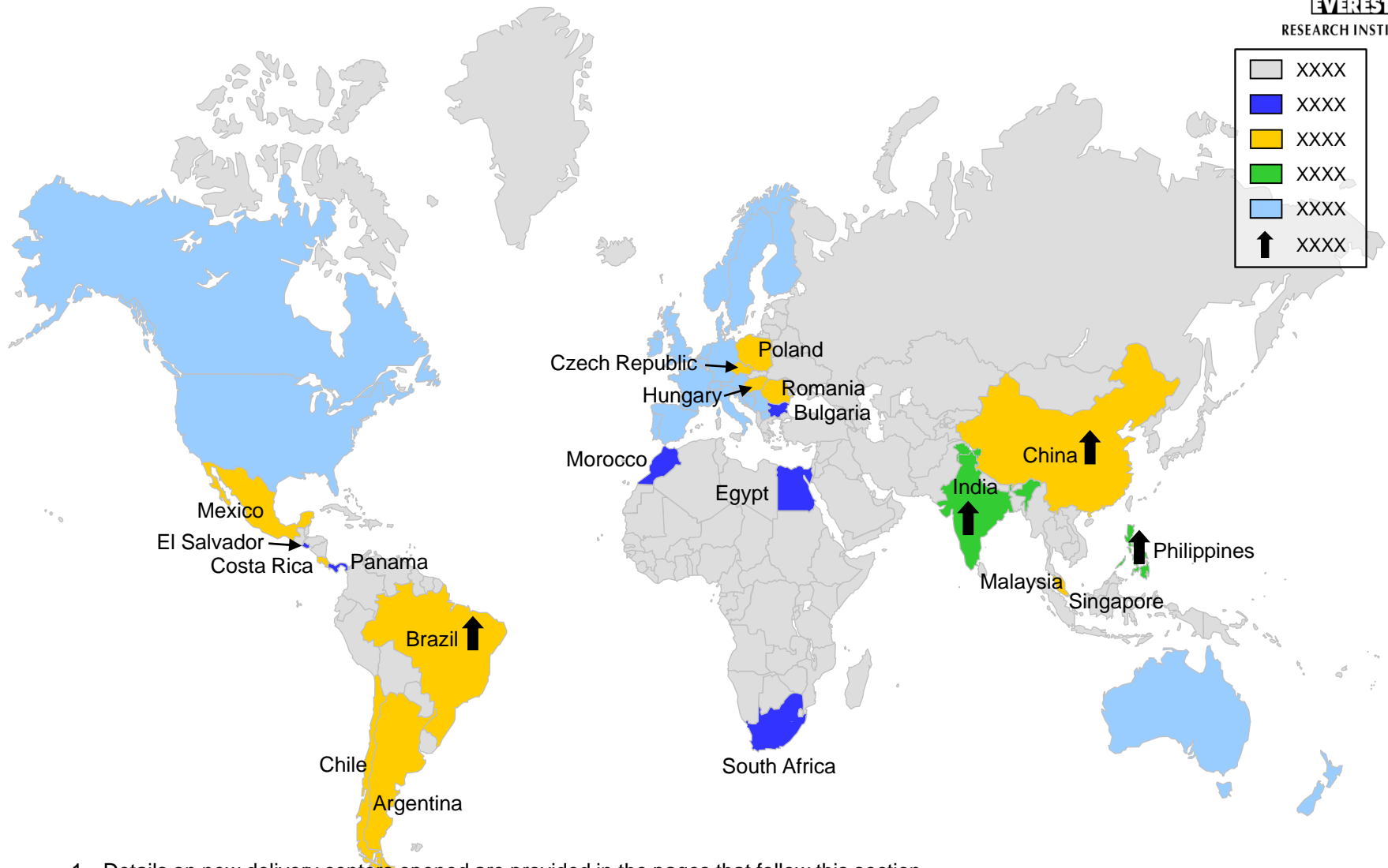


## Section II – Locations section | Illustrative output

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: Analysis based on centers of Forbes 2000 captives and Top 20 Global Suppliers

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



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## Locations | Market activity data

Announcements of delivery centers established in Q1 2010 (page 1 of 5)



| Asia    |      |          |                  |                |  |
|---------|------|----------|------------------|----------------|--|
| Country | City | Month    | Supplier/captive | Number of FTEs | Other comments   |
| XXXX    | XXXX | January  | XXXX             | XXXX           | Established its first back office in XXXX  |
| XXXX    | XXXX | January  | XXXX             | XXXX           | Opened a new research and development center at XXXX   |
| XXXX    | XXXX | January  | XXXX             | XXXX           | Opened a delivery center to serve XXXX clients   |
| XXXX    | XXXX | January  | XXXX             | XXXX           | Set up a second delivery facility in XXXX to provide business consulting, systems integration, information and data management   |
| XXXX    | XXXX | January  | XXXX             | XXXX           | Established its second facility in XXXX  |
| XXXX    | XXXX | January  | XXXX             | XXXX           | Established another delivery center in XXXX to provide both XXXX services to a range of clients across consumer products, travel, financial services, and telecommunications |
| XXXX    | XXXX | February | XXXX             | XXXX           | Set up an innovation center for product development, application, and design   |
| XXXX    | XXXX | February | XXXX             | XXXX           | Established a global F&A shared-services center focusing on XXXX clients   |
| XXXX    | XXXX | February | XXXX             | XXXX           | Opened a XXXX to focus on game development, game art, animation, and quality assurance services for multiple gaming platforms  |
| XXXX    | XXXX | February | XXXX             | XXXX           | Opened a Center of Excellence to develop solutions for the XXXX industry   |
| XXXX    | XXXX | February | XXXX             | XXXX           | Added a second center in XXXX for providing BPO services   |

Source: Everest Research Institute analysis



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II-19

## Locations | Regional developments

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



| Region | Key developments   |
|--------|--|
| XXXX   | <ul style="list-style-type: none"> <li>XXXX – According to the latest estimates by IMF, the GDP growth rate in XXXX exceeded XX% in Q4 2009. With growth likely to remain high in the coming months, it signals economic revival from the downturn during 2009</li> <li>XXXX decided to pull out its operations from XXXX over XXXX and XXXX imposed by the XXXX government. Although this may potentially raise concerns among investors, there has not been any other reported instance of operations being discontinued in XXXX</li> <li>XXXX – On the XXXX government recently presented the XXXX in XXXX that had specific points on the offshoring sector. Many provisions in the budget are likely to boost IT and outsourcing industry such as: <ul style="list-style-type: none"> <li>XXXX of corporate surcharge from XX% to XX%</li> <li>Incentives to IT companies to focus on XXXX activities by XXXX on costs for R&amp;D</li> <li>Simplification of the process of refund of service tax credit for exporters of services which aims to streamline the current cumbersome process</li> <li>Provision for setting up a XXXX for XXXX to help accelerate execution of large government IT projects in the country</li> <li>Reaffirming the importance of XXXX to promote investments through removal of certain anomalies in section XXXX of the XXXX Act</li> </ul> </li> <li>On the other hand, there were a few provisions that may negatively impact the industry <ul style="list-style-type: none"> <li>XXXX of tax holiday under XXXX</li> <li>XXXX towards announcing parity of incentives between XXXX and XXXX</li> <li>In addition, the XXXX was increased from XX% to XX% on book profits, which would result in a higher outgo of cash from firms</li> </ul> </li> <li>Inflation is becoming a serious concern with both CPI and WPI (Wholesale Price Index) reaching XXXX</li> </ul> |

Sources: Everest Research Institute analysis; Economist



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## Locations | Regional developments

Leading economic indicators



| Country     | GDP growth rate      |                      |                      |                      | CPI inflation rates |   |
|-------------|----------------------|----------------------|----------------------|----------------------|---------------------|---|
|             | Q1 2009 <sup>1</sup> | Q2 2009 <sup>1</sup> | Q3 2009 <sup>1</sup> | Q4 2009 <sup>1</sup> | 2009 (YoY)          | Latest available for Q1 2010 <sup>2</sup> |
| Argentina   | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| Brazil      | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| Bulgaria    | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| Chile       | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| China       | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| Costa Rica  | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| Czech Rep   | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| Hungary     | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| India       | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| Malaysia    | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| Mexico      | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| Philippines | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| Poland      | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| Romania     | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |
| Slovakia    | XX%                  | XX%                  | XX%                  | XX%                  | XX%                 | XX%                                       |

1 Real GDP growth, percentage change one year ago

2 Consumer prices, percentage change one year ago

Sources: Economist, Eurostat, IMF



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## Locations | Regional developments

Investment environment (page 1 of 3)



| Region | Key developments  |
|--------|---|
| Asia   | <ul style="list-style-type: none"> <li>XXXX – The state government of XXXX (XXXX) plans to develop XX IT parks/ SEZs for launch between April-December 2010. The IT park at XXXX was recently opened while the park in XXXX is likely to be ready by June 2010. The other IT parks in XXXX, XXXX, and XXXX are likely to be completed by end of 2010</li> <li>The government is trying to expedite negotiations with XXXX countries under the XXXX. This is expected to provide greater opportunity to XXXX professionals to travel and work in XXXX. The service clause in the XXXX-XXXX FTA is crucial as XXXX seeks market access for its IT, ITES, health, education, and other services in the region</li> <li>The state of XXXX got its first private IT park in February 2010. The XXXX has a built-up area of about XXXX square feet and can accommodate around XXXX IT professionals. It is located on the outskirts of the XXXX. There are plans to invest an additional US\$XX million in the second phase that is scheduled to complete in the next XX-XX months. The total built-up area of the project after the second phase is likely to expand to XX square feet</li> <li>XXXX – The local government of XXXX has launched a plan for improving soft skills (e.g., language skills) among the graduates as part of the overall plan to promote the city as an IT offshore destination. As part of this plan, more than XX students across XX universities would be provided specific training in software courses. The local government would also provide a subsidy of US\$XX million each year to encourage college graduates to take up software programs, which also incorporate language training skills</li> <li>XXXX – XXXX, the national IT/BPO industry chamber, initiated a promotional campaign in XXXX to introduce XXXX IT/BPO capabilities and help build relationships with key decision makers in XXXX and XXXX</li> </ul> |

Sources: Everest Research Institute analysis; Economist



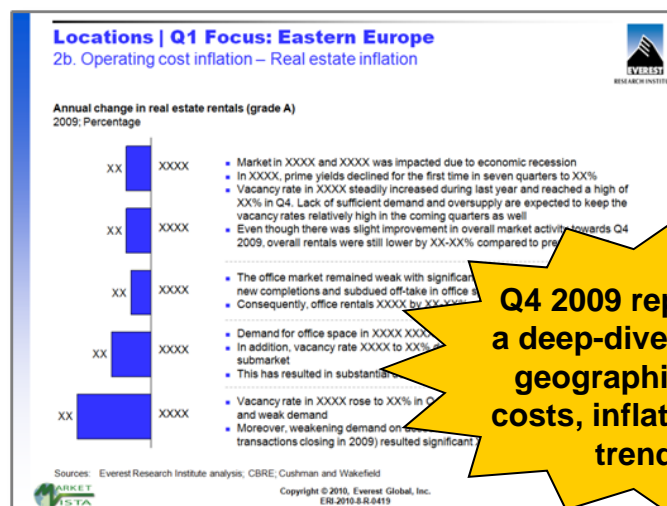
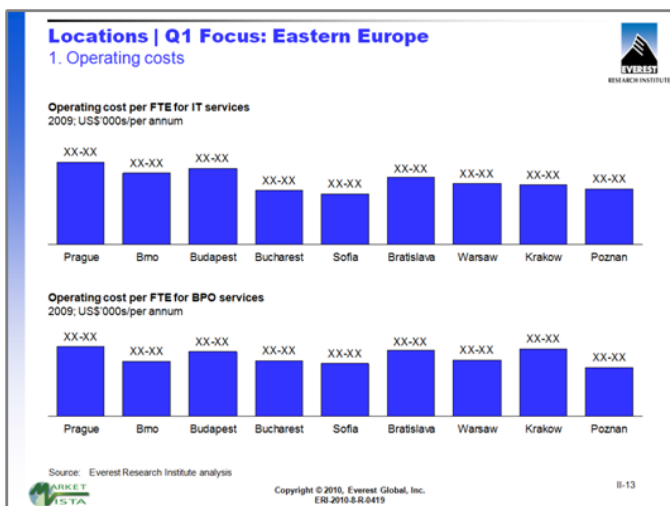
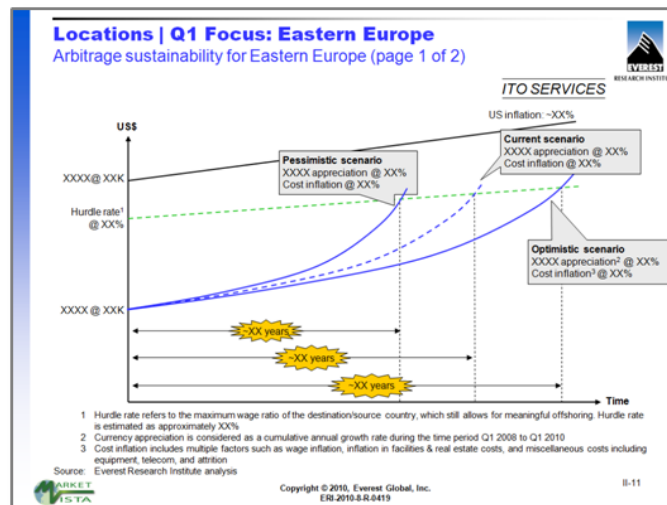
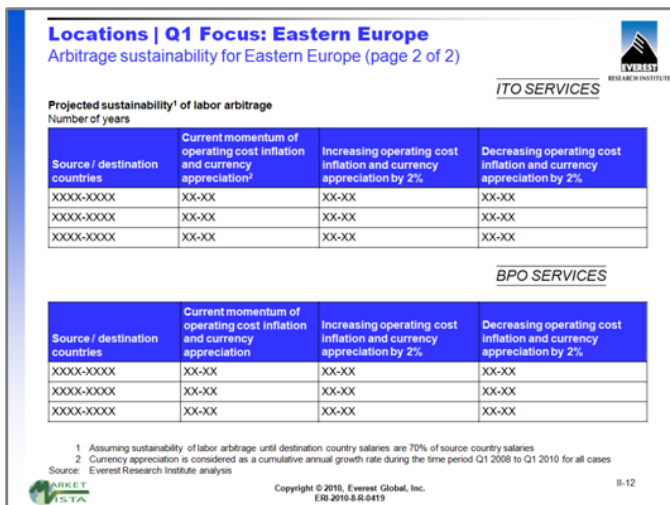
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# Section II – Locations section | Illustrative output

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



**Q4 2009 report includes a deep-dive on emerging geographies covering costs, inflation, currency trends, etc.**

## Section III – Supplier developments | Overview

Profiles developments across 20 leading suppliers, highlighting key implications for sourcing managers

## Relative momentum of transaction announcements

[illegible]

- Across the globe Market Vista Index suppliers, Q1 new outsourcing transactions were announced in Q1 2010, a XXXXX from the XX announced in the previous quarter
- Traditional global suppliers XXXXX (XX deals) and XXXXX (XX deals) and offshore-centric supplier XXXXX (XX deals) led overall transaction activity in the quarter
- Key transactions announced in the quarter:
  - XXXXX announced a US\$XXX billion, XX-year deal with XXXX under which it will optimize XXXX outsourcing IT research, development, maintenance, and applications
  - XXXXX announced a XXXX-year extension to its global information technology outsourcing agreement with XXXX valued at US\$XXX billion
  - XXXXX signed a US\$XXX million, XX-year contract with XXXX under which it will carry out administration for employee participation and membership, collection and reconciliation and cash management.

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 to six new deals; the low activity group includes suppliers with one or no new deal announced in the quarter.

Source: Everest Research Institute (2010)

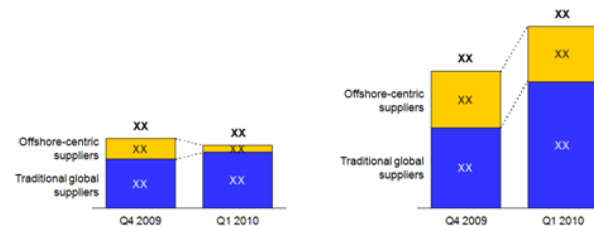
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III-10

M&A activity remained similar, while alliance activity stepped up significantly compared to Q4 2009

**M&A by supplier category**  
Number of acquisitions

**Alliances by supplier category**  
Number of alliances



- The overall M&A activity was XXXX compared to Q4 2009. Among the offshore-centric suppliers, only XXXX made XX acquisition. However, traditional global suppliers registered a positive growth momentum, with the number of acquisitions increasing from seven in Q4 2009 to eight in Q1 2010
- Alliance activity XXXX significantly in Q1 2010, driven by XXXX suppliers

Sources: Company websites; press releases

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III.10

This section explores market activity and insights from 20 leading global sourcing suppliers

**Traditional global suppliers**



## Offshore-centric suppliers



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

2 Perot was acquired by Dell in Sep 2009. The company is currently called Dell Perot Systems but will be rebranded Dell Services in subsequent quarters. For the purpose of this report, we will refer to the company as Dell Services.

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XXXX (page 1 of 2)

## Recent transaction activity

| Recent transaction activity |                   |                             |                  |          |
|-----------------------------|-------------------|-----------------------------|------------------|----------|
| Buyer name                  | Announcement date | TCV estimate (US\$ million) | Duration (years) | Services |
| XXXX                        | Jan 2010          | XX                          | XX               | XX       |

## Location footprint

| Location footprint                             |        |           |             |
|--|--------|-----------|-------------|
| Location                                       | Status | Employees | Description |
| No location activity announced in this quarter |        |           |             |

## Mergers &amp; Acquisitions (M&amp;A) and alliance activity

| Mergers & Acquisitions (M&A) and alliance activity |                     |             |
|--|---------------------|-------------|
| Type of activity                                   | Target/partner firm | Description |
| No M&A activity announced in this quarter          |                     |             |

## Key takeaways from Q4 2009 earnings call

| Key takeaways from Q4 2009 earnings call |  |
|--|--|
| Category                                 | Description  |
| Financials                               | <ul style="list-style-type: none"> <li>Revenue for Q4 2009 was US\$300 million, a growth of 300% over Q3</li> <li>Operating margins declined by 30X times to 30%</li> </ul>  |
| Pricing                                  | <ul style="list-style-type: none"> <li>Pricing XXXXX in Q4 2009</li> <li>Revenue from fixed price contracts remained at 30% of total revenue in Q4</li> </ul>  |
| Segments                                 | <ul style="list-style-type: none"> <li>Geographies: XXXXXX revenues grew 30% during Q4 2009. XXXXXX contributed 300% followed by XXXXXX (over 300%) in Q4</li> <li>Services: Application Development, representing 30% of XXXXXX's revenue</li> <li>Verticals: The Financial Services segment, which accounts for over 30% of the Healthcare segment, accounting for 30% of the revenues, grew 300% in 2009. Logistics performed better than expected and rose 30% during the quarter, opening for global delivery to cut costs</li> <li>XXXXX is seeing increased traction in its XXXXX practice, which includes services like cloud and XXXXX</li> </ul> |

Sources: Everest Research Institute (2010); company websites

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ERG-2010-B.R-0419

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

Transaction announcements<sup>1</sup> activity in Q1 2010 and trend over Q4 2009

| Suppliers                           | ITO deals |                                       | BPO deals |                                       | Both deals <sup>2</sup> |                                       |
|-------------------------------------|-----------|---------------------------------------|-----------|---------------------------------------|-------------------------|---------------------------------------|
|                                     | Number    | Trend                                 | Number    | Trend                                 | Number                  | Trend                                 |
| <b>High activity in Q1 2010</b>     |           |                                       |           |                                       |                         |                                       |
| XX                                  | XX        | <span style="color: red;">●</span>    | XX        | <span style="color: green;">●</span>  | XX                      | <span style="color: red;">●</span>    |
| XX                                  | XX        | <span style="color: green;">●</span>  | XX        | <span style="color: yellow;">●</span> | XX                      | <span style="color: yellow;">●</span> |
| XX                                  | XX        | <span style="color: green;">●</span>  | XX        | <span style="color: red;">●</span>    | XX                      | <span style="color: yellow;">●</span> |
| XX                                  | XX        | <span style="color: red;">●</span>    | XX        | <span style="color: green;">●</span>  | XX                      | <span style="color: yellow;">●</span> |
| XX                                  | XX        | <span style="color: green;">●</span>  | XX        | <span style="color: yellow;">●</span> | XX                      | <span style="color: green;">●</span>  |
| XX                                  | XX        | <span style="color: green;">●</span>  | XX        | <span style="color: red;">●</span>    | XX                      | <span style="color: yellow;">●</span> |
| XX                                  | XX        | <span style="color: green;">●</span>  | XX        | <span style="color: green;">●</span>  | XX                      | <span style="color: yellow;">●</span> |
| XX                                  | XX        | <span style="color: red;">●</span>    | XX        | <span style="color: green;">●</span>  | XX                      | <span style="color: yellow;">●</span> |
| XX                                  | XX        | <span style="color: red;">●</span>    | XX        | <span style="color: red;">●</span>    | XX                      | <span style="color: red;">●</span>    |
| <b>Moderate activity in Q1 2010</b> |           |                                       |           |                                       |                         |                                       |
| XX                                  | XX        | <span style="color: red;">●</span>    | XX        | <span style="color: yellow;">●</span> | XX                      | <span style="color: yellow;">●</span> |
| XX                                  | XX        | <span style="color: green;">●</span>  | XX        | <span style="color: green;">●</span>  | XX                      | <span style="color: green;">●</span>  |
| XX                                  | XX        | <span style="color: red;">●</span>    | XX        | <span style="color: green;">●</span>  | XX                      | <span style="color: red;">●</span>    |
| XX                                  | XX        | <span style="color: green;">●</span>  | XX        | <span style="color: yellow;">●</span> | XX                      | <span style="color: red;">●</span>    |
| XX                                  | XX        | <span style="color: red;">●</span>    | XX        | <span style="color: yellow;">●</span> | XX                      | <span style="color: yellow;">●</span> |
| XX                                  | XX        | <span style="color: green;">●</span>  | XX        | <span style="color: red;">●</span>    | XX                      | <span style="color: yellow;">●</span> |
| XX                                  | XX        | <span style="color: red;">●</span>    | XX        | <span style="color: yellow;">●</span> | XX                      | <span style="color: yellow;">●</span> |
| <b>Low activity in Q1 2010</b>      |           |                                       |           |                                       |                         |                                       |
| XX                                  | XX        | <span style="color: green;">●</span>  | XX        | <span style="color: red;">●</span>    | XX                      | <span style="color: red;">●</span>    |
| XX                                  | XX        | <span style="color: yellow;">●</span> | XX        | <span style="color: yellow;">●</span> | XX                      | <span style="color: yellow;">●</span> |
| XX                                  | XX        | <span style="color: yellow;">●</span> | XX        | <span style="color: red;">●</span>    | XX                      | <span style="color: yellow;">●</span> |
| XX                                  | XX        | <span style="color: yellow;">●</span> | XX        | <span style="color: yellow;">●</span> | XX                      | <span style="color: yellow;">●</span> |

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 to six new deals; the low activity group includes suppliers with one or no new deal announced in the quarter

Source: Everest Research Institute (2010)

- Across the group of Market Vista Index suppliers, XX new outsourcing transactions were announced in Q1 2010, a XXXX from the XX announced in the previous quarter
- Traditional global suppliers XXXX (XX deals) and XXXX (XX deals) and offshore-centric supplier XXXX (XX deals) led overall transaction activity in the quarter
- Key transactions announced in the quarter:
  - XXXX announced a US\$XX billion, XX-year deal with XXXX under which it will optimize XXXX outsourced IT research, development, maintenance, and applications
  - XXXX announced a XXXX-year extension to its global information technology outsourcing agreement with XXXX valued at US\$XX billion
  - XXXX signed a US\$XX million, XX-year contract with XXXX under which it will carry out administration for employer participation and member enrolment, collection and reconciliation, and cash management



# 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 estimate (US\$ million) | Duration (years) | Services |
| XXXX   | Jan 2010  | XX                          | XX               | XX       |
|  |   |                             |                  |          |
| Location footprint                                 |   |                             |                  |          |
| Location   | Status  | Employees                   | Description      |          |
| No location activity announced in this quarter     |   |                             |                  |          |
|  |   |                             |                  |          |
| Mergers & Acquisitions (M&A) and alliance activity |   |                             |                  |          |
| Type of activity                                   | Target/partner firm   | Description                 |                  |          |
| No M&A activity announced in this quarter          |   |                             |                  |          |
|  |   |                             |                  |          |
| Key takeaways from Q4 2009 earnings call           |   |                             |                  |          |
| Category   | Description   |                             |                  |          |
| Financials   | <ul style="list-style-type: none"><li>Revenue for Q4 2009 was US\$XX million, a growth of XX% over Q3</li><li>Operating margins declined by XX bps to XX%</li></ul>   |                             |                  |          |
| Pricing  | <ul style="list-style-type: none"><li>Pricing XXXX in Q4 2009</li><li>Revenue from fixed price contracts remained at XX% of total revenue in Q4</li></ul>   |                             |                  |          |
| Segments   | <ul style="list-style-type: none"><li>Geographies: XXXX revenues grew XX% during Q4 2009. XXXX contributed to the largest portion of XXXX's revenues (over XX%) followed by XXXX (over XX%) in Q4.</li><li>Services: Application Development, representing XX% of XXXX's revenues, grew XX% during Q4 2009</li><li>Verticals: The Financial Services segment, which accounts for over XX% of the firm's revenues, grew XX% during Q4 2009; the Healthcare segment, accounting for XX% of the revenues, grew XX% during the quarter. Retail, Manufacturing and Logistics performed better than expected and rose XX% during the quarter on account of retail sector clients increasingly opting for global delivery to cut costs</li><li>XXXX is seeing increased traction in its XXXX practice, which includes services like outsourcing for claims, XXXX, benefits coding and XXXX</li></ul> |                             |                  |          |

Sources: Everest Research Institute (2010); company websites

# 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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| Key takeaways from Q4 2009 earnings call (continued) |  |
|--|--|
| Category   | Description  |
| Talent   | <ul style="list-style-type: none"><li>■ Headcount reached XX with a XXXX of over XX people (comprising XXXX technical staff) in Q4 2009</li><li>■ XXXX was XXXX on hiring during the latter part of 2009</li><li>■ Utilization rate (offshore – incl. trainees) dropped to XX% in Q4 2009 on account of accelerated fresh hiring during the quarter</li><li>■ Attrition in Q4 XXXX to XX% from XX% in Q3 2009</li></ul>                                  |
| Future growth  | <ul style="list-style-type: none"><li>■ XXXX guided for Q1 2010 revenue to be US\$XX million, a XX% growth over Q4 2009, and FY2010 revenue of US\$XX billion, a XX% growth over FY2009</li><li>■ The firm expects business opportunities in forthcoming M&amp;A integration work across banking &amp; financial services, healthcare and retail industries</li><li>■ Pricing is expected to remain stable over 2010 with a slight upward bias</li></ul> |

| Other significant developments |  |
|--------------------------------|--|
| Type of announcement           | Description  |
| Headcount                      | <ul style="list-style-type: none"><li>■ XXXX hired XXXX students from different engineering colleges in XXXX to develop its XXXX facility. The company is selecting students from all the engineering streams and not restricting to the core circuit branches like computing, electronic, electrical, and instrumentation. The company is looking for diversified profiles and recruited people from offbeat verticals like polymer technology, leather technology, and textile engineering</li></ul>   |
| Others                         | <ul style="list-style-type: none"><li>■ XXXX announced plans to expand services offered from its XXXX delivery center. The center in XXXX currently focuses on providing business application development, support, and maintenance. The division will be developing business process and infrastructure management services, primarily for XXXX's global clients. The company also announced its intention to continue the construction of new delivery centers and is most interested in XXXX and XXXX</li><li>■ XXXX confirmed the bonus payout to its employees for calendar year 2009. The top performers reportedly got as much as XX% bonus, a number that is unprecedented in recent years</li></ul> |

Sources: Everest Research Institute (2010); company websites

# Market Vista encompasses a suite of offerings

## Multiple delivery formats allow Global Sourcing Managers to access information in a way that supports the decision-making process



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| Market Vista offering                  | Description  | Standard subscription access (annual) | Premium subscription access (annual) |
|--|--|---------------------------------------|--------------------------------------|
| <b>Quarterly Report</b>                | Quarterly report with in-depth coverage of transaction, location, and supplier trends                    | ✓                                     | ✓                                    |
| <b>Primer</b>                          | Quarterly brief of expert perspectives on emerging market trends (e.g., new pricing models)              | ✓                                     | ✓                                    |
| <b>Location database</b>               | Annually updated database of location stats (e.g., cost, attrition, inflation rates) for 23 major cities | ✓                                     | ✓                                    |
| <b>Breaking viewpoint</b>              | Flash reports highlighting breaking industry news and expert perspectives on key implications            | ✓                                     | ✓                                    |
| <b>Locations Insights e-newsletter</b> | Bi-monthly Global Location Insights e-newsletter containing detailed country and region info             | ✓                                     | ✓                                    |
| <b>Supplier capability profiles</b>    | Annually updated library of 200+ supplier profiles, including functional views (e.g., FAO, HRO)          |                                       | ✓                                    |
| <b>Analyst consultation</b>            | 10 hours of analyst access per year for personalized insights and additional perspectives                |                                       | ✓                                    |



# 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: Q4 2009** (ERI-2010-8-R-0394); 2010. This report summarizes the key trends and developments for Q4 2009 in the global offshoring and outsourcing market.
2. **HRO Annual Report 2010 – “A year of multi-process HRO market reinvention and evolution”** (ERI-2010-3-R-0403a); 2010. This report examines the global 2009 HRO market and provides insights, detailed analyses and implications for stakeholders along three key dimensions: market size and buyer adoption; transaction characteristics; and supplier landscape. The report also provides Everest’s outlook for 2010, classifies suppliers into leaders, major contenders, and emerging suppliers category on Everest PEAK matrix, and identifies five suppliers as market star performers in 2009.
3. **PO Annual Report 2010 – “PO in 2009: A Year of Prudent Growth”** (ERI-2010-1-R-0401); 2010. The PO market in 2009 witnessed increased levels of interest and market activity. However, the average contract values dropped due to the adoption of a conservative approach given the prevailing uncertain economic conditions. With the global economy reviving, Everest predicts growth in excess of 20% for 2010 and expects the multi-process PO market to reach nearly US\$1.3 billion in ACV.

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](mailto:asingh@everestgrp.com)

**Anand Ramesh**, Research Director:

[aramesh@everestgrp.com](mailto:aramesh@everestgrp.com)

**Salil Dani**, Senior Research Analyst:

[sdani@everestgrp.com](mailto: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](mailto: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](http://www.everestresearchinstitute.com)  
[info@everestresearchinstitute.com](mailto:info@everestresearchinstitute.com)

## **Everest Group**

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

## **Everest Canada**

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

## **Everest UK**

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

## **Everest Netherlands & Continental Europe**

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

## **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 Australia**

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

