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The TPI Index

An Informed View of the State of the
Global Commercial Outsourcing Market
Second Quarter and First Half 2009

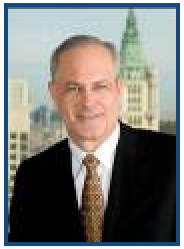
July 2009

Welcome

TPI presenters

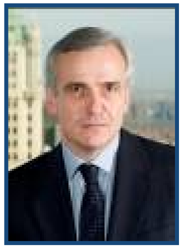
Peter Allen

- Partner & Managing Director



Scott Gildner

- Partner & President, TPI North America



Duncan Aitchison

- Partner & President, TPI EMEA

Mark Mayo

- Partner & President, TPI Global Resources Management

An Informed View

Insights into the broader commercial outsourcing market.

27th Quarterly TPI Index	▪ Covers metrics for 2Q09 and 1H09 ▪ Insights on commercial outsourcing contracts valued at $25M
Goal	▪ Focus on sustained tempo of market during recent economic downturn
Host	▪ Cowen & Company
TPI Index Format	▪ Summary of the market indicators ▪ Analysts invited to ask questions during the Q&A session
For More Information	▪ Slides are available at www.tpi.net ▪ Continue the discussion at www.considerthesourceblog.com

Headlines

Continued softness in global outsourcing contract awards.

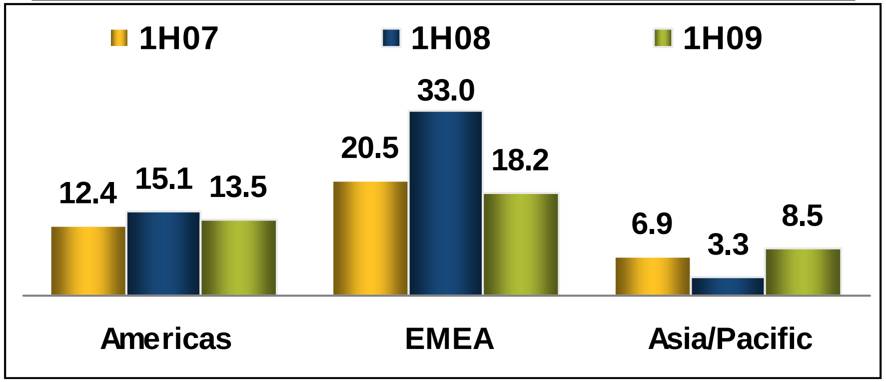
Q/Q comparisons indicate slight movement

- ACV down slightly (5%) 2Q09
- TCV up slightly (5%) 2Q09

However, comparison of 1H09 and 1H08 shows a more dramatic descent

- TCV down 22%
- ACV down 28%

Industrywide Contracts With TCV > $25M: TCV ($B) of Contracts Awarded: 1H Comparison



Industry Indicators

- BPO TCV in 2Q09 was down 69% Y/Y and 47% Q/Q
- Decline of EMEA TCV in 1H09 to pre-2008 levels; however, EMEA still remains as leading region in TCV awarded
- Telecom had its second best half-year ever; traditionally strong industries have been weak (Banking down 29% from one year ago based on TCV; Insurance down 10%; Oil & Gas down 98%; Food and Drink down 84%; Consumer Durables down 40%)

The Good News is…

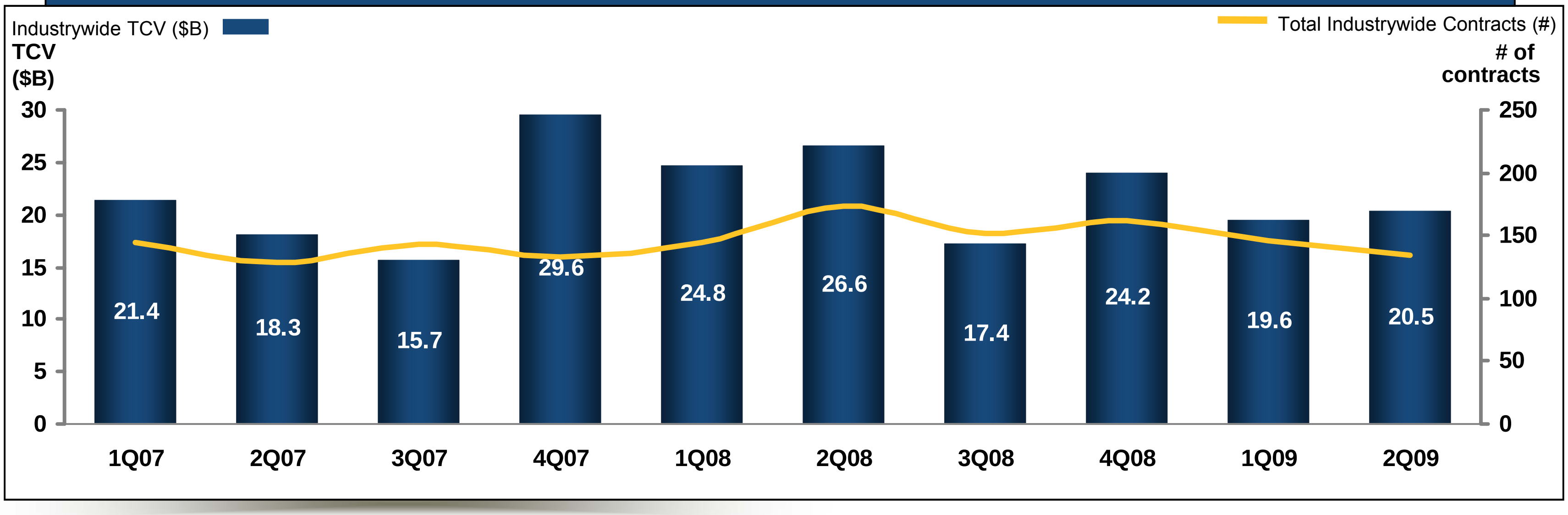
- Americas ITO TCV in 2Q09 was up 6% Q/Q
- Asia Pacific TCV increased more than 150% over 1H08

Industrywide Contract Award Trends

This current award profile does not suggest a market promising to rebound soon, although it could hint at sustained values throughout the year.

Industrywide Contracts With TCV > $25M

Q/Q Comparison ($B)

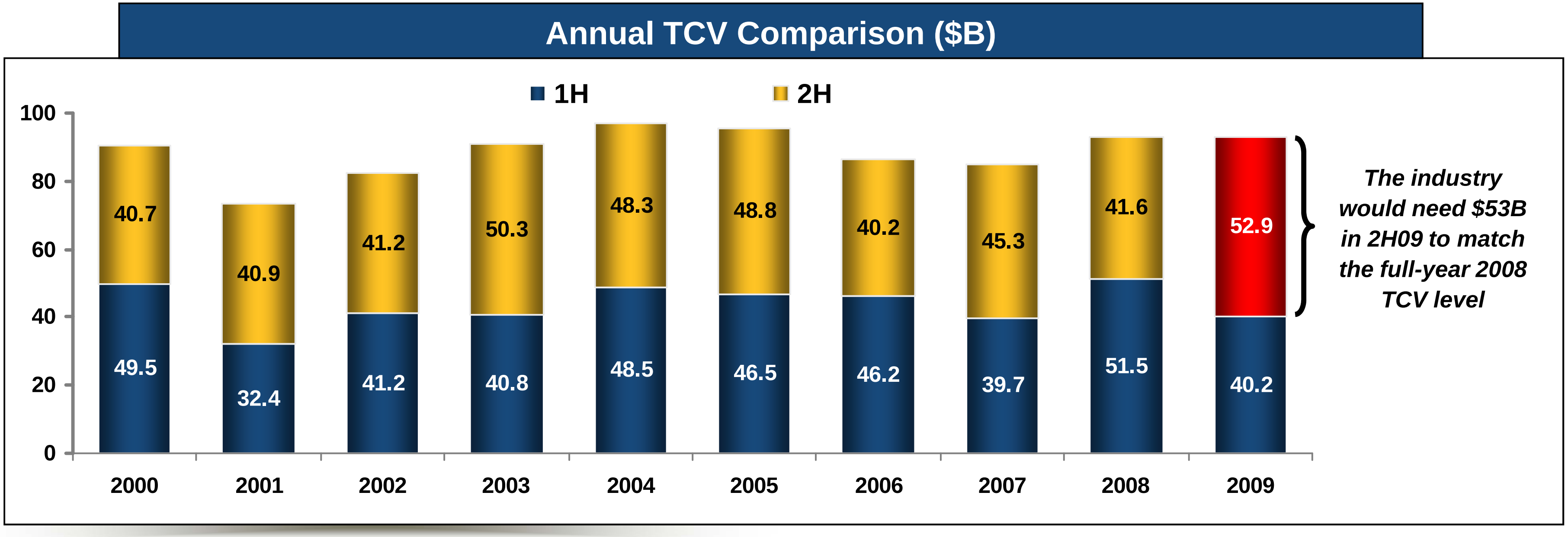


TCV was up modestly by 5% Q/Q.

Industrywide Contract Award Trends

The last year with TCV under $80B was 2001, which was also a year of recession in the global economy.

Industrywide Contracts With TCV > $25M



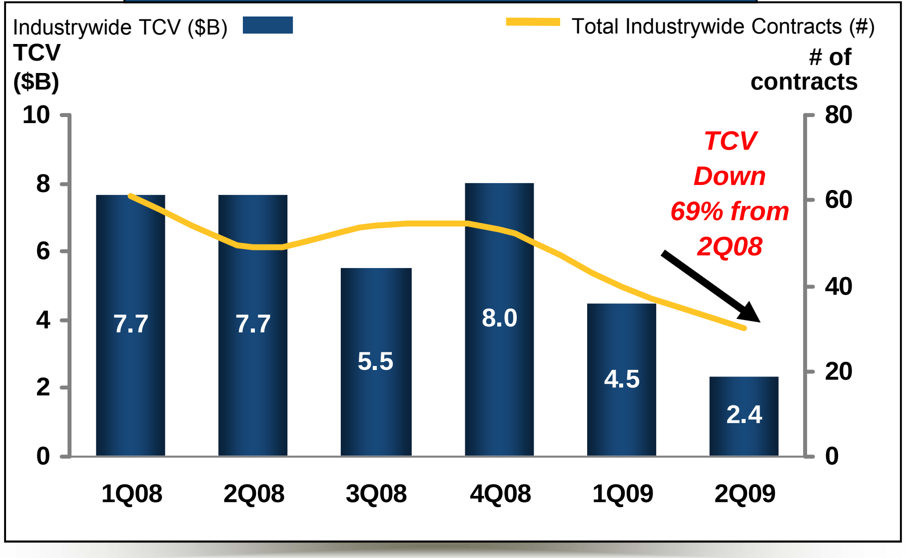
Third quarters have seldom delivered more than $20B in TCV and the full year 2009 could easily fall below $80B in TCV.

Industrywide Award Trends – BPO

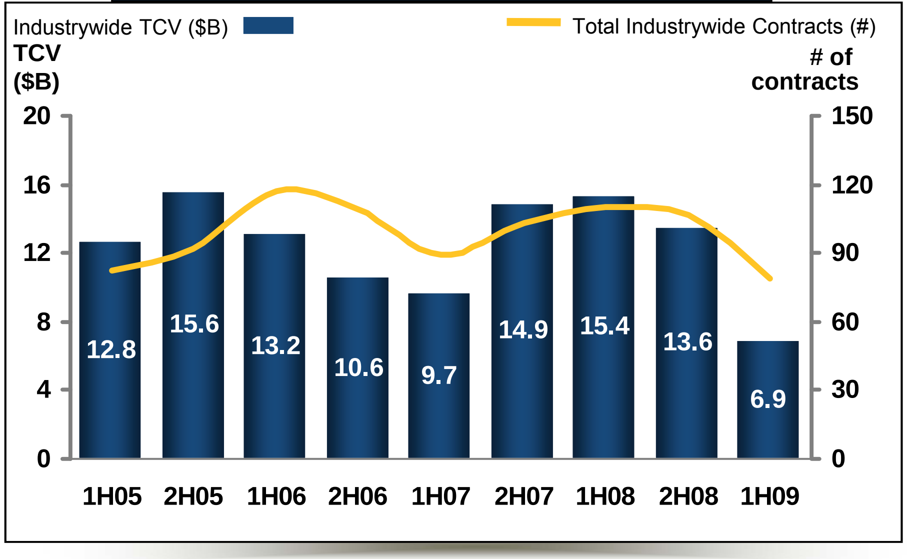
Decline of BPO adoption appears to extend beyond its current recession-related response.

Industrywide BPO Contracts With TCV > $25M

Q/Q Comparison ($B)



H/H Comparison ($B)



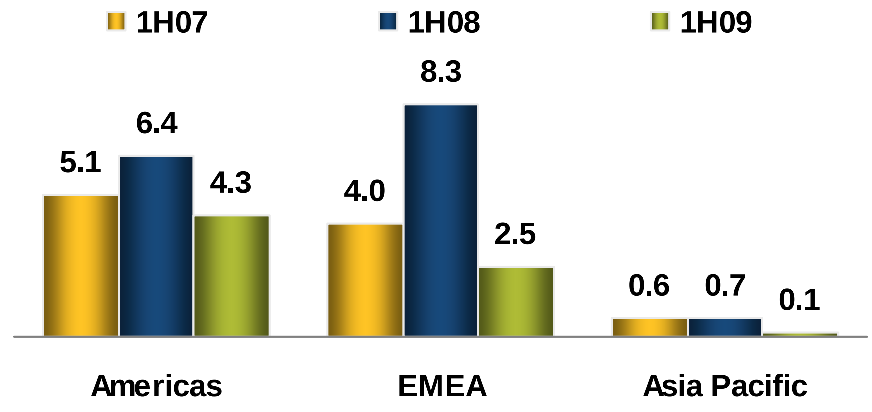
The decrease in Broader Market TCV was impacted by a 69% Y/Y collapse in BPO TCV.

First-half comparisons of BPO contract awards place 2009 at a five-year low.

Industrywide Award Trends – BPO

Potential BPO initiatives appear to be hedged in by responses to the current economic climate.

BPO Contract Awards ($B) with TCV > $25M



1H09 Top 10 Service Providers by TCV

BPO

Capita
CB Richard Ellis
Compass
Convergys
Infosys
Johnson Controls
Jones Lang LaSalle
Perot Systems
RR Donnelley
Xerox

Note: Service providers in alphabetical order; no rankings implied. Placements based on 1H09 TCV commercial contract awards sourced from TPI contracts database.

BPO Contract Awards ($B) with TCV > $25M

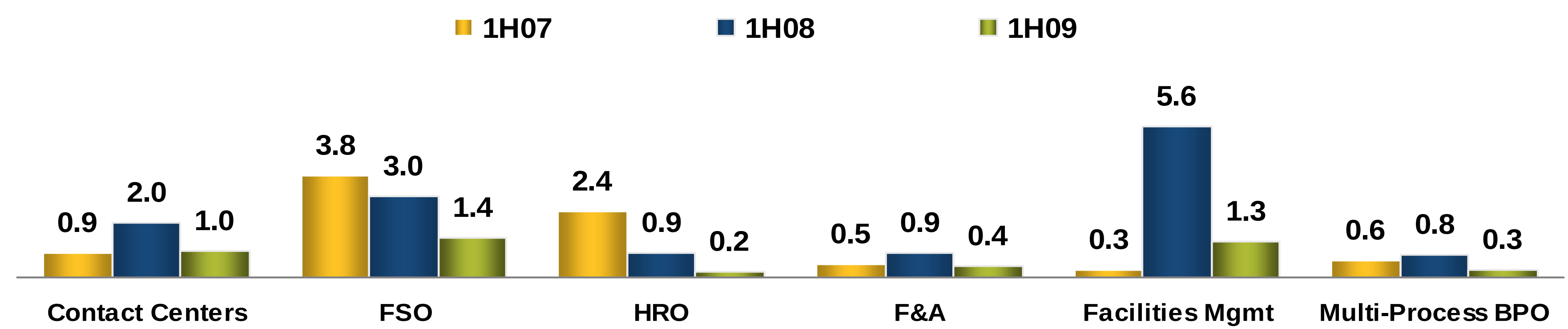
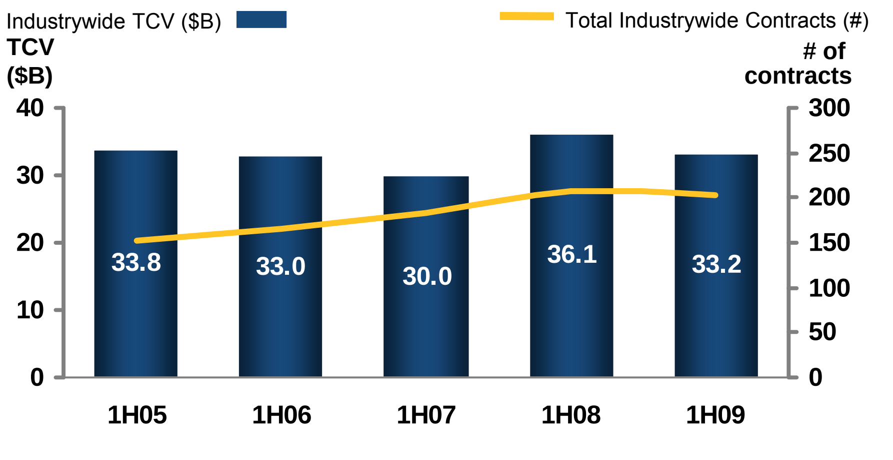


Chart does not include other BPO processes.

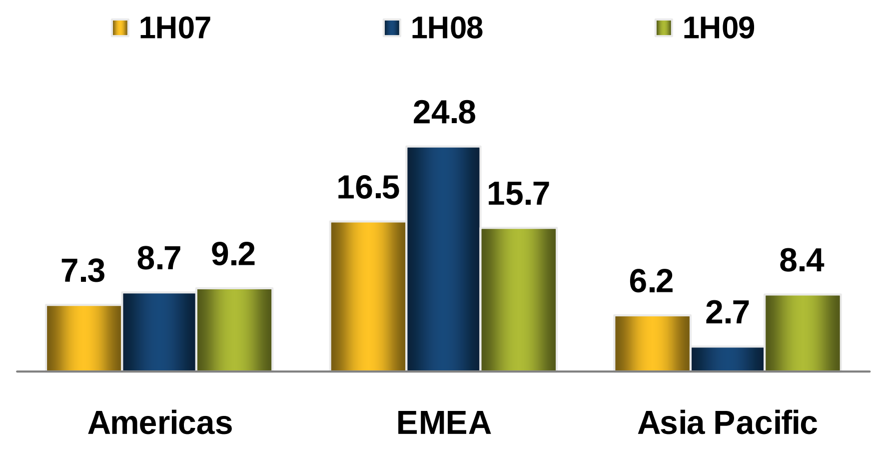
Industrywide Award Trends – ITO

Information technology outsourcing (ITO) has held up reasonably well and helped sustain the overall market in 1H09.

1H ITO Annual Comparison



ITO Contract Awards ($B) with TCV > $25M



1H09 Top 10 Service Providers by TCV

ADM

- Accenture
- CGI
- Cognizant
- HCL
- HP/EDS
- IBM
- Infosys
- TCS
- T-Systems
- Wipro

Infrastructure

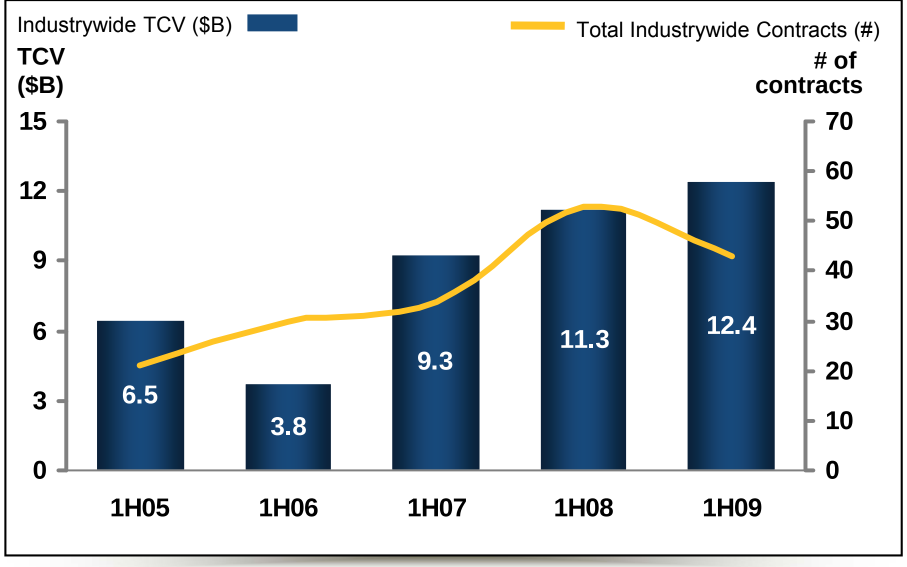
- CSC
- EDB Bus. Part.
- Fujitsu
- HCL
- HP/EDS
- IBM
- Logica
- Perot Systems
- T-Systems
- Wipro

Note: Service providers in alphabetical order; no rankings implied.
Placements based on 1H09 TCV commercial contract awards sourced from TPI contracts database.

Industrywide Award Trends – Network Services

Numerous large network services agreements notably in the telecom sector have enhanced ITO globally in 1H09.

1H Annual Comparison – Network Services



About half of the mega deals and mega relationships awarded so far in 2009 have focused on network services.

1H09 Top 10 Service Providers by TCV

Network Services

AT&T	Nokia Siemens
Alcatel-Lucent	Singapore Telecom
BT	Tata Communications
Cable & Wireless	Telefonica
Ericsson	Telstra

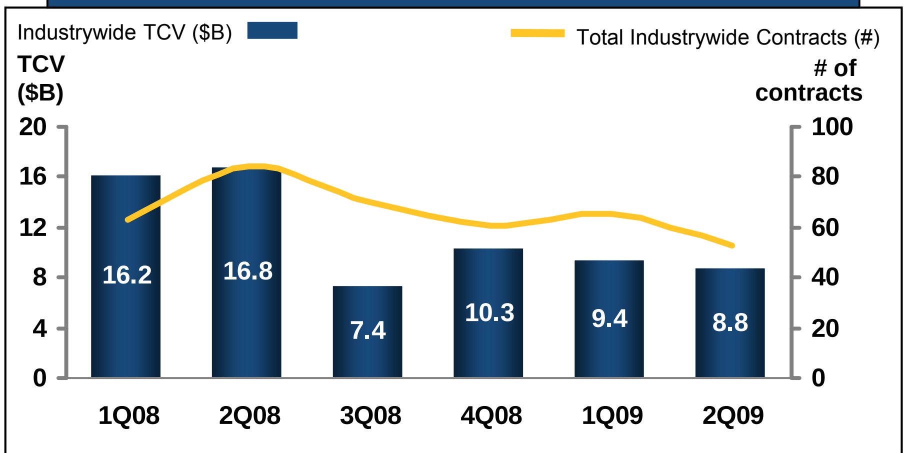
The greatest number of networking mega relationships for a full year was nine. To date in 2009, seven network services mega relationships already have been awarded.

Note: Service providers in alphabetical order; no rankings implied.
Placements based on 1H09 TCV commercial contract awards sourced from TPI contracts database.

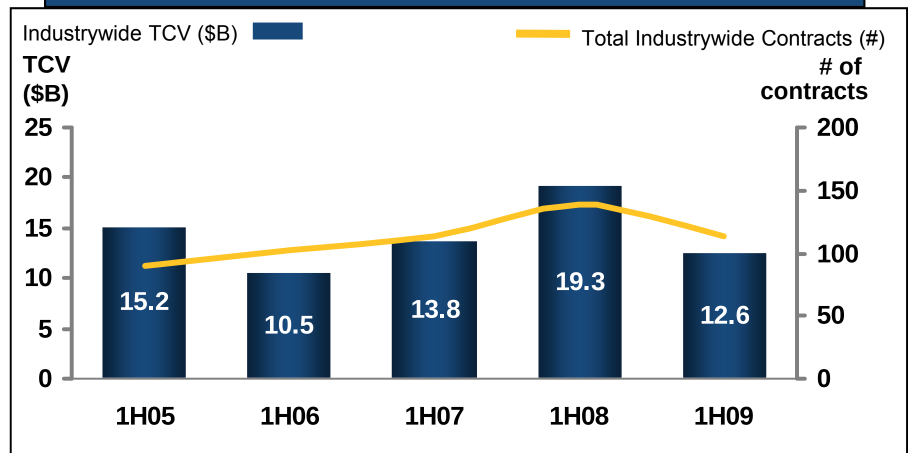
Industrywide Award Trends – EMEA

Market activity declined on all fronts.

EMEA Q/Q Comparison



1H Annual Comparison – Non-Mega Deals



1H09 Top 10 Service Providers by TCV

EMEA

BT	IBM
Capita	Logica
EDB Bus. Partner	T-Systems
Ericsson	Tata Communications
HP/EDS	Telefonica

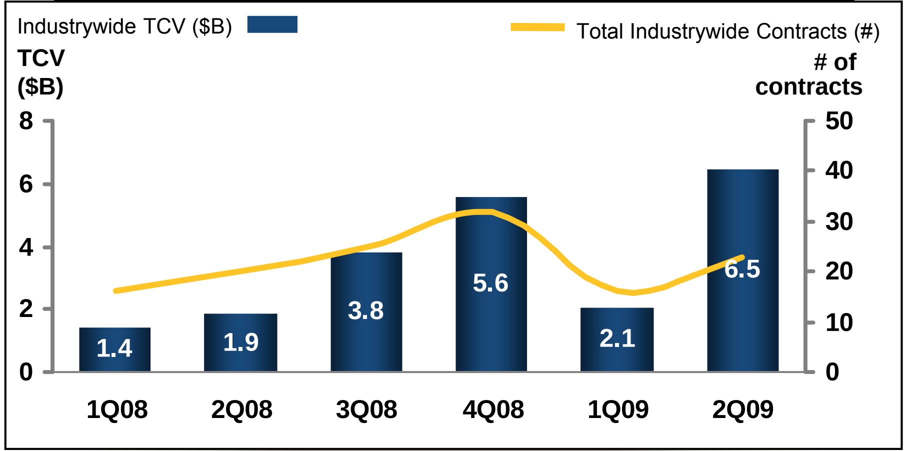
Note: Service providers in alphabetical order; no rankings implied. Placements based on 1H09 TCV commercial contract awards sourced from TPI contracts database.

Although five of the eight global mega deals were signed in EMEA in 1H09, the five still fall short of 1H08's nine mega deals awarded in EMEA.

Industrywide Award Trends – Asia Pacific

Heightened activity in Asia Pacific due primarily to larger contract awards.

Asia Pacific Q/Q Comparison



Six of the 15 global mega relationships have been awarded in Asia Pacific YTD - large network services contracts in the telecom industry have contributed substantially to this result.

1H09 Top 10 Service Providers by TCV

Asia Pacific

Alcatel-Lucent	Infosys
Ericsson	Nokia Siemens
Fujitsu	Singapore Telecom
HP/EDS	Telstra
IBM	Wipro

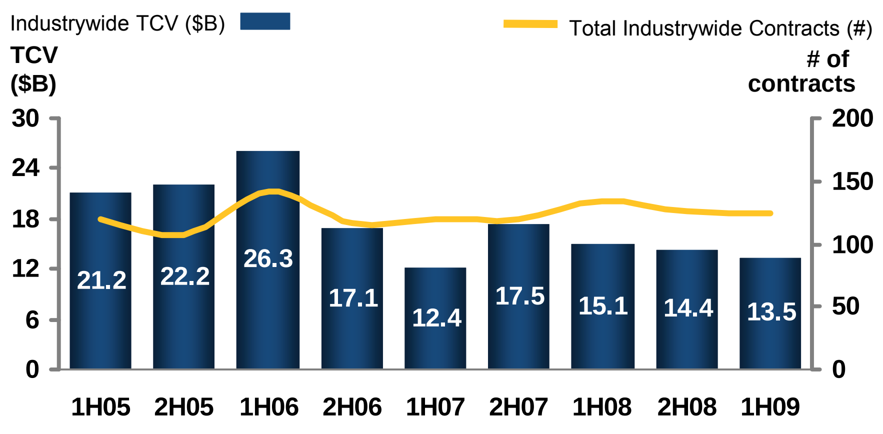
Average TCV in Asia Pacific increased by more than 50% YTD, while the other regions experienced declines in their average TCV during the same period.

Note: Service providers in alphabetical order; no rankings implied. Placements based on 1H09 TCV commercial contract awards sourced from TPI contracts database.

Industrywide Award Trends – Americas

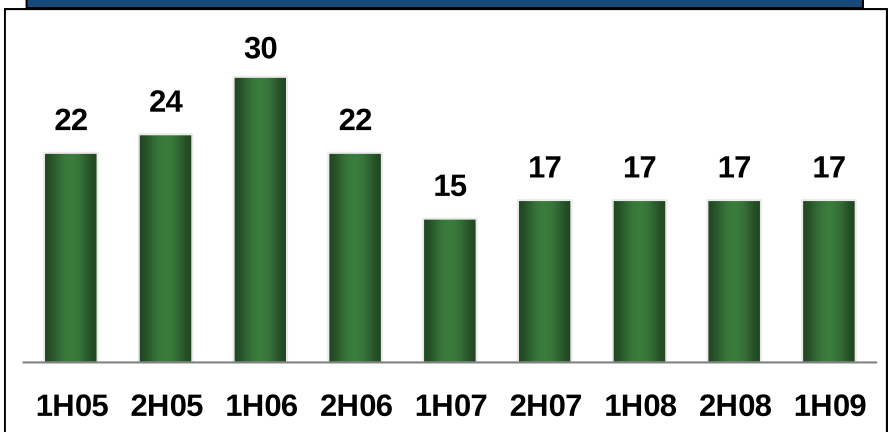
Market stabilizing over the past three years, but still down noticeably from 2006.

H/H Annual Comparison - Americas



While the TCV is well off the five-year high, TCV signed during the past three years has stabilized.

Contract Awards with TCV > $200M



1H09 Top 10 Service Providers by TCV

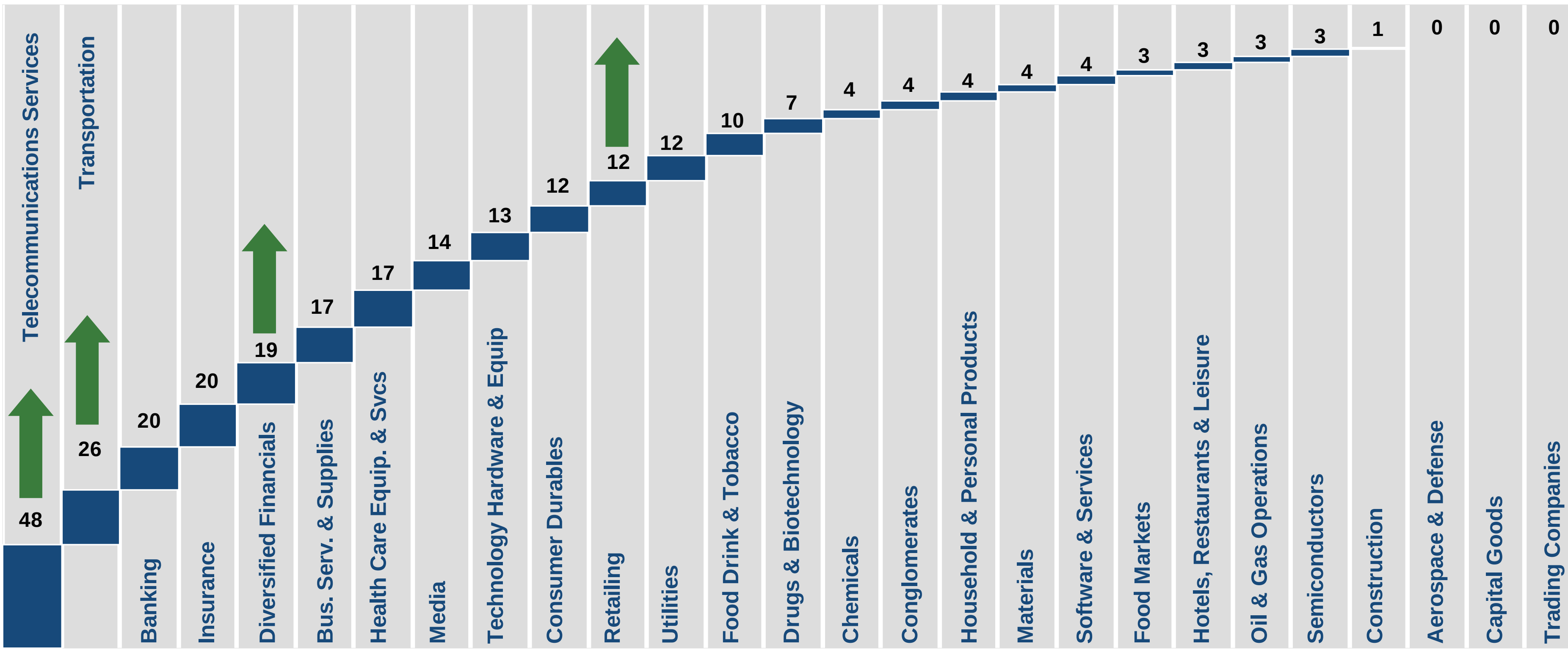
Americas

Accenture	**IBM**
CGI	**Infosys**
CSC	**Jones Lang LaSalle**
Ericsson	**Perot Systems**
HCL	**RR Donnelly**

Note: Service providers in alphabetical order; no rankings implied. Placements based on 1H09 TCV commercial contract awards sourced from TPI contracts database.

Industry Segment Comparison

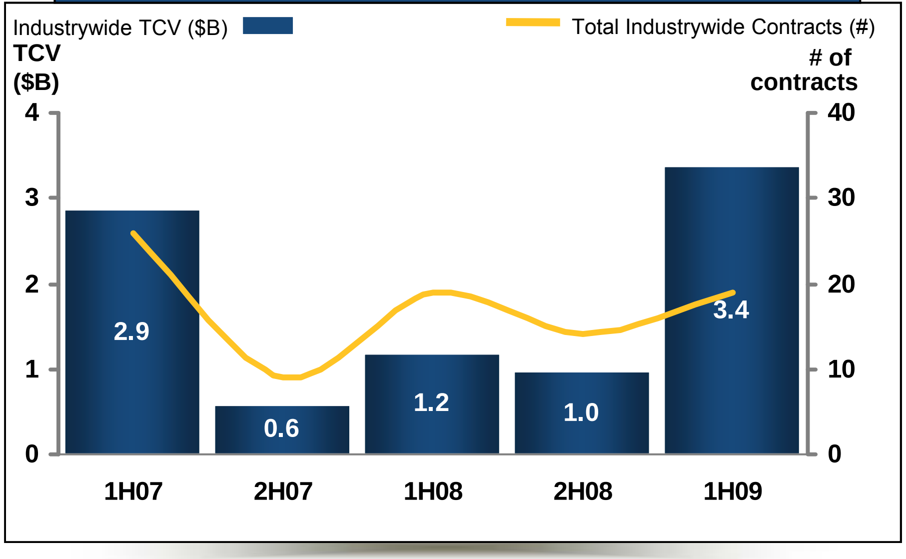
Four notable sectors have seen increased activity.



- **Most recent six months saw one of best periods in recent years.**
- **These four selected sectors represent 37% of the number of contracts and 47% of the TCV awarded thus far in 2009.**
- **Details of our analysis of these and other industries are available in our *Index Insider.***

Industry Segment Comparison – Diversified Financials

Diversified Financial H/H Comparison



- TCV awarded in the first half of 2009 has exceeded that of the full year of 2008
- ITO:BPO ratio = 3:1
- Most of activity awarded in EMEA in past half-year

1H09 Top Service Providers by TCV

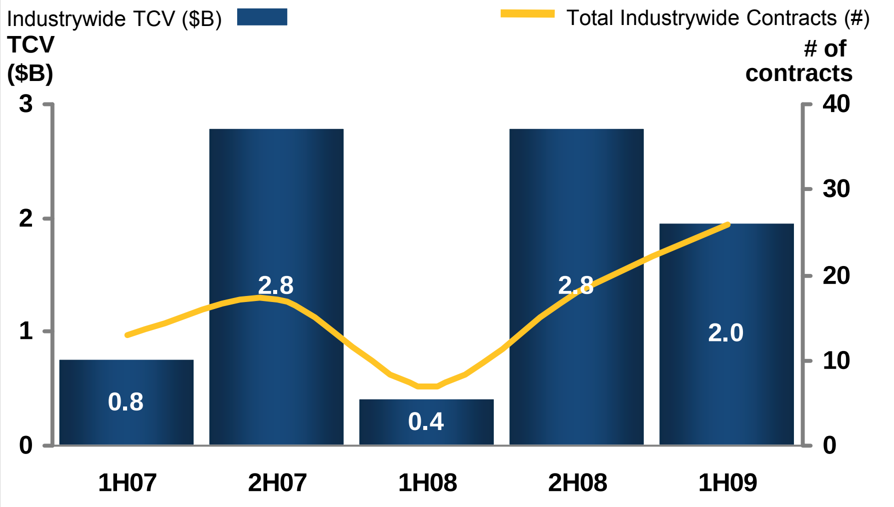
Diversified Financials

IBM
TCS
13 others with 1 contract each

Note: Service providers in alphabetical order; no rankings implied. Placements based on 1H09 TCV commercial contract awards sourced from TPI contracts database.

Industry Segment Comparison – Transportation

Transportation H/H Comparison



- Number of contracts signed in 2009 exceeded that of any prior period
- ITO:BPO ratio = 5:1
- Region: EMEA-dominant; Americas and Asia Pacific also experienced growth

1H09 Top Service Providers by TCV

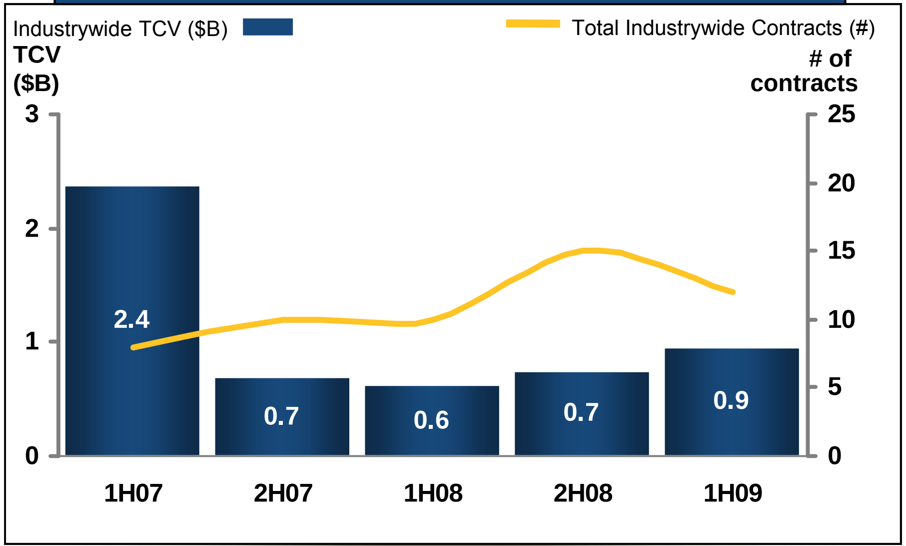
Transportation

CSC	RR Donnelly
EDB Business Partner	T-Systems
IBM	Unisys
Logica	

Note: Service providers in alphabetical order; no rankings implied.
Placements based on 1H09 TCV commercial contract awards sourced from TPI contracts database.

Industry Segment Comparison – Retail

Retail H/H Comparison



- Number of contracts signed in 1H09 (12) continues strong momentum from that of 2H08
- ITO:BPO ratio = 10:1
- Region: Americas and EMEA evenly weighted in past half year

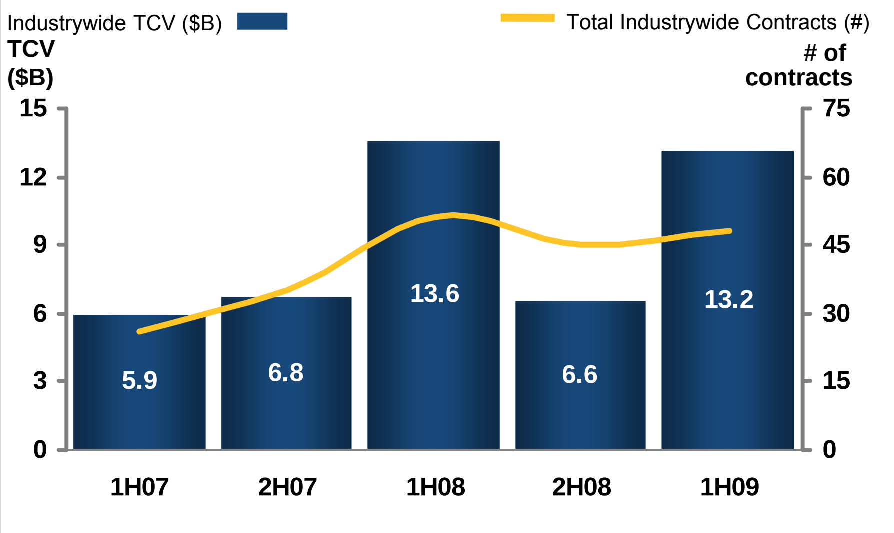
1H09 Top Service Providers by TCV

Retail	
CSC	TCS
IBM	5 others with 1 contract each

Note: Service providers in alphabetical order; no rankings implied. Placements based on 1H09 TCV commercial contract awards sourced from TPI contracts database.

Industry Segment Comparison – Telecom

Telecom H/H Comparison



1H09 Top Service Providers by TCV

Telecom

Alcatel-Lucent	Logica
Convergys	Nokia Siemens
Ericsson	TCS
HP/EDS	Tieto
IBM	Wipro
Infosys	

Note: Service providers in alphabetical order; no rankings implied. Placements based on 1H09 TCV commercial contract awards sourced from TPI contracts database.

- **TCV awarded in 1H09 doubled from that of 2H08**
- **Second best half-year ever (behind 1H08) in terms of both number of contracts and TCV awarded**
- **ITO:BPO ratio = 6:1**
- **Region: Asia Pacific dominant in past half year**

Key Findings

- 2Q09 continued 1Q09 pace and amplified contrast between first Halves of 2008 and 2009
- 2009 to date, we see signs of stabilization at a slow pace
- Decline in BPO, EMEA and several traditionally strong industry sectors contributed to that tempo
- ITO upswing in Americas and increased activity in Asia Pacific supported market momentum
- Industry still provides constant opportunities for both well-established and newer service providers

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