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The TPI Index

An Informed View of the State of the
Global Commercial Outsourcing Market

April 18, 2007

Welcome

TPI Presenters

Peter Allen

Partner and Managing Director, Market Development

Ed Glotzbach

President and Chief Executive Officer

Duncan Aitchison

Partner and Managing Director, EMEA and Asia Pacific

Scott Gildner

Partner and Managing Director, Business Transformation Solutions

TPI Qualifications

18th Quarterly TPI Index Conference Call	<ul style="list-style-type: none">▪ Proven track record of accuracy on previous TPI Index calls▪ Covers metrics from Q1 of 2007
Emphasis	<ul style="list-style-type: none">▪ Unique insights into the trends underway among the corporations that are the buyers and those who are the service providers
Host	<ul style="list-style-type: none">▪ Today's conference call is hosted by Wachovia
TPI Index Format	<ul style="list-style-type: none">▪ Brief summary of the market indicators▪ Analysts will be invited to ask questions during the Q&A session
For more information	<ul style="list-style-type: none">▪ Slides are available at www.tpi.net

Headlines

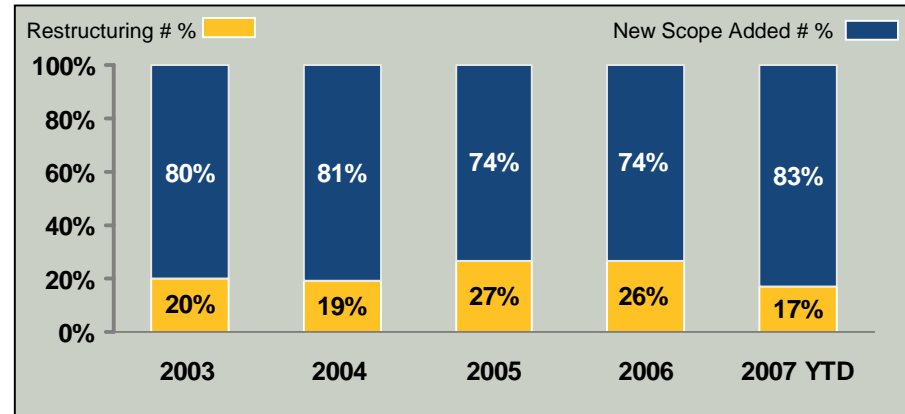
Changes in the Global Outsourcing Industry for the First Quarter of 2007

1Q07 Industrywide Outsourcing Scorecard

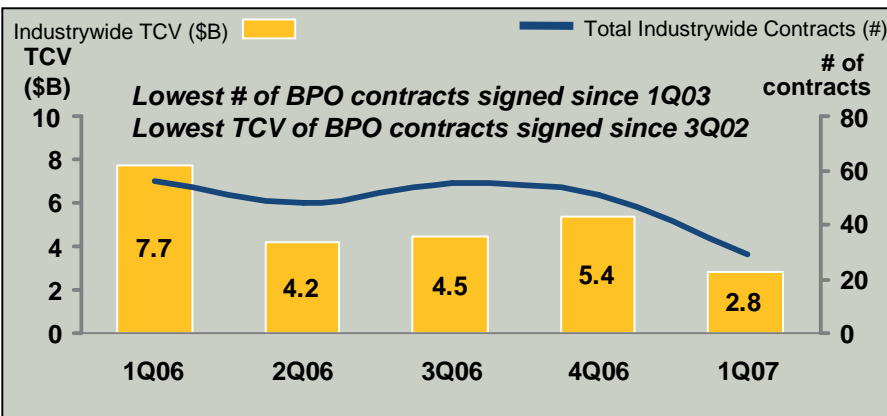
Category	Status
Number of Broader Market Contract Awards	Down 31% Y/Y
Total TCV of Broader Market Contract Awards	Down 31% Y/Y
Total ACV of Broader Market Contract Awards	Down 36% Y/Y
TCV of Broader Market Awards – Americas	Down 70% Y/Y
TCV of Broader Market Awards – Europe	Up 66% Y/Y
Anticipated Award Value of TPI Pipeline	Down 19% Y/Y

On average, 1Q accounts for 26% of a full year's TCV: early trajectory for 2007 is aimed at a soft full-year's results

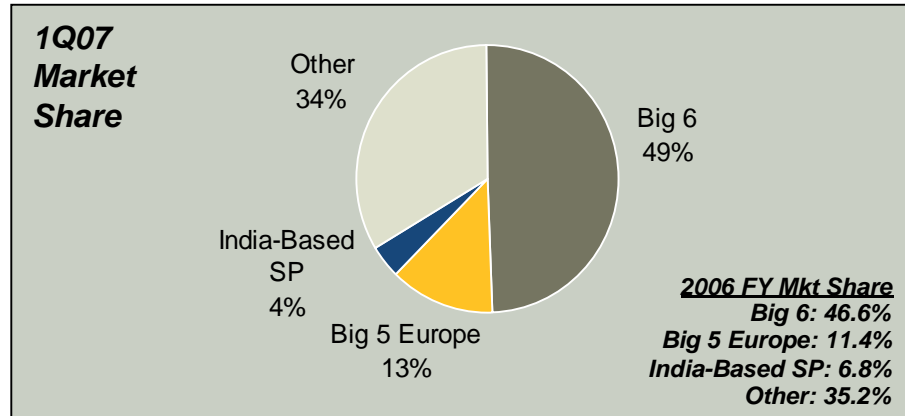
Contract Restructurings Were not as Prevalent in First Quarter



Client Hesitancy to Adopt BPO Strategies More Aggressively Continues to Affect the Market



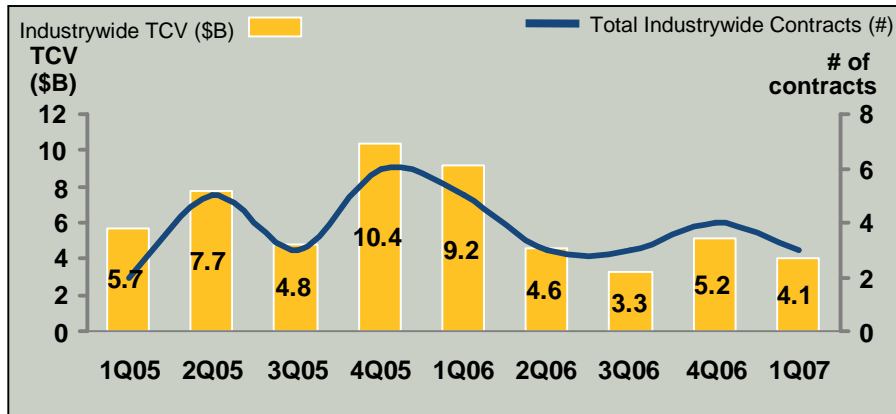
Most Leading Service Providers are Maintaining Their Relative Share in a Weaker Market



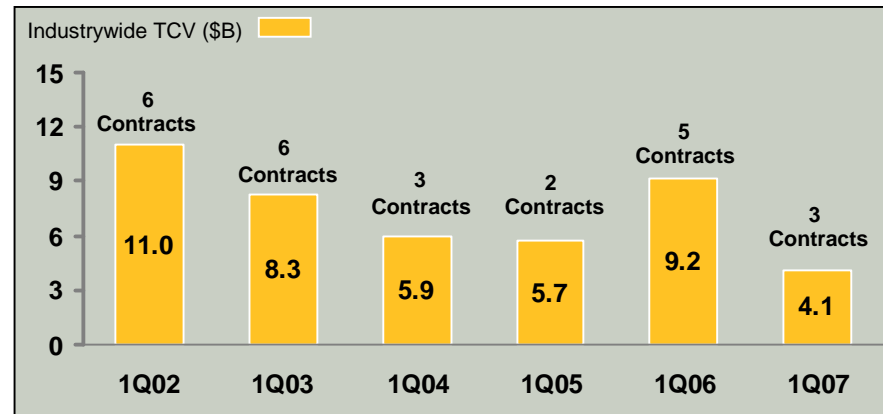
Mega-Deal Trends

Large-deal Activity in the Quarter was Managed Network Services-Related

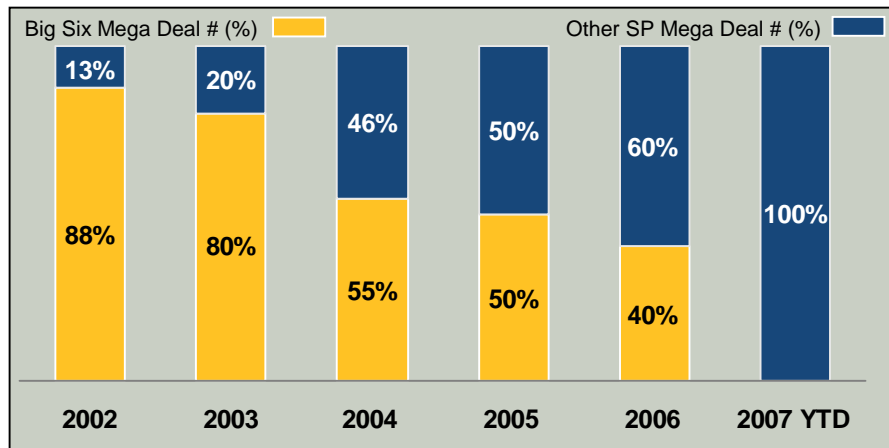
**Industrywide Contracts With TCV > US\$1B:
Q/Q Comparison**



**Industrywide Contracts With TCV > US\$1B:
1Q Y/Y Comparison**



**Industrywide Contracts With TCV > US\$1B:
Number of Big Six Mega Deals Y/Y Comparison**

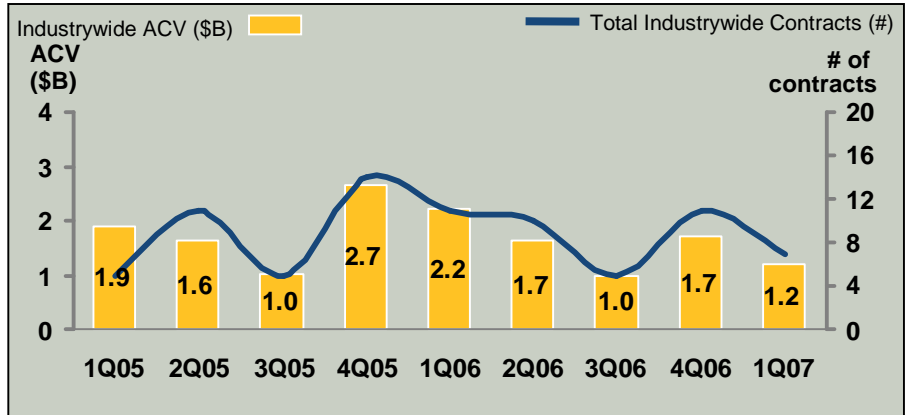


*The three mega deals were signed
by Alcatel/Lucent, BT/Swisscom,
and AT&T*

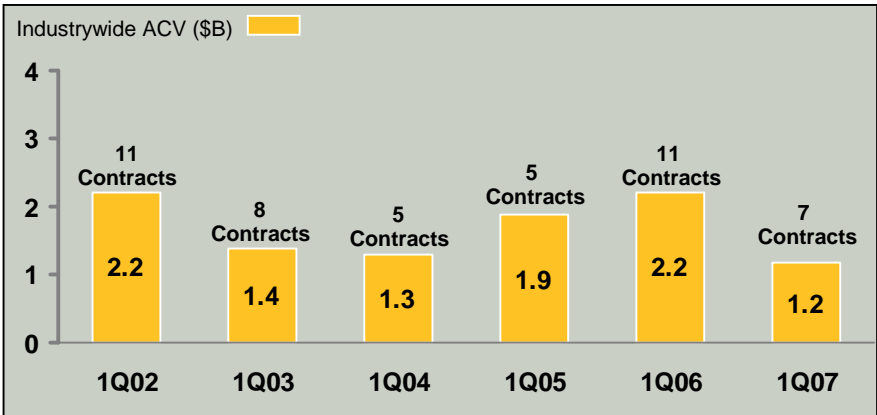
Mega-Relationship Trends

Number of New Mega Relationships Awarded is Down

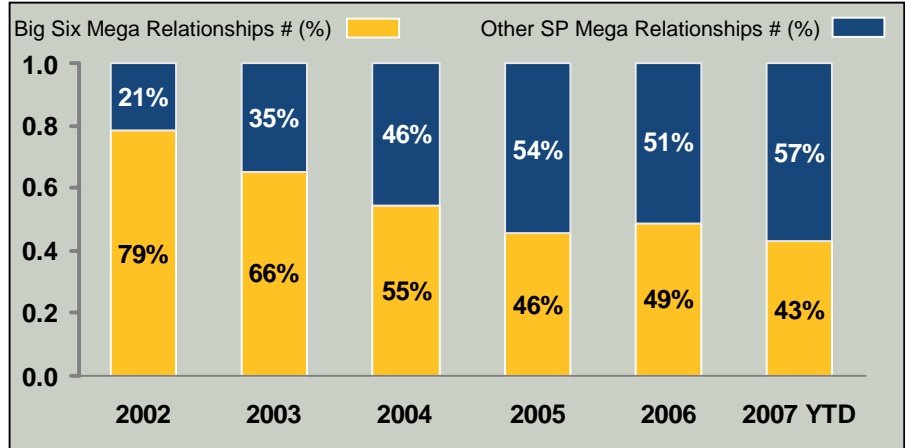
**Industrywide Contracts With ACV > US\$100M:
Q/Q Comparison**



**Industrywide Contracts With ACV > US\$100M:
1Q Y/Y Comparison**



**Industrywide Contracts With ACV > US\$100M:
Number of Big Six Mega Relationships Y/Y Comparison**

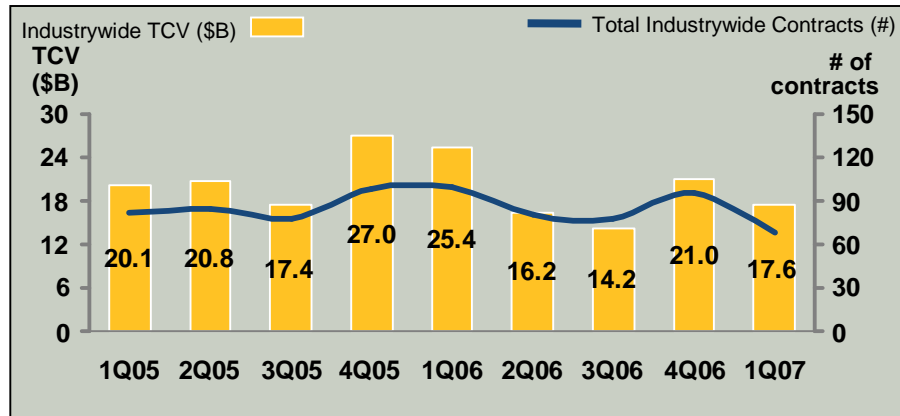


The seven mega-relationships were signed by Alcatel/Lucent, BT/Swisscom, AT&T, IBM (3) and ADP

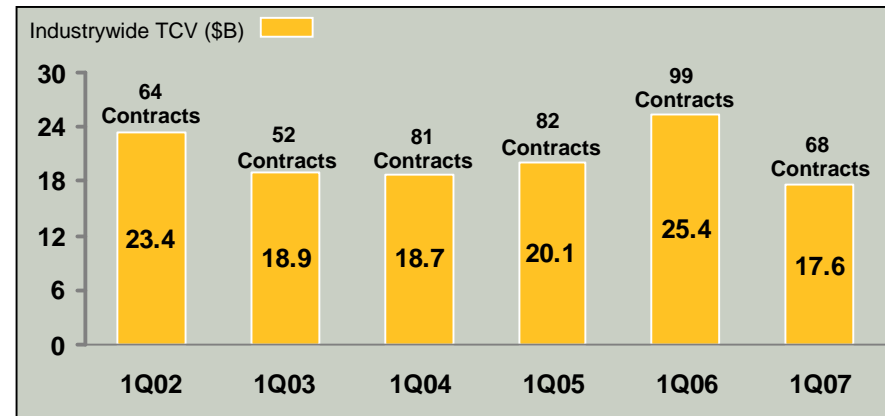
Broader Market Trends

Slow Quarter Among First Quarters

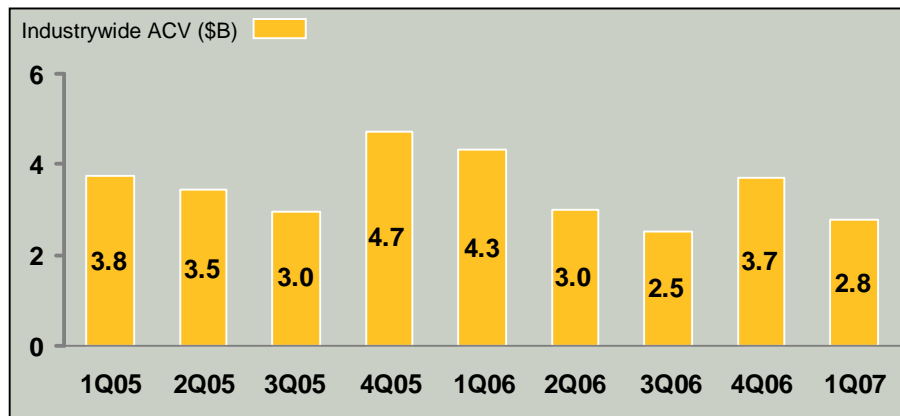
Industrywide Contracts With TCV > US\$50M:
Q/Q Comparison



Industrywide Contracts With TCV > US\$50M:
1Q Y/Y Comparison



Industrywide Contracts With TCV > US\$50M:
ACV Q/Q Comparison

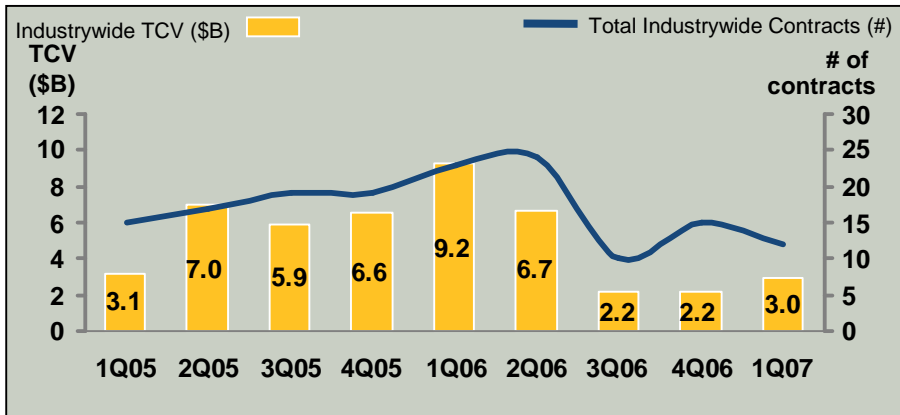


Contrary to the very strong 1Q06, we're starting 2007 with what is a relatively weak first quarter

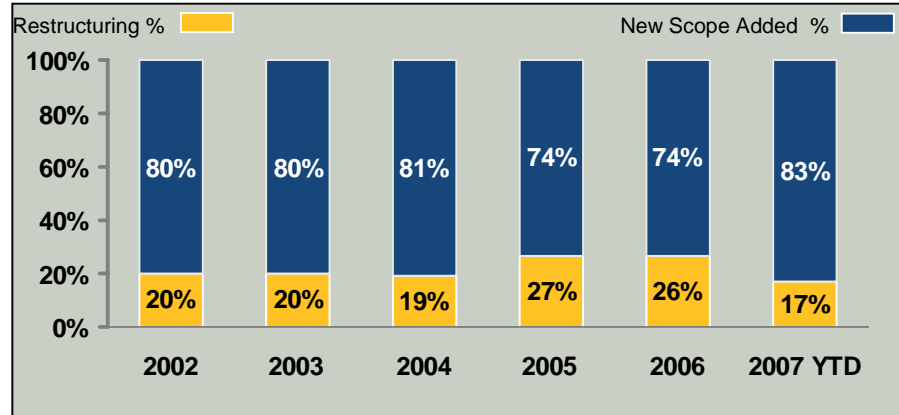
Broader Market Trends

Contract Restructurings are Impacting Broader Market Less in Recent Quarters

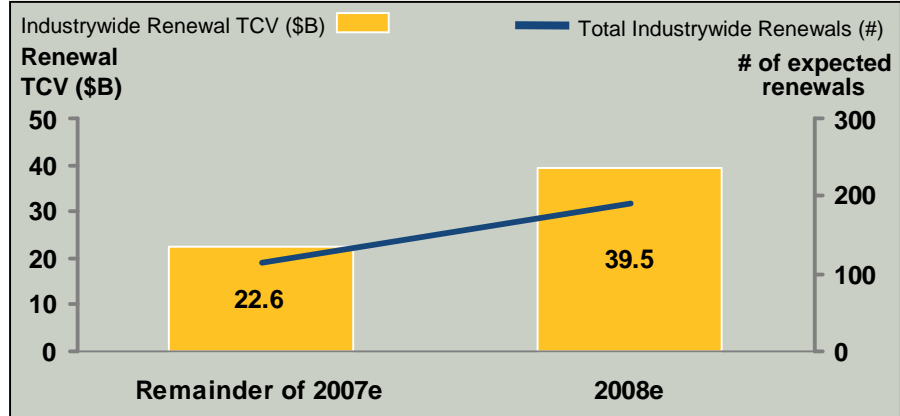
Industrywide Restructuring Contracts With TCV > US\$50M: Q/Q Comparison



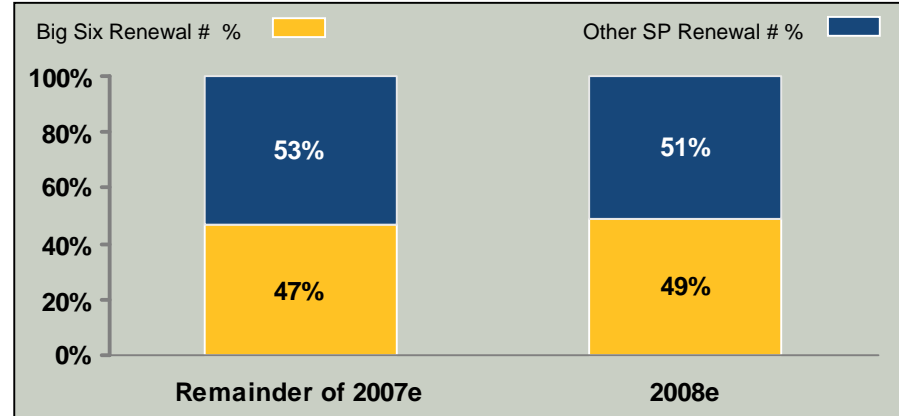
Industrywide Restructuring Contracts With TCV > US\$50M: TCV of Contacts



Industrywide Contracts With TCV > US\$50M: Expected Renewals 2007/2008



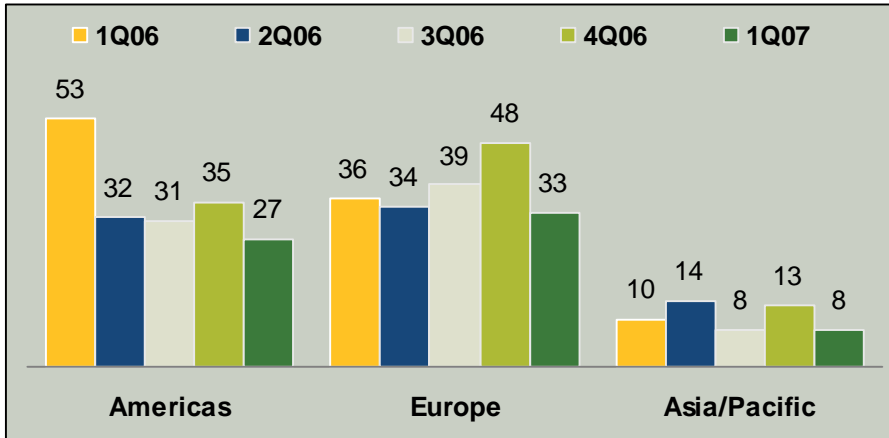
Industrywide Contracts With TCV > US\$50M: Expected Renewals Share 2007/2008



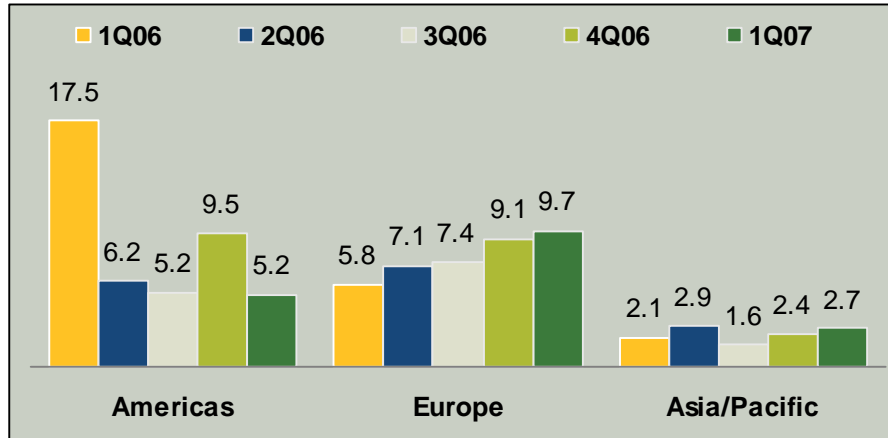
Broader Market Trends

*Europe Saw its Fourth Straight Q/Q Growth in TCV;
From a Functional Vantage, the ITO Market is Flat and the BPO Market is Down*

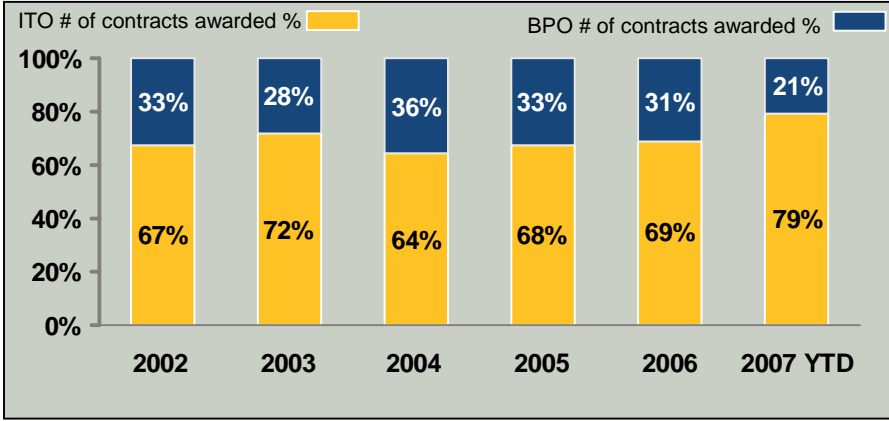
**Industrywide Contracts With TCV > US\$50M:
of Contracts Awarded**



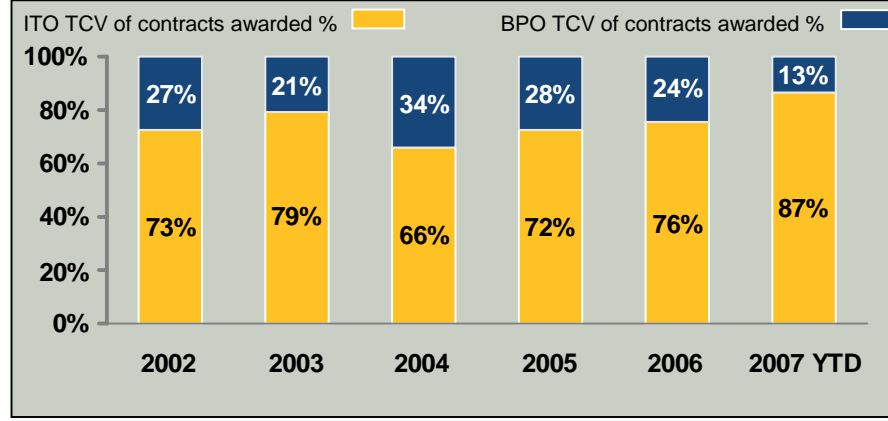
**Industrywide Contracts With TCV > US\$50M:
TCV(\$B) of Contracts Awarded**



**Industrywide Contracts With TCV > US\$50M:
of Contacts Awarded**



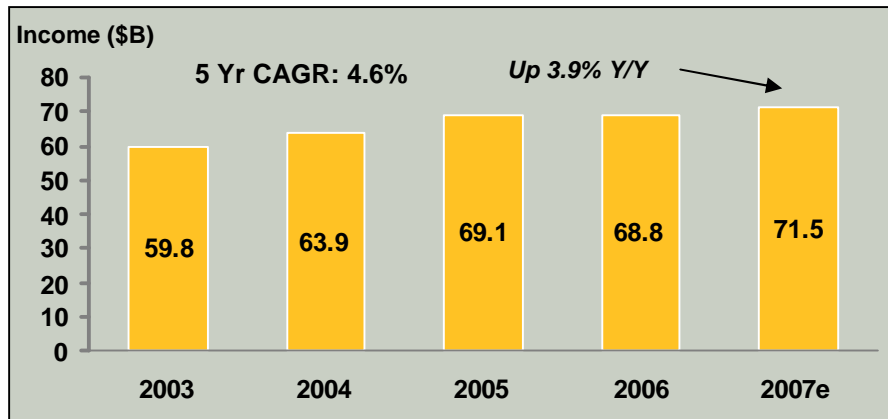
**Industrywide Contracts With TCV > US\$50M:
TCV of Contacts Awarded**



Broader Market Trends

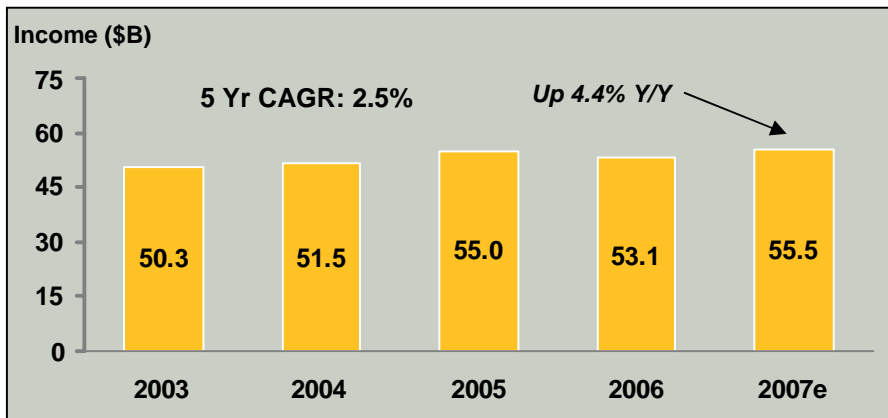
Projections Show Modest Growth in Annualized Revenue for 2007

Annualized Revenue for Industrywide Contracts > US\$50M : Y/Y Comparison

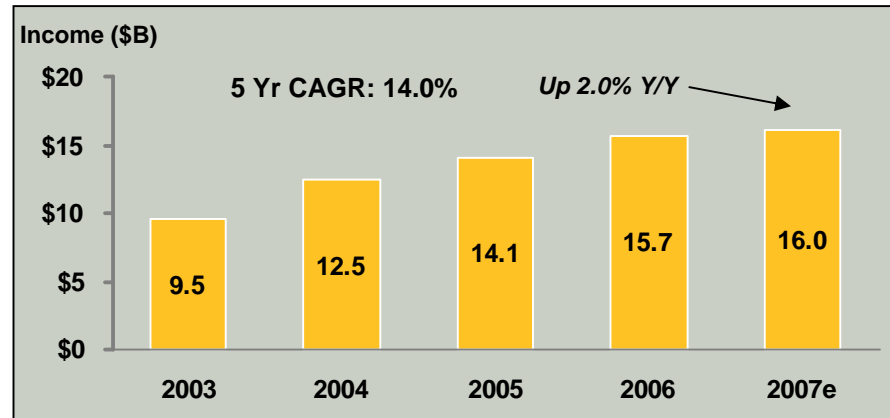


Despite the slow start to 2007, annualized revenue should increase modestly in 2007

Annualized Revenue for Industrywide ITO Contracts > US\$50M : Y/Y Comparison



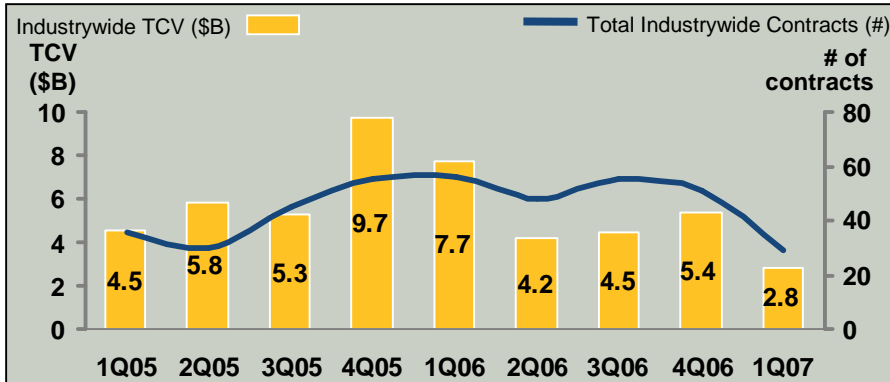
Annualized Revenue for Industrywide BPO Contracts > US\$50M : Y/Y Comparison



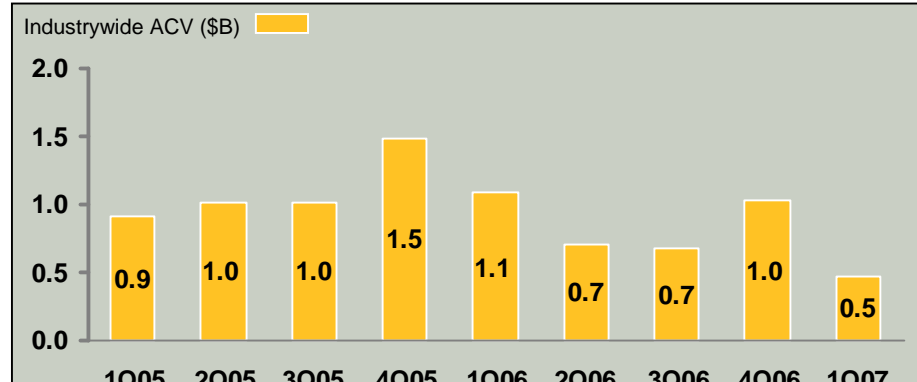
BPO Market Trends

Softness Seen Across all Regions in the BPO Market

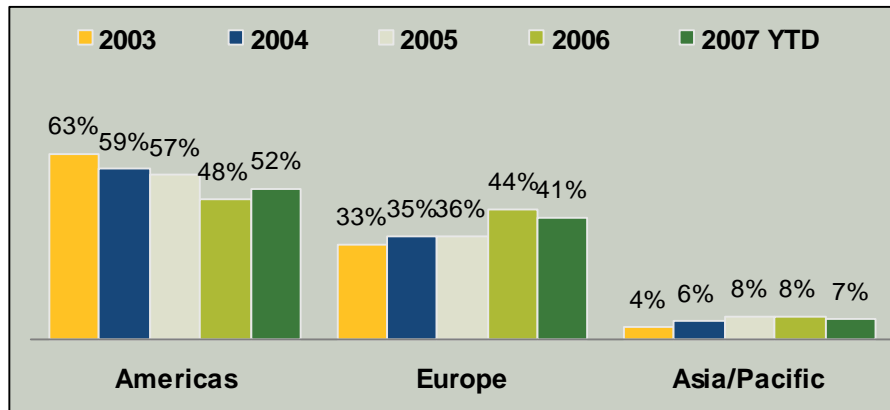
**Industrywide BPO Contracts With TCV > US\$25M:
Q/Q Comparison**



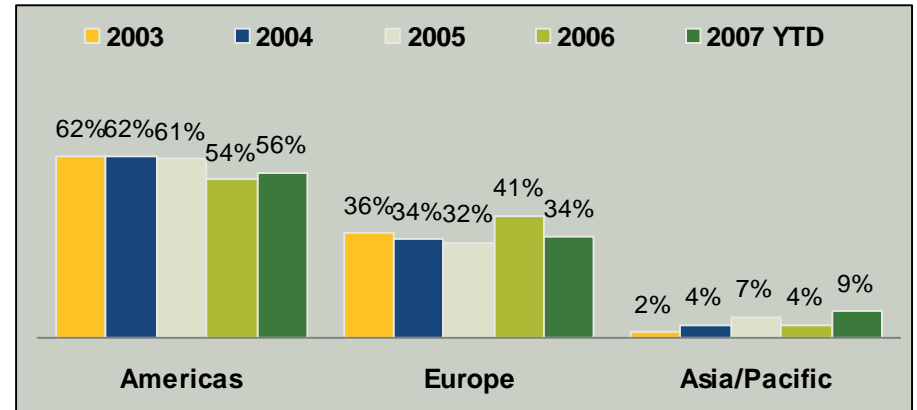
**Industrywide BPO Contracts With TCV > US\$25M:
ACV Q/Q Comparison**



**Industrywide BPO Contracts With TCV > US\$25M:
of Contracts Awarded**



**Industrywide BPO Contracts With TCV > US\$25M:
TCV of Contracts Awarded**



BPO Market Trends

Perhaps the Market Moved a Bit Too Quickly to Hype the Value of BPO, Without Full Appreciating the Complexities of Emerging Capabilities

Year	Number: HRO Contract Awards > \$25M	TCV: HRO Contract Awards > \$25M
2003	23	\$2.582B
2004	36	\$3.277B
2005	35	\$5.402B
2006	42	\$5.214B
2007 YTD	7	\$0.633B

HRO

- We still see sustained high levels of interest in HR Outsourcing among buyers
- Clients are willing to consider HRO, but they lack in confidence in the ability of the market to meet their needs
- Many providers are distracted by a number of “problem deals” that were either under-priced or over-scoped, which is not surprising in an emerging market
- Buyers are prolonging their decision making while they wait to hear more positive signs from the early adopters of HRO

Year	Number: Procurement Contract Awards > \$25M	TCV: Procurement Contract Awards > \$25M	Number: F&A Contract Awards > \$25M	TCV: F&A Contract Awards > \$25M
2003	2	\$0.060B	8	\$0.757B
2004	4	\$1.537B	18	\$1.706B
2005	7	\$1.019B	23	\$2.065B
2006	13	\$0.882B	24	\$1.786B
2007 YTD	3	\$0.307B	2	\$0.100B

F&A and Procurement

- Fewer multi-process transactions
- Many buyers elect to outsource single processes, such as accounts payable, and these often are awarded directly to offshore providers in order to benefit from labor arbitrage
- Lens of labor arbitrage for transactional work provides the offshore-oriented services providers an opportunity to take on a smaller scope of work as an inaugural assignment for clients
- Most of these deals fall below our US\$25M threshold

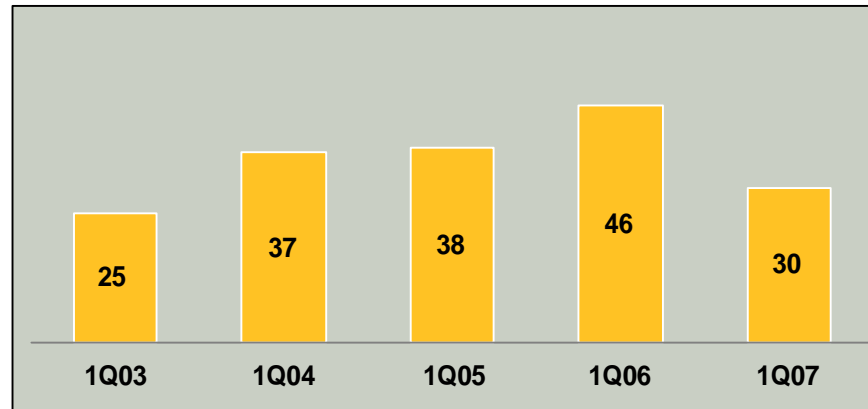


Service-Provider Data

Service Provider Diversity

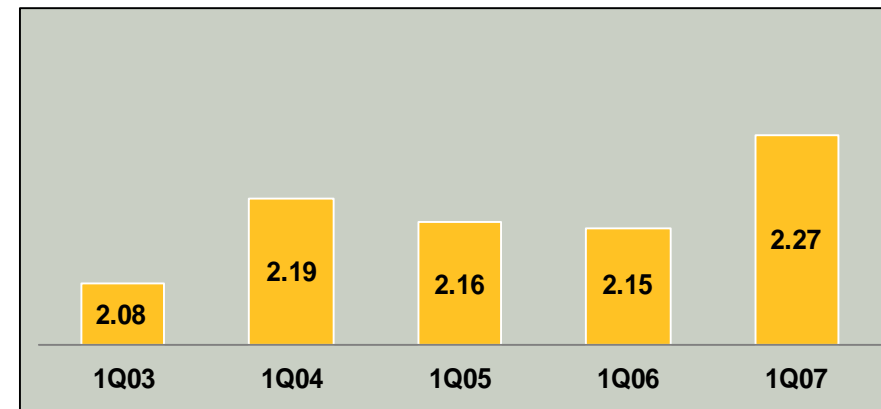
On an Absolute Basis, There was Less Service Provider Diversity; However, It Was a Function of Fewer Broader Market Contracts Signed

Number of Service Providers Signing One or More Contracts with a TCV > US\$50M



There were 17 different service providers involved in the TPI-advised transactions awarded in the quarter (we are also seeing an increasing trend toward multi-sourcing)

Ratio of Winning SP to Contracts Signed with a TCV > US\$50M

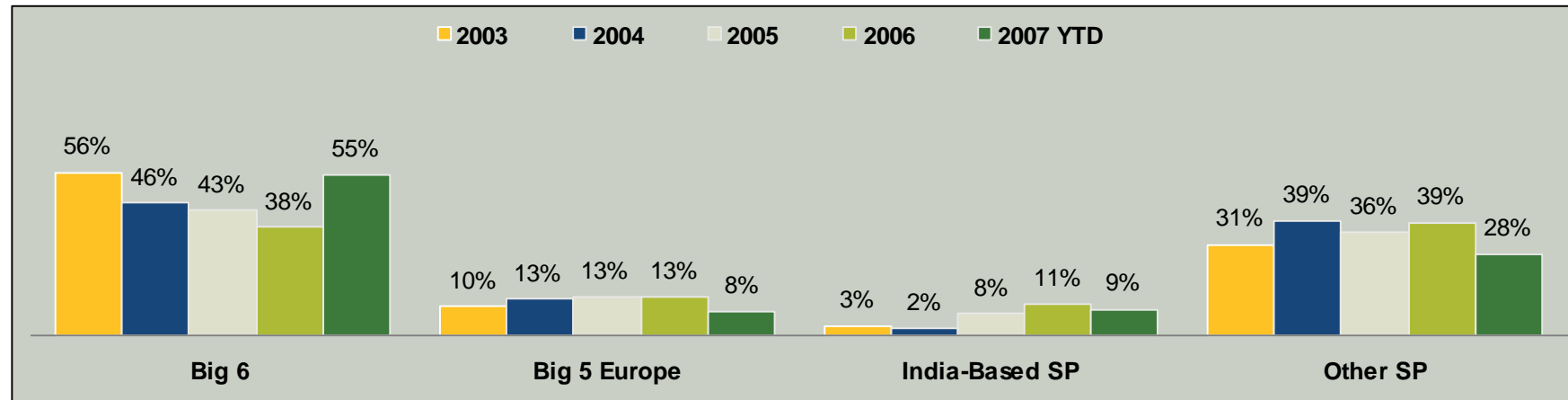


In our pipeline of active transactions, 54 unique providers are engaged, including 33 unique providers for our ITO Transactions and 29 unique providers for our BPO Transactions

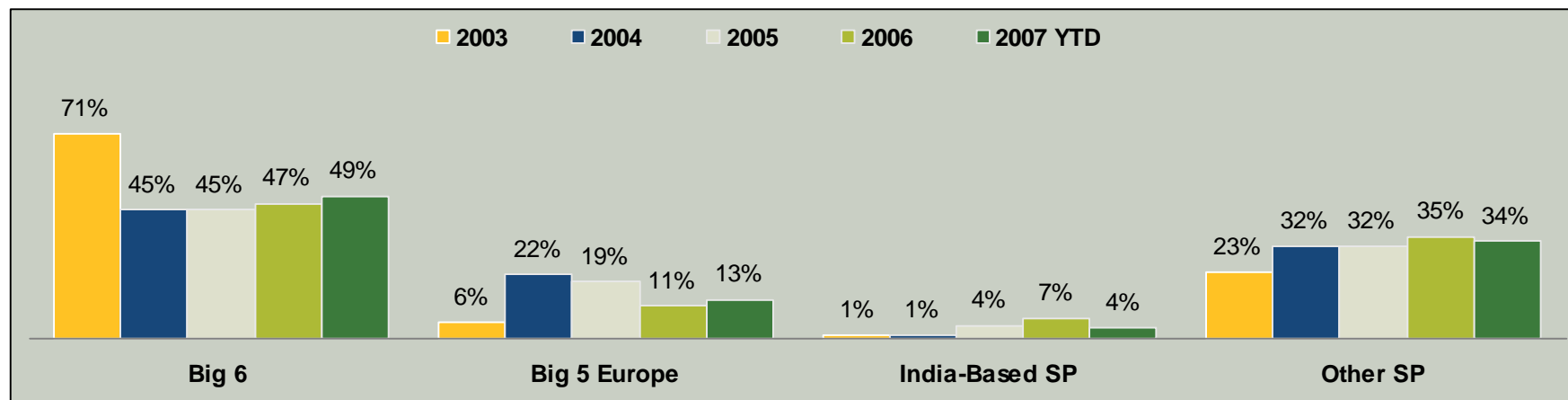
Service Provider Market Share

Based on Industrywide Market Share, the Industry Saw Relatively Little Share Shift in the First Quarter of 2007

Service Provider Market Share: # of Industrywide Contracts > US\$50M



Service Provider Market Share: TCV of Industrywide Contracts > US\$50M



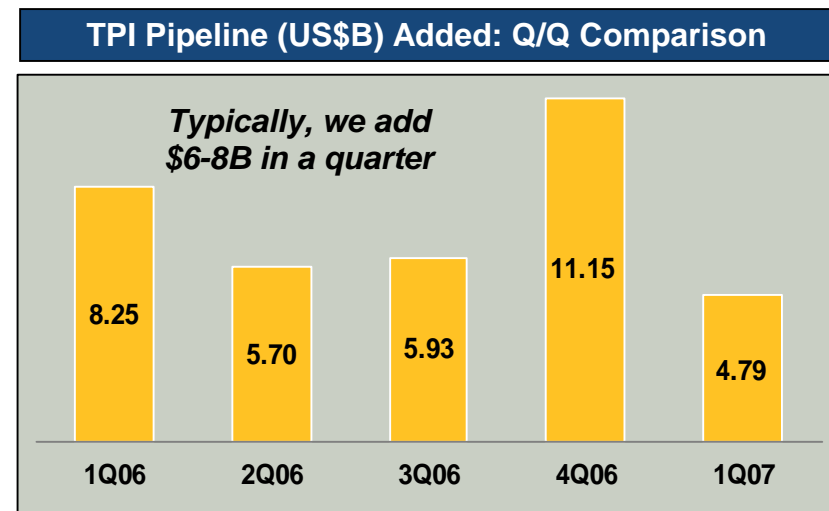
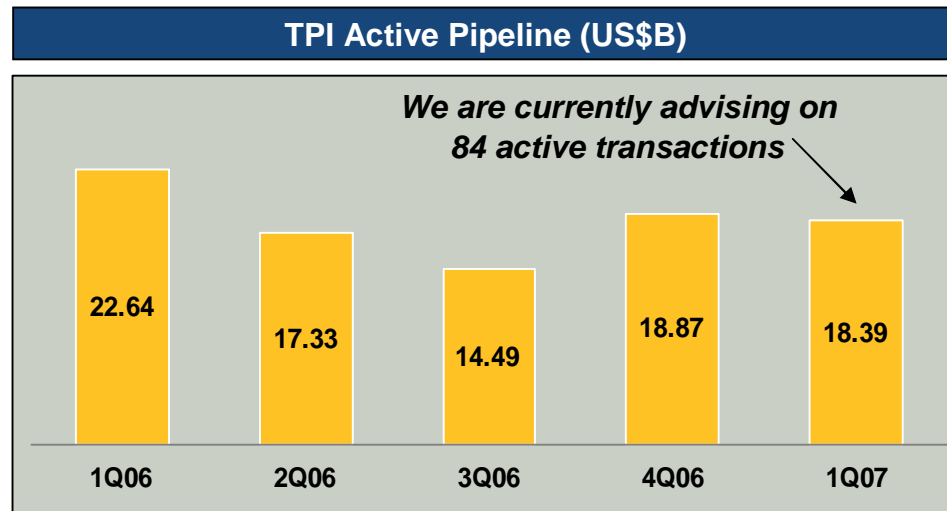


TPI Pipeline & Metrics

Pipeline Changes and Forward-Looking Projections

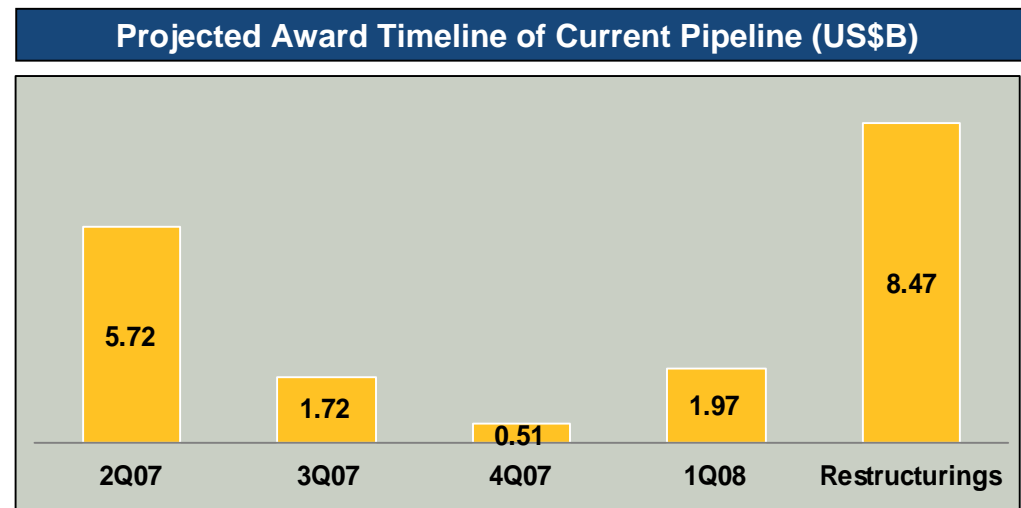
Over US\$18B in Pipeline Value;

Over US\$5.7B up for Award in Next Three Months



We see a few more BPO transactions in our pipeline, but many of these involve smaller values

About one-third, of our active BPO transactions, are > US\$50M; Last year at this time, 62% were > US\$50M



TPI Pipeline by Service Provider

*EDS Heads the Big Six in the Amount of Potential Award Value;
IBM Leads our Pipeline in the Number of Active Transactions*

84 Active Transactions – March 31, 2007

	# of Active Transactions	% of Active TPI Transactions	# of Active BPO Transactions	# of Active Mega-Deals	# of Active Restructuring Transactions	# of Active Sole Source Transactions	Potential Award (Pipeline) Value	% of Total TPI Pipeline Value
Accenture	8	9.5%	4	0	1	2	\$0.394B	2.1%
ACS	3	3.6%	2	0	1	1	\$0.338B	1.8%
CSC	6	7.1%	1	0	2	0	\$1.842B	10.0%
EDS	10	11.9%	2	2	4	2	\$4.911B	26.7%
HP	4	4.8%	1	0	1	1	\$1.285B	7.0%
IBM	24	28.6%	3	0	5	8	\$3.882B	21.1%
Big 5 Europe	5	6.0%	0	0	0	1	\$1.775B	9.7%
India-Based SP	9	10.7%	3	0	0	0	\$0.204B	1.1%

73 Active Transactions – December 31, 2006

	# of Active Transactions	% of Active TPI Transactions	# of Active BPO Transactions	# of Active Mega-Deals	# of Active Restructuring Transactions	# of Active Sole Source Transactions	Potential Award (Pipeline) Value	% of Total TPI Pipeline Value
Accenture	12	16.4%	6	0	1	3	\$1.537B	8.1%
ACS	2	2.7%	1	0	0	0	\$0.090B	0.5%
CSC	6	8.2%	0	0	3	0	\$1.745B	9.2%
EDS	10	13.7%	1	1	4	1	\$3.597B	19.1%
HP	5	6.8%	1	0	2	0	\$1.259B	6.7%
IBM	22	30.1%	4	0	6	5	\$4.856B	25.7%
Big 5 Europe	5	6.8%	0	1	0	1	\$2.259B	12.0%
India-Based SP	11	15.1%	7	0	0	1	\$0.476B	2.5%

TPI's Conclusion on Market Trends

1Q07 TCV and ACV	<ul style="list-style-type: none">▪ Soft market, especially in the Americas and in BPO
Adoption of Outsourcing	<ul style="list-style-type: none">▪ Activity in managed network services outsourcing within the relatively flat ITO market▪ Lessened restructuring impact on Broader Market
Business Process Outsourcing	<ul style="list-style-type: none">▪ Recorded a recent low point by number and TCV▪ Shift away from large multi-process BPO agreements to single-function contracts of a smaller size
Market Share	<ul style="list-style-type: none">▪ Service providers maintained share of shrinking market▪ More diverse base of incumbent providers with contracts up for renewal



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