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The TPI Index Asia Pacific

An Informed View of the State of the
Asia Pacific Commercial Outsourcing Market
Second Half and Full Year of 2008

4 February 2009

Welcome

TPI Presenters

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An Informed View

Insights into the broader commercial outsourcing market

5th Semi-annual TPI Index Asia Pacific

- Covers metrics for 2H08 and full-year of 2008
- Insights on commercial outsourcing contracts valued at >\$25M

Goal

- Present a detailed profile of the regional outsourcing activity in Asia Pacific (AP) as well as global market insights
- Discuss the impact of recent events in India and today's global economic environment

Host

- UBS

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
- All data presented in US Dollars

Headlines

Year-over-year changes in the global outsourcing industry for the second half and full year of 2008

- Corporations are demonstrating a tactical approach to outsourcing.
- Economic environment necessitates risk-reducing initiatives.



Total 2008 Metrics Are Strong

- With a Global TCV of nearly \$90B, value exceeded 2007 by 5.6%
- Global ACV reached a record high of \$17.6B — a 9.5% increase over 2007

The tale of two halves . . .

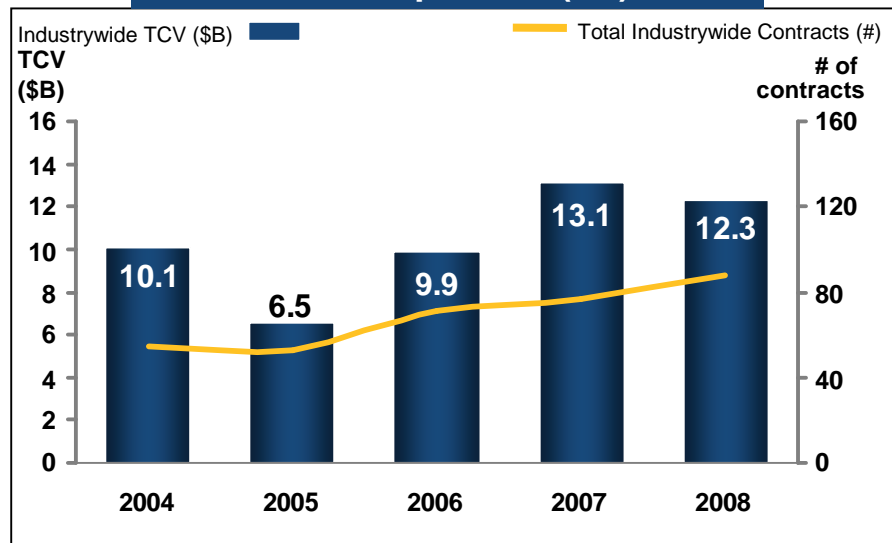
- TCV for 2H08 one of the lowest on record
- Fewer global mega-deals in 2H08 compared to 1H08
- 2H08 number and TCV rebounded in Asia Pacific after soft 1H08
- Steady growth in India-heritage provider market share

Industrywide Contract Award Trends

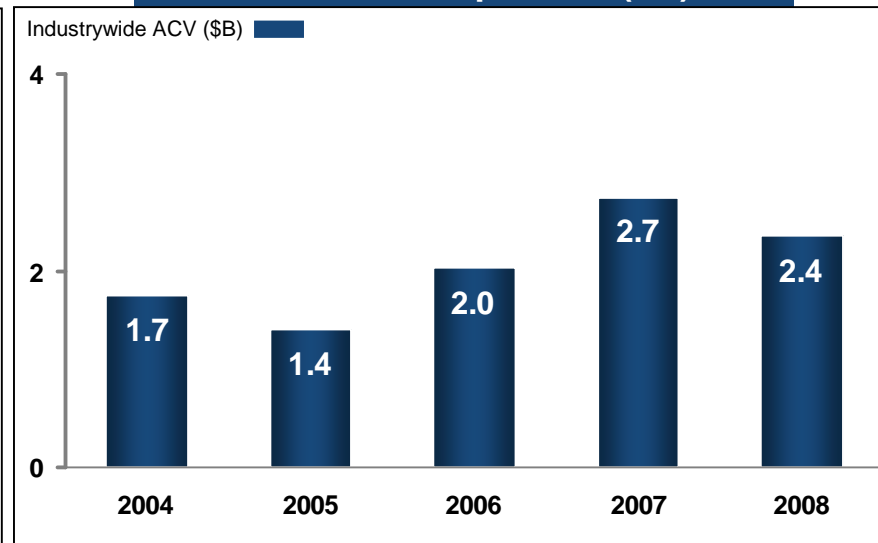
Record number of awards not quite enough to reach 2007 record TCV and ACV

Industrywide Asia Pacific Contracts With TCV > \$25M

Y/Y Comparison (\$B)



Y/Y ACV Comparison (\$B)



Greatest number of contracts ever awarded (88)

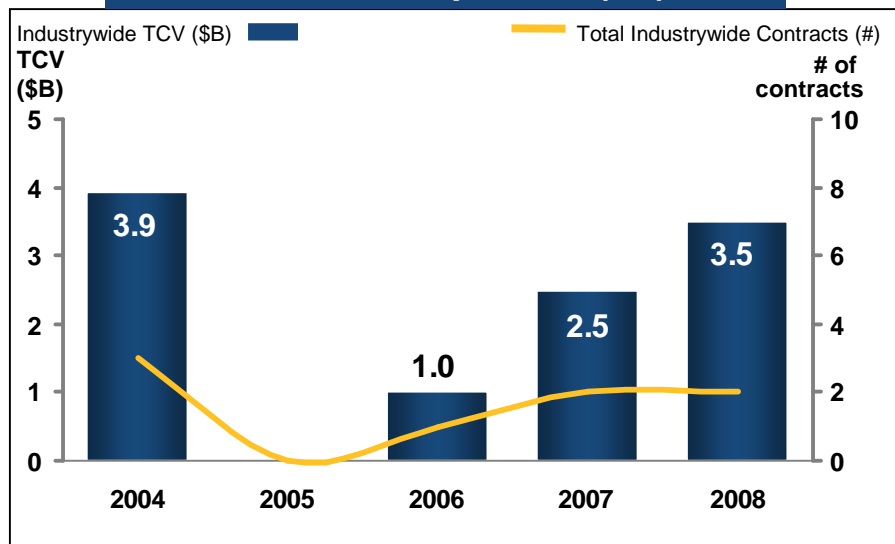
Asia Pacific ACV dipped slightly

Industrywide Mega-Deal and Mega-Relationship Award Trends

Two Asia Pacific mega-deals in 2H provided healthy bump in overall value

Industrywide Asia Pacific Contracts With TCV > \$1B

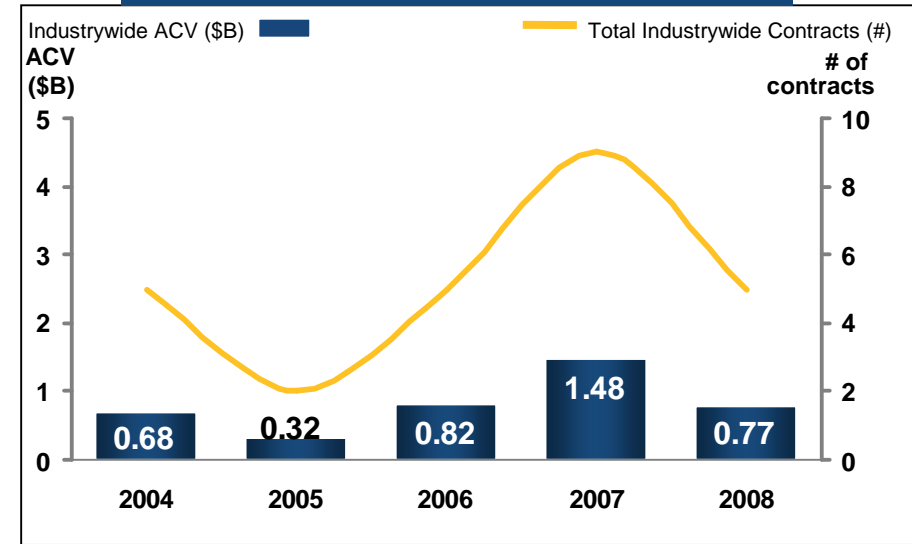
Annual Comparison (\$B)



Number of AP mega-deals flat Y/Y, but value up \$1B

Industrywide Asia Pacific Contracts With ACV > \$100M

Annual Comparison (\$B)



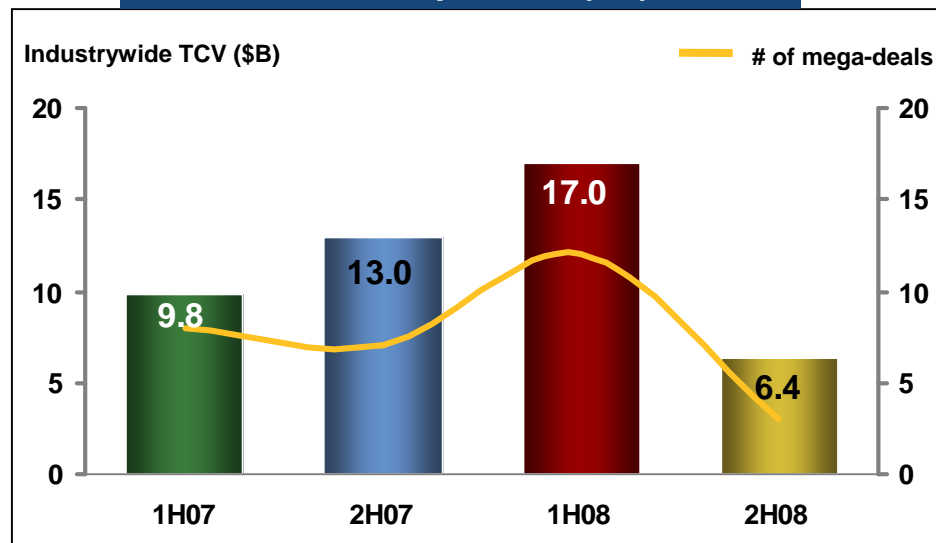
Number and value of AP mega-relationships return to historic levels

Industrywide Mega-Deal Award Trends

Asia Pacific contributed significantly to mega-deal awards in 2H08

Industrywide Global Contracts With TCV > \$1B

H/H Comparison (\$B)



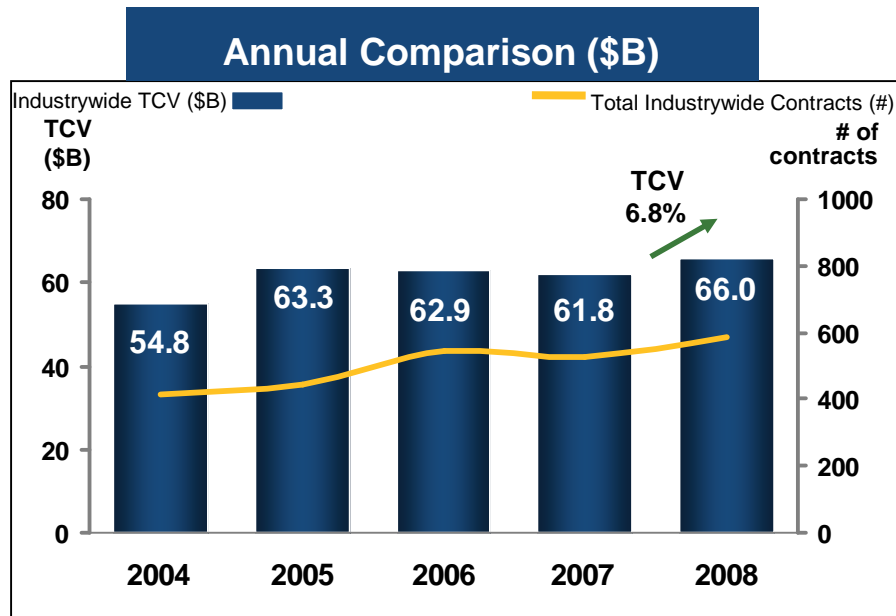
2 of 3 Mega deals in 2H08 were captive acquisitions and related contracts in Asia Pacific

Both were captive contracts in the Financial Services industry and won by India-heritage service providers

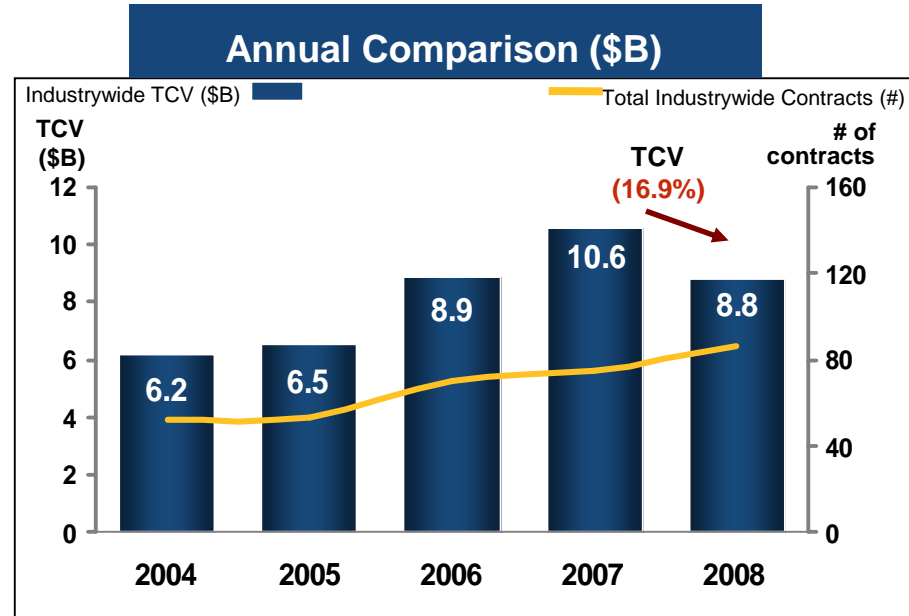
Non-Mega-Deal Award Trends

Tactical contracting drove AP market; return to 2006 levels

Industrywide Global Contracts Without Mega-deals, TCV > \$25M



Industrywide AP Contracts Without Mega-deals, TCV > \$25M



Excludes mega deals

Period	Number of Contracts > \$25M	TCV of Contracts > \$25M
1H08	294	\$33.3B
2H08	293	\$32.7B

Excludes mega deals

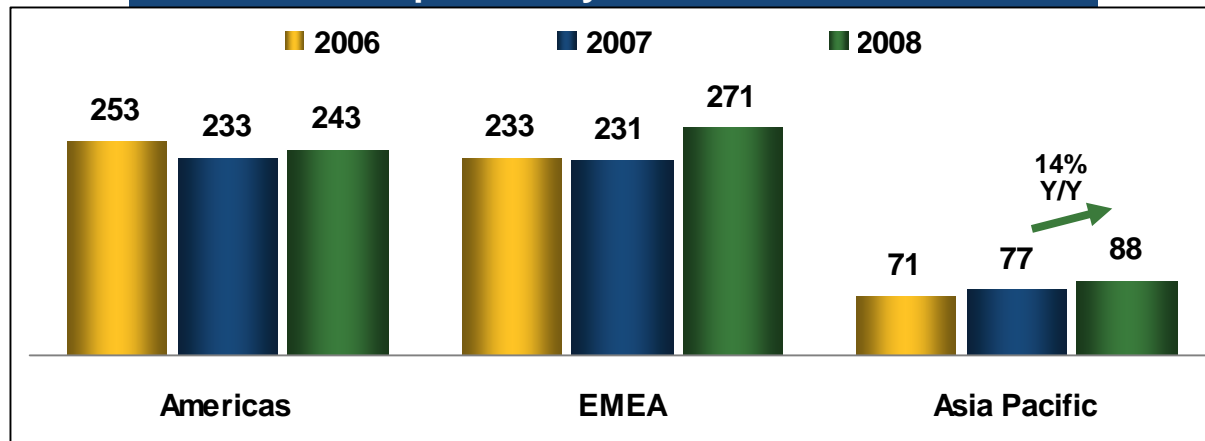
Period	Number of Contracts > \$25M	TCV of Contracts > \$25M
1H08	36	\$3.3B
2H08	50	\$5.5B

Contract Award Trends by Region

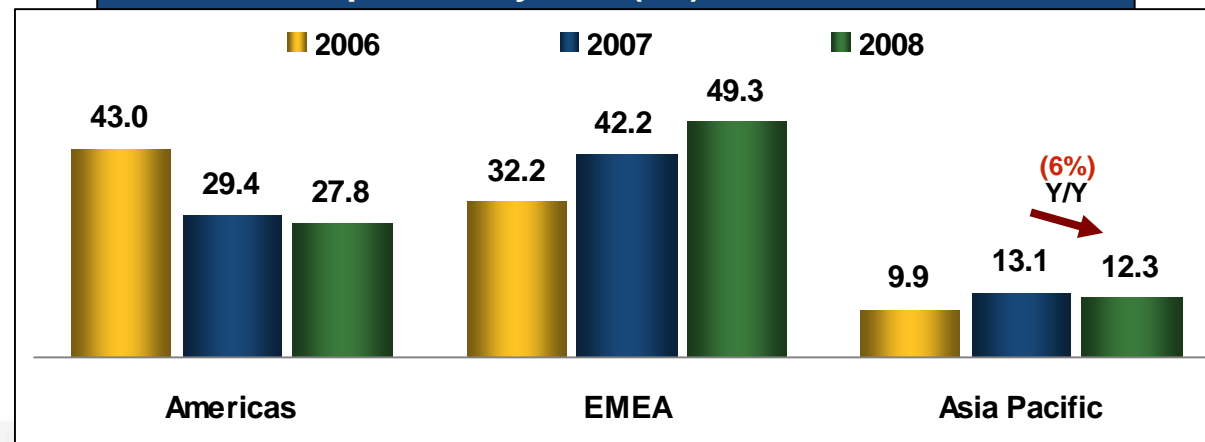
Asia Pacific number of awards continued to climb but TCV dipped overall

Industrywide Contracts With TCV > \$25M

Annual Comparison by # of Contracts Awarded



Annual Comparison by TCV (\$B) of Contracts Awarded

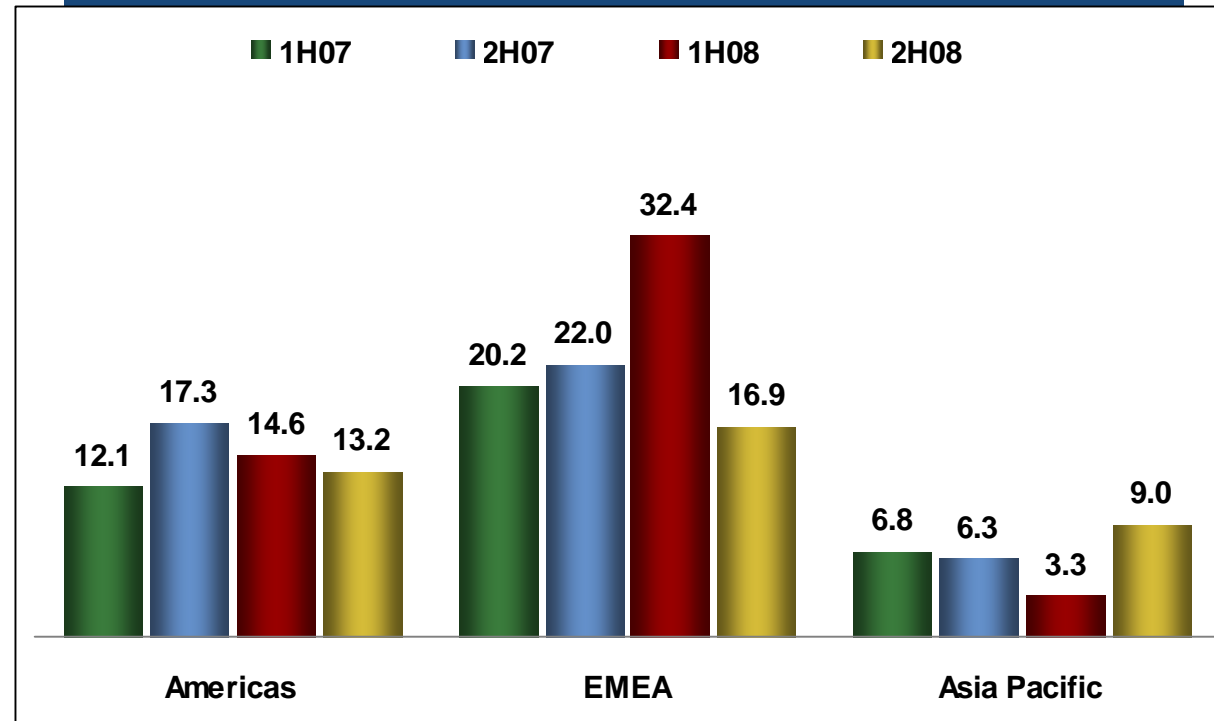


Contract Award Trends by Region

Asia Pacific lumpiness largely driven by mega-deal signings

Industrywide Contracts With TCV > \$25M

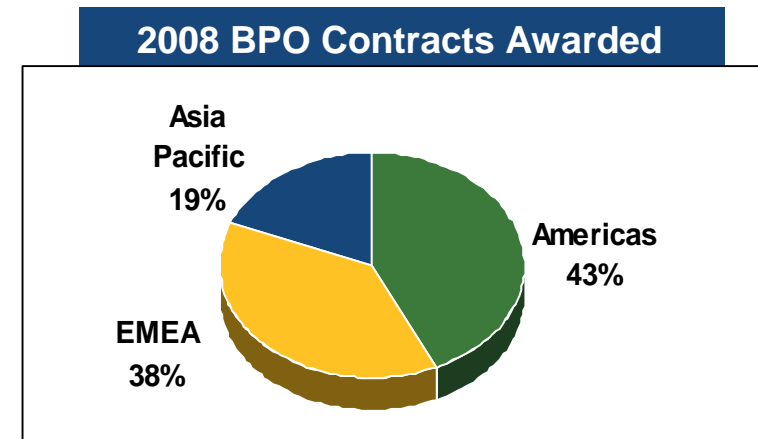
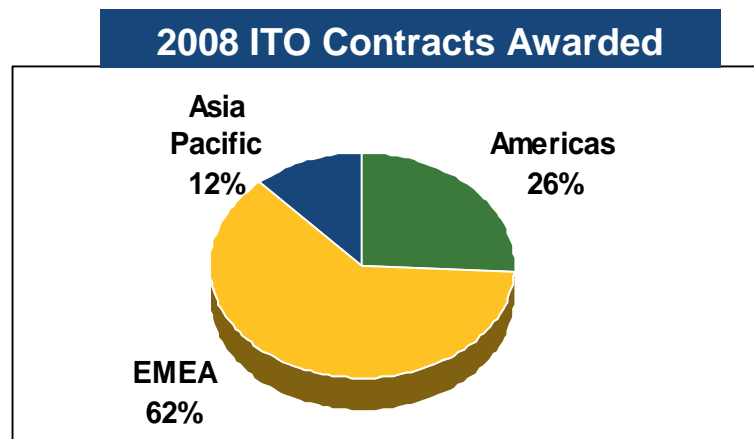
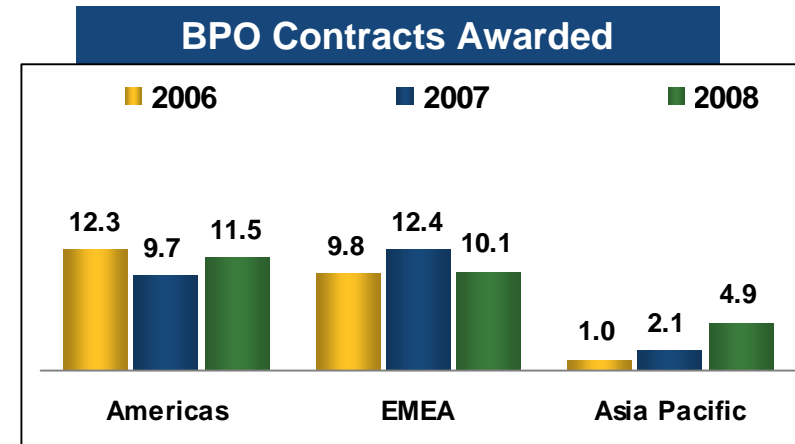
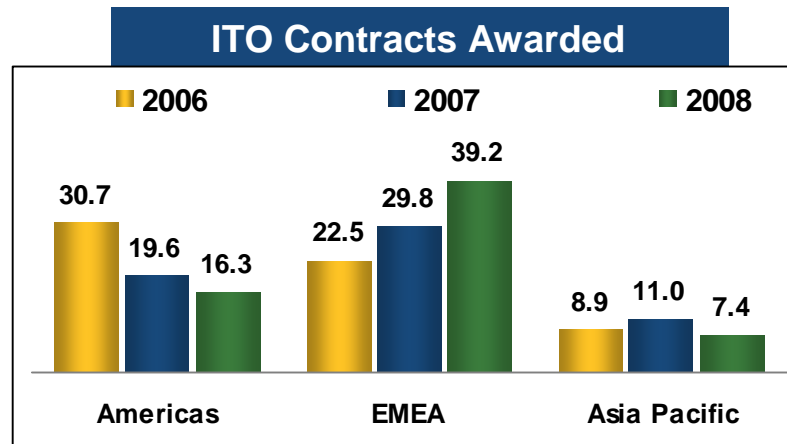
Half-Year Comparison by TCV (\$B) of Contracts Awarded



Contract Award Trends by Region

Regional differences most distinct in use of ITO and BPO

Annual Comparison by TCV (\$B)

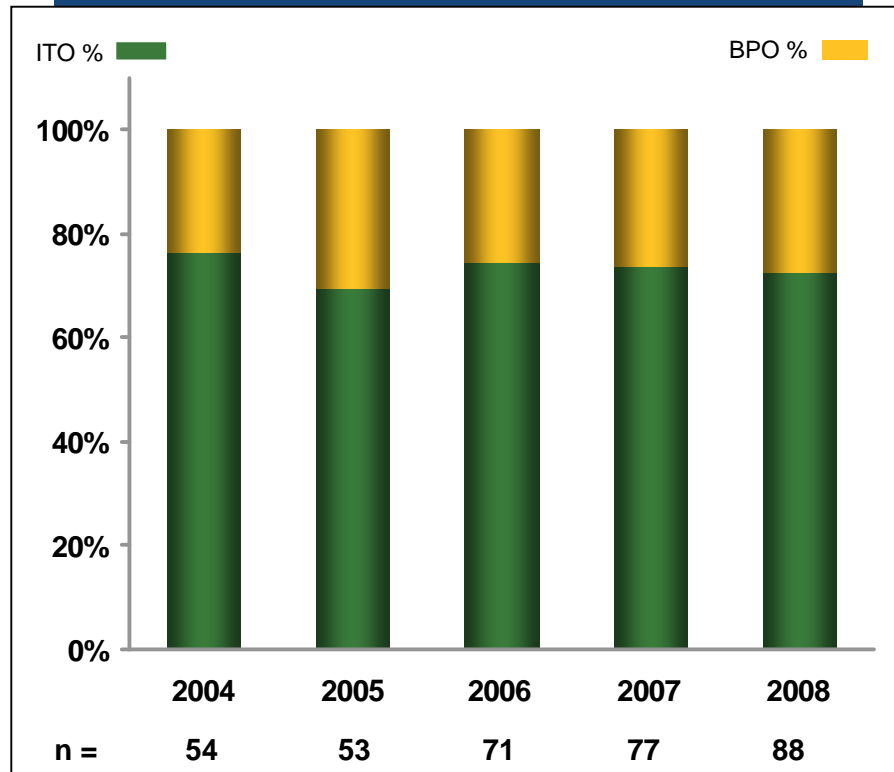


Total Contract Value > \$25M

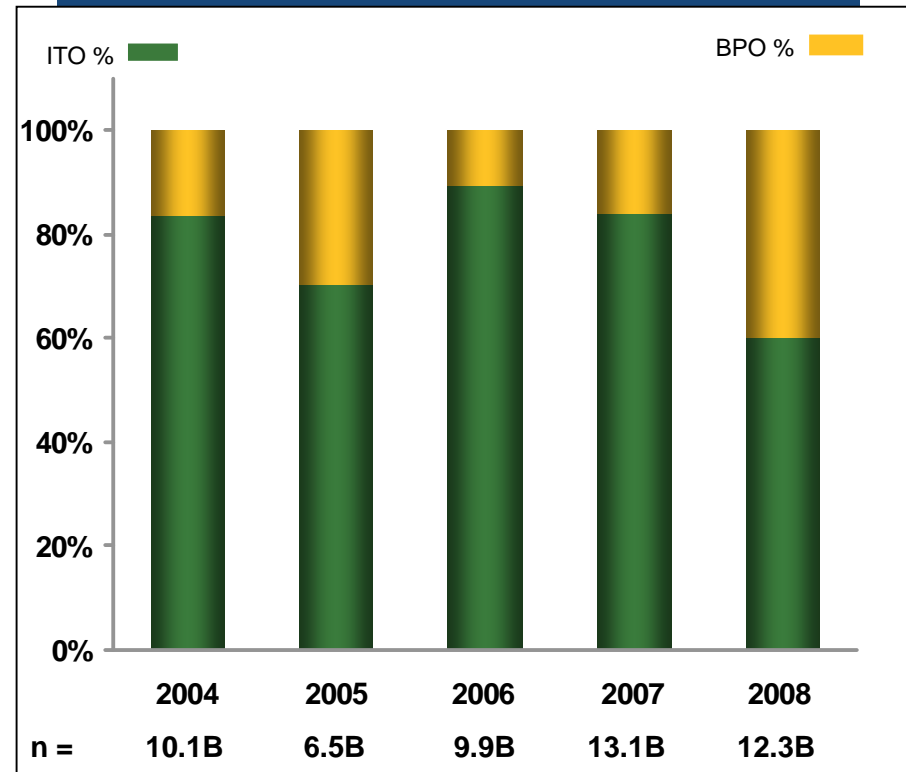
Asia Pacific Broader Market

BPO spike in 2008 driven by two captive acquisition mega-deals

Number of Contracts
Asia Pacific Industrywide Contracts



TCV
Asia Pacific Industrywide Contracts

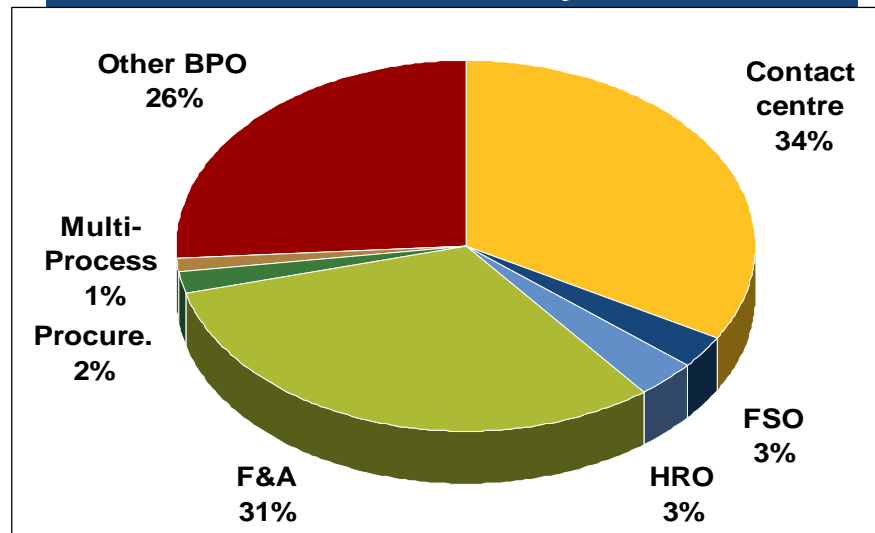


Total Contract Value > \$25M

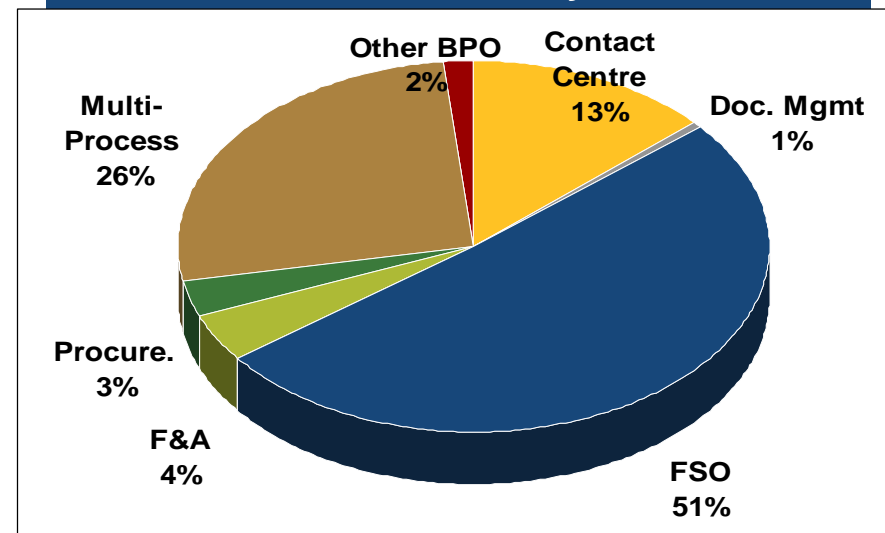
Asia Pacific BPO Market Trends Comparison

Contact centre services continued pace hidden by FSO and Multi-Process mega-deal activity

**Asia Pacific
2007 BPO Function Share By TCV Awarded**



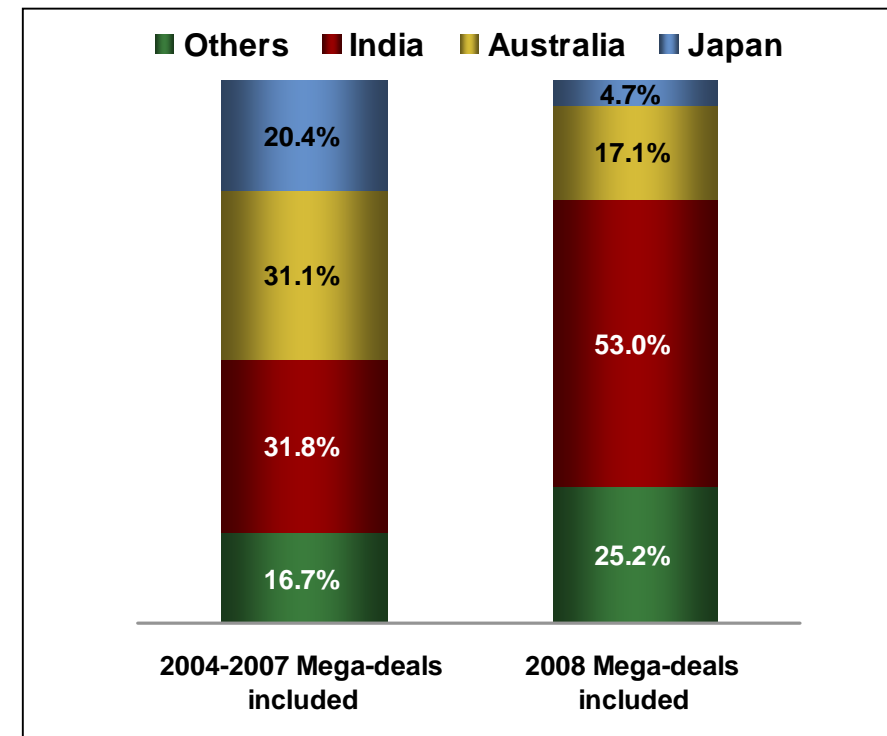
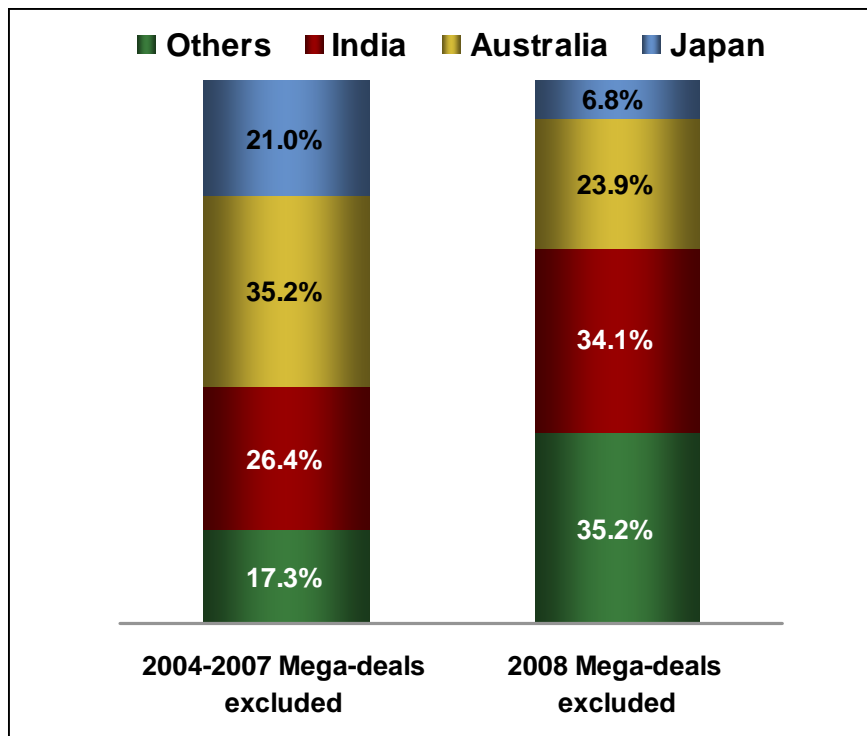
**Asia Pacific
2008 BPO Function Share By TCV Awarded**



Asia Pacific Broader Market Country Comparison

With and without mega-deals India lead regional growth in 2008

% Market Share of TCV (\$B) of Contracts:
Industrywide Asia Pacific Contracts With TCV > \$25M



India share grew largely at Australia and Japan's expense in 2008

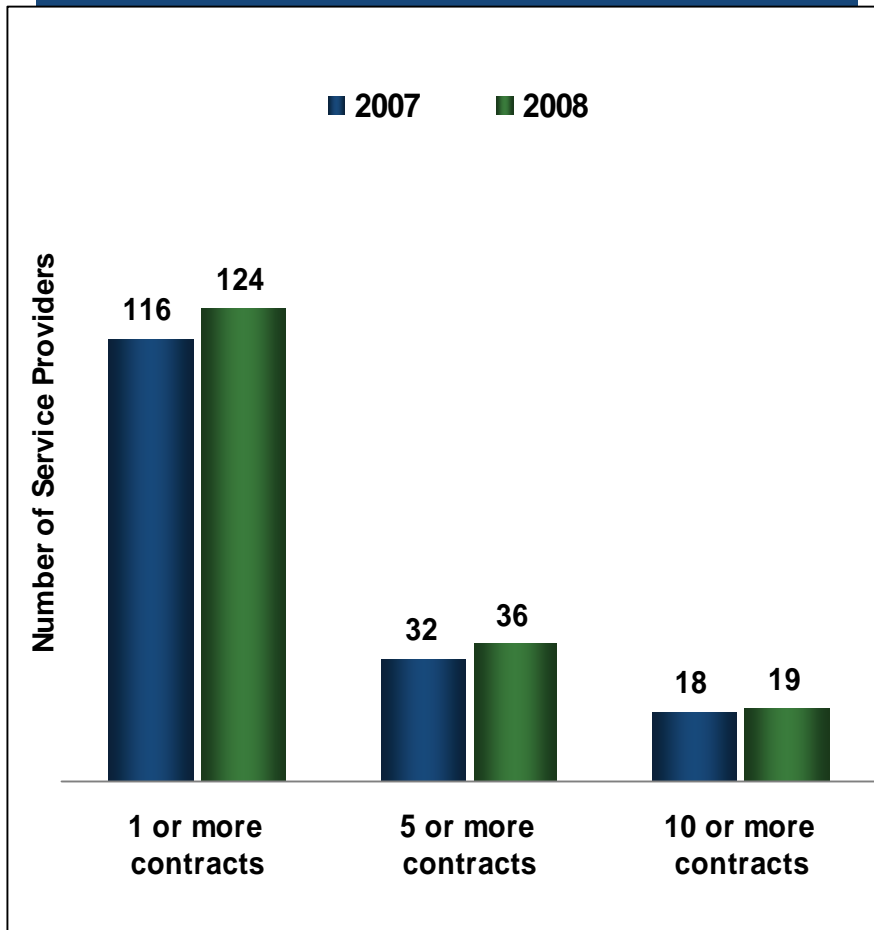
Fueled by mega-deals, India accounted for over 50% of region's TCV for the first time

Rounding may produce +/- 1%

Global Service Provider Diversity Trends

India-heritage providers continue to be in ranks of most active service providers on a global basis

Industrywide Contracts With TCV > \$25M: 2007 vs 2008 Comparison



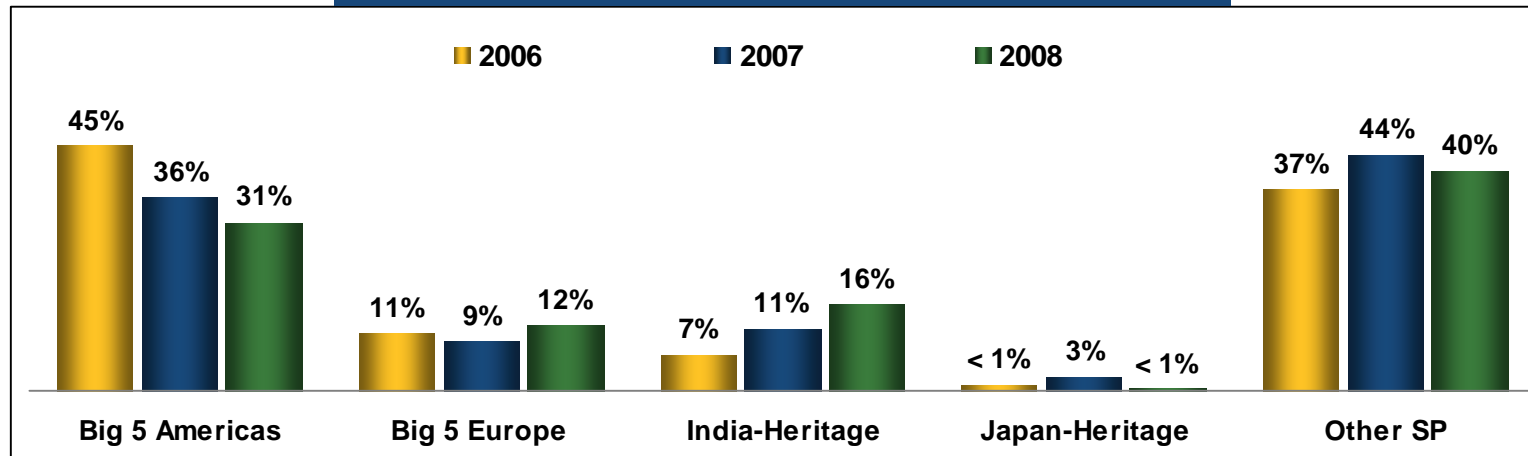
2008 Service Providers with > 10 Commercial Awards with TCV > \$25M



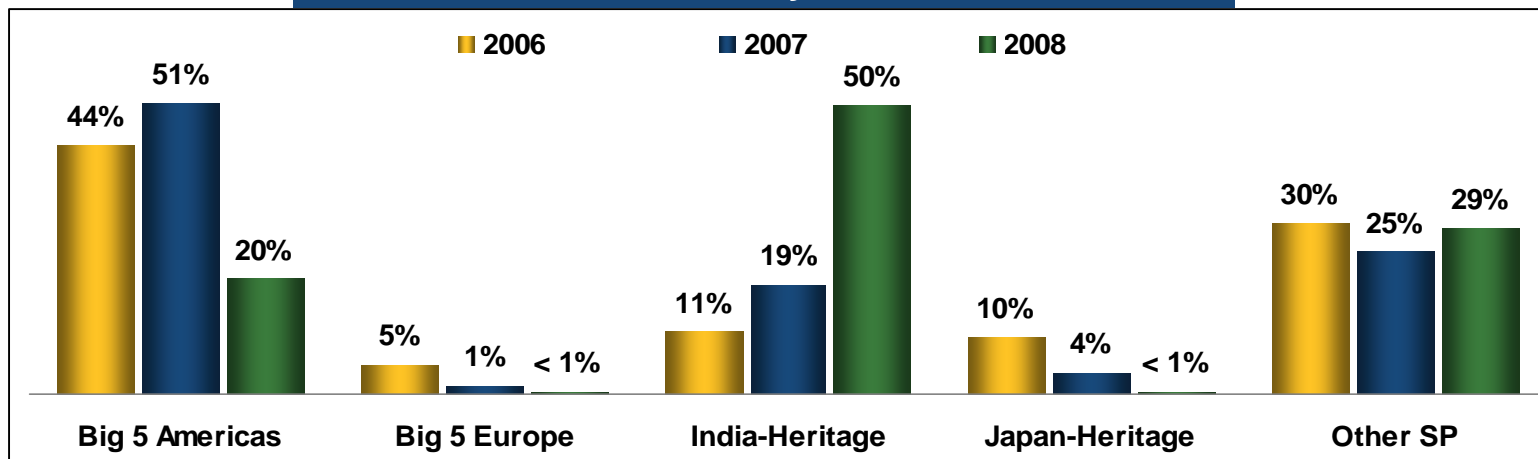
Service Provider Market Share

India-heritage firms continue their growth and have higher penetration in Asia Pacific than their global average

Global TCV of Industrywide Contracts > \$25M



Asia Pacific TCV of Industrywide Contracts > \$25M



Increased Focus on Business Resiliency

India takes steps to perceived threats and to protect its preferred offshoring destination status

Business Concerns of Buyers

- Service provider corporate stability
- Currency fluctuations
- Security
- Data privacy
- Geo-political unrest

Mitigation of Perceived Risks

- Review of contract agreements
- Realignment of work among multiple service providers
- India government support of service provider industry

A Look Ahead in Asia Pacific

2008 events and results set the stage

As we enter 2009 . . .

- Softness in larger-valued contracts
- Small-contract activity remains high
- Continued consideration for offshore captive acquisitions
- Challenges confront India
- Redoubling of effort by other AP countries to capture opportunities as preferred outsourcing location

2009 Outlook

- Recession and effects of India-based challenges will affect awards in 1H09
- Globally TCV in 1H09 likely to be softer than 1H08
- Large and diverse service provider industry poised to respond to challenges
- Business case for outsourcing remains strong
- A defining year for the industry



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