

Dear Outsourcing Professional:

TPI assists clients from all corners of the world with their outsourcing decisions. Our global perspective gives us insight into the different and ever-changing dynamics that clients in different parts of the world face as they consider and make outsourcing decisions. Our TPI Momentum Market Trends & Insights 3Q09 Geography Report combines the insights and observations of the global TPI advisor community with our industry-leading databases to provide information that service providers can use to navigate the nuances of the various geographies in their go-to-market strategies.

Our intent through this report is to provide a comprehensive view of the factors that influence the outsourcing market within 29 individual countries. Each chapter includes an overview of the business environment, recent trends and developments, and the sourcing climate within each country. Our market data details the changes in market size, spells out where the opportunities for future outsourcing growth exist, compares the penetration rates of the service providers in this market, and summarizes recent contract activity.

New to this report is the TPI Outsourcing Viability Index™ which compares 115 countries on the attributes service providers and clients look for when evaluating potential service delivery locations. Service providers and market watchers can evaluate the strengths and weaknesses of each individual country on six dimensions that address a wide variety of topics, from the caliber of the workforce to the political and economic stability of the country – and many factors in between.

The TPI Momentum Market Trends & Insights Geography Report goes beyond basic country profiles to identify the specific issues that impact sourcing activity in the market, such as national labor laws that may encourage or discourage outsourcing, government incentive programs available to service providers who establish delivery centers, to tips on where and how to pursue prospective customers in the country.

The Market Trends & Insight Reports™ are part of the TPI Momentum suite of offerings, which clients can apply to their specific needs. For example, through the AskMomentum™ offering, the data within this report can be re-run to create deeper, more specific information about buyer trends and behaviors that a service provider can apply to its market or customer go-to-market strategies. Other custom research, database queries and advisory services are also available. Please contact us to comment on this report or to discuss in more detail how specific findings may affect your business. We can help you achieve your organizational goals with our objective advice, industry knowledge and trend analysis expertise.

Sincerely,



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Report Overview

The TPI Momentum 3Q09 Geography Report is organized and presented to answer two basic questions:

- Where are the opportunities to sell outsourcing services in each region and within each individual country?
- What are the advantages and disadvantages to operating delivery centers within each country?

To provide a unique perspective germane to our industry, TPI Momentum created the TPI Outsourcing Viability Index™, an analysis tool that combines data from a variety of sources to rate each country on its ability to support outsourcing activity. The result is a comprehensive ranking of 115 countries that enables readers to easily compare countries based on the advantages and challenges of doing business there. Countries receive an overall ranking and are scored separately on six dimensions that contribute to the outsourcing climate (see the box below for more details).

Dimensions of the TPI Outsourcing Viability Index™	
Dimensions	Business Issues Addressed
Education & Workforce	What is the size, availability and quality of the workforce able to work in a professional services environment?
Infrastructure & Technology	Is there a strong infrastructure and is the country/region prepared to leverage it for business benefit?
Legal & Regulatory Environment	How do the tax, legal and regulatory environments favor elements important to the outsourcing business?
Political Stability	How likely is the political climate to pose threats to a company's ability to provide continuous service to internal and external clients?
Economic Stability	How stable is the overall economy and how conducive is it to doing business?
Sourcing Environment	How mature is the outsourcing industry?

The 3Q09 Geography Report puts the results of the inaugural TPI Outsourcing Viability Index rankings into context by providing extensive information about trends in regional and national markets, the business, cultural and regulatory drivers and barriers in each country, outsourcing sales penetration rates, including TPI's exclusive calculation of available market opportunity. It identifies service provider market share leaders in each country profiled, lists companies in the country that spend the most on outsourcing and presents data on contract activity for specific service lines. We include market intelligence about recent delivery center activity, including information about available incentives for locating delivery centers in specific cities, states or countries.

More than 300 tables, charts and graphics show where outsourcing opportunities lie in worldwide markets, and the analysis and insight from TPI researchers and advisors provide the perspective service providers seek to convert these opportunities into business.

Description and Highlights of Each Report Section

Each of the six major business regions of the world -- Africa, Asia-Pacific, Europe, Latin America, Middle East and North America is covered in its own chapter of the report, and each regional chapter further includes additional chapters for 29 individual countries. Spending levels, marketplace competition, shifts in delivery center activity and other aspects of the outsourcing industry are each covered at the global, regional and national levels. Here are the highlights of what each chapter covers:

The **Executive Summary** presents report highlights, including summaries of regional outsourcing spending from 2001-2009, growth rates and TPI Momentum's calculation of the total available outsourcing contract revenue available in each region. The section introduces the top 29 countries for outsourcing viability and discusses the general business and specific sourcing industry trends that TPI advisors are observing in each region.

Regional Summaries present the complete TPI Momentum Outsourcing Viability Index rankings for each country in the region as well as the latest TPI data on outsourcing spending and contract activity. TPI Advisor insight from TPI-led outsourcing engagements provides the basis for the chapter discussions on how to sell effectively in the region, including details about what drives client decisions, where new delivery centers are being located, which service lines are being shifted into and out of the region, and much more. The six Regional Summary chapters also provide comprehensive regional market data, including overall spending levels, contract activity broken down by service line and client company size, the projected market opportunity and graphical representations of how the sourcing environments of each country in the region compare to each other.

Country Chapters combine insight from TPI Advisors who are actively assisting client firms with outsourcing initiatives in the country with exclusive data about market activity and analysis of how economic, political and cultural developments influence sourcing activity. These chapters give executives what they need to know before deciding whether to perform ITO and BPO work in the country or pursue business there. Each chapter shows how the country stacks up to regional and global competitors at a glance and provides in-depth information about the market, its drivers and its obstacles.

- The **Business Environment** section discusses general business conditions such as the labor force, infrastructure, economic and currency stability and regulatory environment, and profiles major business centers.
- The **Trends and Developments** highlights topical developments that could impact the outsourcing industry, such as incentive programs for establishing delivery centers, changes in tax policy, developments in leading industries and companies and infrastructure projects that could improve the country's attractiveness as a delivery center destination.
- The **Sourcing Climate** section combines TPI exclusive data with personal experiences from TPI advisors to provide an insider view of buyer behavior and delivery center activity within the country. The section includes **Delivery Center Observations**, which discusses where delivery centers are being located, how different regions and cities are competing to attract businesses, workforce issues and operating costs, and what service lines are being administered in the country. The **Buy-Side Observations** section gives visibility into what sales strategies are winning customers, what buyers look for in service providers and preferred service terms, based on TPI Advisor experience in recent engagements.

The insight and analysis is followed by pages of data presented in easy-to-read graphics that paint a clear picture of outsourcing activity and potential in the country. The information shows where the country is positioned on the TPI Outsourcing Viability Index and provides a quick point of reference for comparing the country to others in the region and the world. The following section describes the report in more detail, and includes actual data and analysis from select country chapters.

What You Will Learn By Reading This Report

The report includes summaries of the outsourcing climate, developments and challenges for the six major regions of the world -- Africa, Asia Pacific, Europe, Latin America, Middle East and North America -- plus in-depth profiles for the following 29 countries:

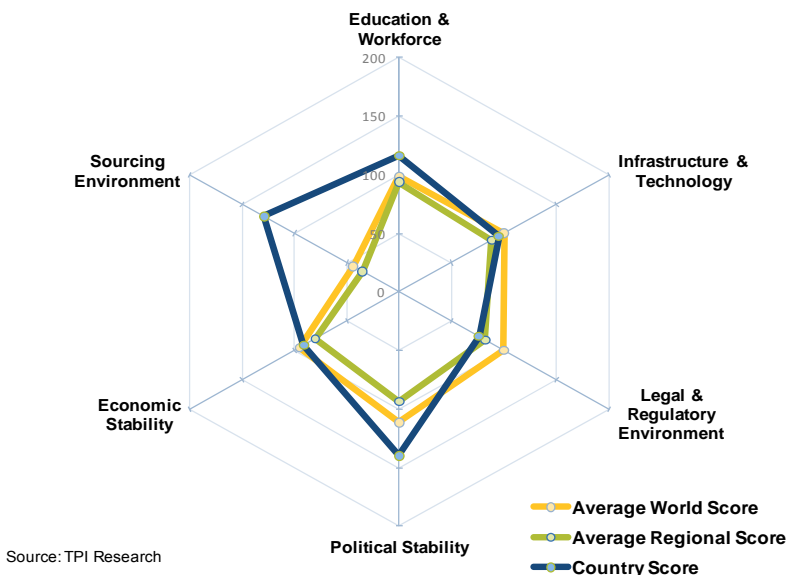
Argentina	Costa Rica	Malaysia	Switzerland
Australia	Denmark	Mexico	United Arab Emirates
Austria	Egypt	The Netherlands	United States
Belgium	France	The Philippines	United Kingdom
Brazil	Germany	Singapore	Vietnam
Canada	Guatemala	South Africa	
Chile	India	Spain	
China	Japan	Sweden	

TPI paints a picture of the latest trends and developments that are taking place in each country so you can make informed decisions about your go-to-market and service delivery strategies. For each country profiled, the reader will gain a comprehensive understanding of the current business and sourcing trends that are affecting the outsourcing market as well as answers to key questions that influence go-to-market strategies and the location of delivery centers.

In the following sections, the bold copy highlights what each chapter addresses and the text and graphics that follow are actual content from the report. The countries being referenced have been concealed to protect the confidentiality of the report.

What are the strengths and weaknesses of this country in terms of outsourcing viability relative to other countries in the region and across the world?

TPI exclusive graphics such as the spider chart shown below make it easy to see each country's strengths, weaknesses, and positioning relative to others in the region and the world.



What do TPI Advisors see happening within delivery centers in the country, and what advice to they have for service providers?

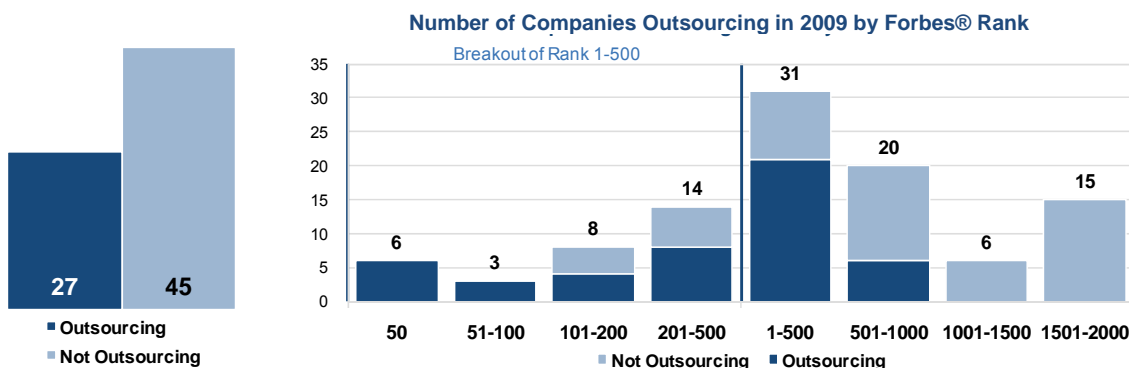
Actual report content: According to government figures, more than 75 percent of the top companies in this country have already set up shared services centers, which promote the country as one of the biggest BPO and shared service growth markets. TPI observes that many companies that have adopted captive shared services do so without full functional transformation and often experience limited success.

Despite the growth in captive shared services centers, this is definitely not the delivery country of choice for service providers because of its restrictive labor laws, fairly high cost of living and unfavorable foreign exchange rates. The drivers for delivery centers in {country} are language requirements and cultural preferences. In companies where the native language remains the official language, there are limited possibilities for certain services (e.g., service desk) to be moved nearshore or offshore without a perceivable reduction in language skills and resultant service satisfaction. Given the cost constraints, however, nearshoring and offshoring are quite normal, primarily in the Level 2 and Level 3 Support areas where local language and customer-facing skills are less critical and where there is less risk of compromising information that is protected under the country's data privacy laws. Large local companies that fear negative press may also prefer service delivery from a local delivery center, or from one located within the region.

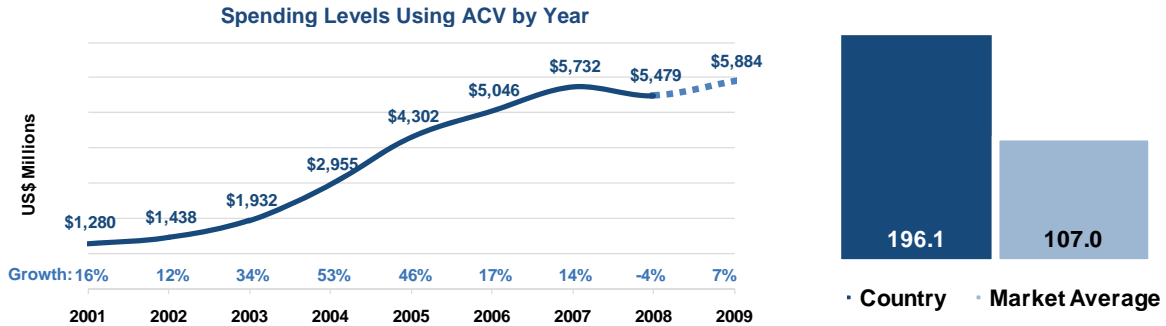
{Part of country} is more cost-competitive than other areas of the country and companies should evaluate whether establishing structured, front-office delivery centers there could provide a competitive advantage.

Some India heritage service providers have clearly articulated their intentions to further penetrate this market. As part of their growth strategies, some seek transactions where employees are transferring and establishing small delivery centers in the transfer location to retain these new employees and build out their local capabilities. Otherwise, most service providers appear to continue to consolidate operations and move them nearshore and offshore, and they are not likely to grow significantly within this country.

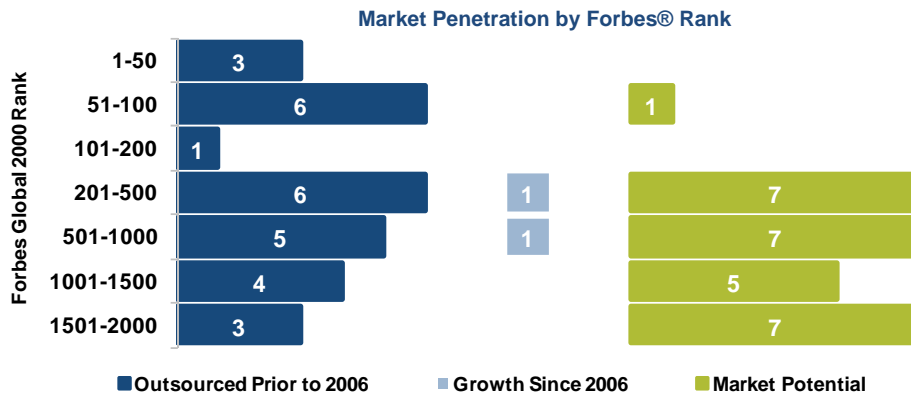
How many G2000 companies are headquartered in this country, how do they compare in terms of size, and what is their track record for outsourcing?



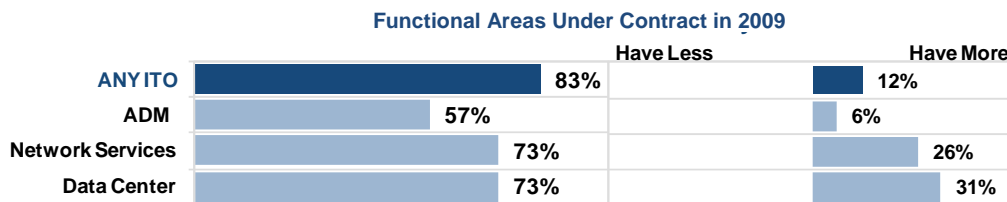
How much do the G2000 companies headquartered in this country spend on outsourcing, how has this changed over time, and how do average spending levels per company compare to those of other countries?



Which segments of the market are the most active outsourcers and in which are there the greatest number of prospective buyers?

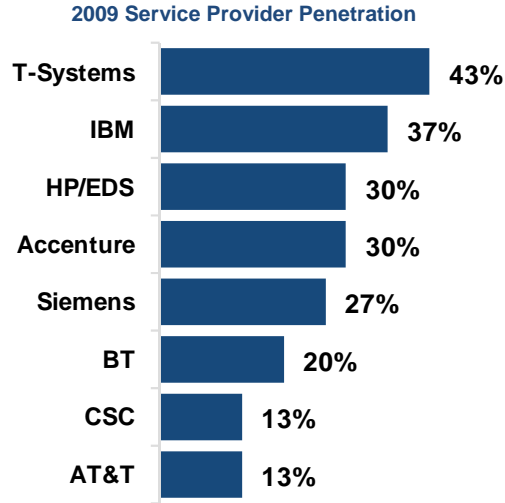


What types of outsourcing services are G2000 companies headquartered in this country buying?

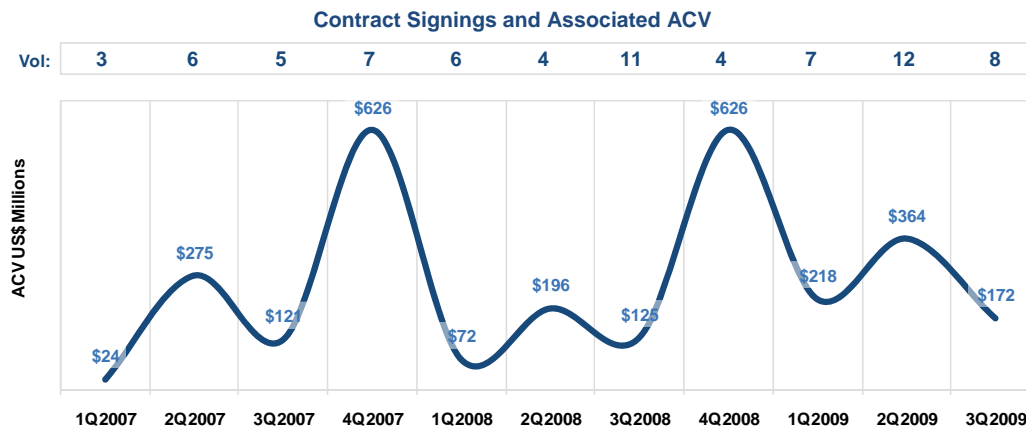


Note: the actual report provides this data for 17 different ITO & BPO service lines.

Which service providers have the strongest foothold among the G2000 companies headquartered in this country?



How many contracts have gone to market in this country recently?



What do TPI advisors observe that I need to understand when selling to clients in this country?

Companies in {country} require a comprehensive understanding of the value that a service provider brings and will seek to understand key drivers of a transaction in a very analytical way. The client's requirement for a high degree of precision and strong analytical capabilities during the pursuit process, however, do not always fit with the culture and the capabilities of a service provider's sales teams.

Clients in this country are probably more risk averse compared with many other European countries, especially the banking and financial services industries, which are strictly regulated for risk management.

Clients often have difficulty initiating change. Assessments are a very useful tool to pinpoint areas where organizations can focus efforts to reduce time, resources and costs or to improve quality. The assessment results usually provoke dialogue and are especially effective for establishing relationships with procurement departments. TPI has observed that several service providers have offered free functional F&A and HR assessments to gain access to clients in this country.

Given the current challenging economic conditions, where companies are focused on managing costs while simultaneously increasing flexibility and positioning themselves for the upturn, larger organizational change initiatives to address gaps or low-performance issues are becoming increasingly popular. This might lead to client centers of excellence for outsourcing, where multiple types of outsourcing and different service providers are being integrated and leveraged as far as possible. This in turn requires flexibility in service delivery models, business process management and governance structures from service providers.

The market is maturing along clear trends where older staff augmentation models and exclusive, long-term relationships are being put aside in favor of true sourcing of services and the introduction of landscapes with multiple service-providers. Clients clearly want to buy flexibility in terms of services, volume-variable pricing and aggressive termination rights. In response, service providers are developing what they call "dynamic services," which help them to add or reduce capacities quickly, depending on clients' needs.

In terms of services, there is a definite shift in focus to include applications and not to simply focus on infrastructure. First of all, clients want to understand their application landscape. Then they want to consolidate it and — potentially — outsource Application Development and Maintenance to a professional service provider. When they transact, environments with multiple service providers appear to be more the norm.

Purchasing departments in many of the large multinational corporations headquartered in this country continue to exercise broad control over the procurement activities across the enterprise. Prospective service providers must not overlook the relationship to the parent company as well as prospective client affiliates. These organizations can be contacted when prospecting, and in many companies, their role has become more important during the past years.

Get the Whole World View

The preceding examples are just a small sampling of the market intelligence, data and graphics presented in the TPI Momentum Q309 Geography Report. The complete report has more than 250 pages and 300 graphics to point you to the best opportunities in the world for your business.

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Research Sources

TPI Contracts Database

TPI maintains an extensive database of ITO and BPO contract activity. Every contract in the database has a TCV of \$25 million or more. TPI captures a tremendous amount of detail on these transactions, and the database serves as an excellent research tool. The Contracts Database is the source of the quarterly [TPI Index](#) and the TPI Momentum Contract KnowledgeBase information product.

TPI Index

The TPI Index is based on the TPI Contracts Database mentioned above and provides a detailed analysis of the current state of the global outsourcing market. It is the authoritative source for marketplace intelligence related to outsourcing, including transaction structures and terms, industry adoption, geographic prevalence and service provider metrics. Every quarter, TPI executive leaders host the TPI Index webinar in the Americas, EMEA and twice yearly in the Asia-Pacific region to discuss recent trends, such as which regions and industries are on the sourcing upswing and how total contract values are fluctuating in the mega-deal and broader markets.

Pervasiveness Research

The Pervasiveness Research focuses on the Forbes® Global 2000 companies (G2000) and is based on its 2009 rankings. This research marries G2000 contract activity as identified within the TPI Contracts Database with specific G2000 companies. In short, the Pervasiveness Research allows TPI Momentum to examine the detailed sourcing activity of G2000 companies on a company-by-company basis since 1991. This includes their annual spending levels, the service lines for which they have active contracts, the service providers that currently serve them, etc. Aggregating this data by industry provides TPI Momentum with market-level insights such as penetration levels, adoption levels by service line, average ACV per company, service provider market share and many other relevant statistics. The result is an extensive and very powerful database that allows for deep segmentation of outsourcing activity by vertical spanning back to 1991. This TPI Momentum Market Trends & Insights Verticals report segments the Pervasiveness Research using the 27 Forbes® vertical industry classifications and reveals trends in market spending, service provider market share and market opportunities.

TPI Outsourcing Viability Index™

Every client and service provider has its unique approach for evaluating a country as a possible service delivery location, but there are several evaluation criteria that are typically included in these evaluations. TPI Momentum has developed a research model that compares the viability of outsourcing across 115 countries using a set of common evaluation criteria. This model includes a total of 23 weighted evaluation criteria built around six areas of focus, which we call dimensions. The six dimensions are: Education & Workforce, Infrastructure & Technology, Legal & Regulatory Environment, Political Stability, Economic Stability and Sourcing Environment. The end result is a model that allows for the identification of the comparative strengths, weaknesses and rankings of 115 countries' outsourcing viability.

About TPI Momentum

TPI Momentum, a business unit of TPI, provides information and insights to outsourcing and offshoring service providers to help them offer enhanced services to their sourcing clients. TPI Momentum offers a suite of capability and strategy services and information products to the service provider community. The program includes services and information products that target areas for service provider improvement and highlight trends that will shape tomorrow's sourcing marketplace.

TPI Momentum specializes in offerings that will help service providers to secure objective, qualitative, global sourcing market information and insights that they can use to deliver better services to their clients, enhance their competitive edge and position themselves for long-term success.

Capability and Strategy Services

- **Operations Analysis.** Analyzes service providers' functional or operational capabilities and compares them with market standards.
- **Service Effectiveness.** Determines the overall effectiveness of the service provider delivery for a specific client.
- **Sales Effectiveness.** Analyzes capabilities and strengths of service provider's delivery and performance to prospective clients.
- **Advisory Services.** Provides customized advisory services and custom research.

Information Products

- **TPI Momentum Market Trends & Insights Reports**[™]. These quarterly reports help TPI Momentum members and subscribers maximize their market development efforts through access to objective, reliable and detailed sourcing data and insight — from a market overview perspective through to the transaction level.
- **TPI Momentum Contract KnowledgeBase**[™]. This product helps TPI Momentum subscribers analyze detailed information about sourcing contracts. The insight supports subscribers in enhancing their market intelligence by increasing their knowledge of contracts coming available during the next year, and it helps them focus their business development teams to pursue tactical opportunities.
- **TPI Index Insider.** This product, published twice each year (January and July) provides strategic insight into the global sourcing industry so service providers and other parties interested can interpret recent market developments details. The report describes the findings presented in the TPI Index and delves even deeper, providing supplemental insight into the findings highlighted on the calls.

Custom Research Services

TPI Momentum offers custom research and services to TPI Momentum clients. These services can be based on a deeper look into the information presented in TPI Momentum information products, such as the Market Trends & Insights Reports™ or the TPI Index Insider, or they can be based on specific TPI Momentum client requests. If our standard offerings do not fit your needs, we can customize information products, research programs and advisory services for you. Some examples include:

- **AskMomentum™**. Executives require information as they develop business and marketing plans, strategize ways to position themselves in the market and better understand their competition's strengths and weaknesses. Review your business objectives with TPI Momentum and we'll develop a plan to obtain the answers you need. TPI has a wealth of market data — including proprietary databases on contract awards, mergers and acquisitions, new captive center development and expansion activity, and geographic expansion by service providers — to support decision makers. Consider our professional researchers an extension of your marketing and market intelligence teams.
- **Strategic Research**. If the answers that your executives need require deeper insight than our research team can answer with current TPI Momentum products, we can support your targeted strategic initiatives with custom research. TPI Momentum combines the knowledge and experience of our advisor community with full-service research capabilities to address your business challenges.
- **Pursuit Effectiveness Index™**. Winning business is the key to success for every service provider, but no service provider is able to win 100 percent of the business it pursues. To better understand trends in how effectively your company pursues business, TPI Momentum captures and will compare your results with the market at large or a peer group to identify areas of strength and potential improvement.

To learn about these or other TPI Momentum services, please contact:

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