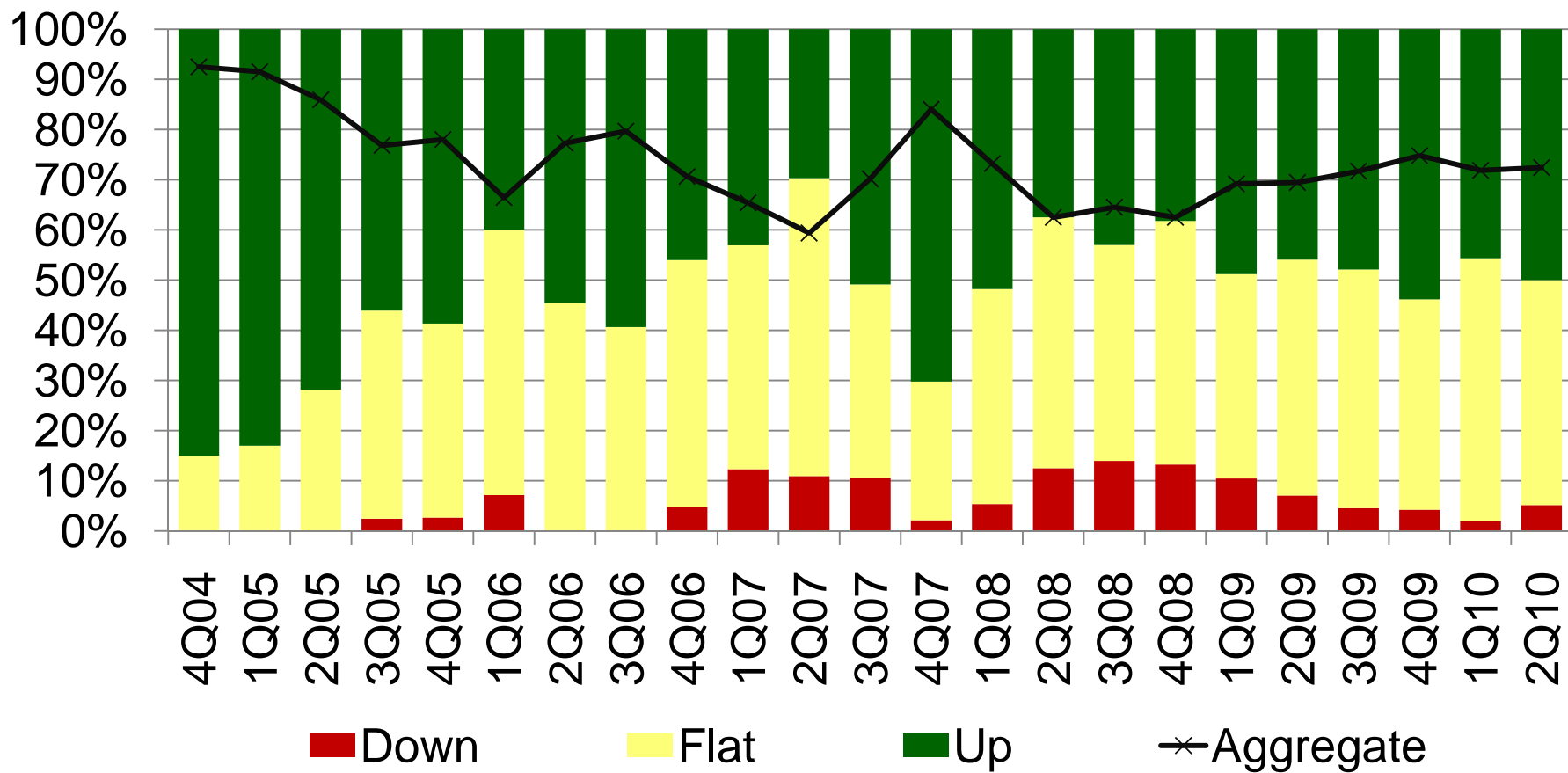


EquaTerra Advisors: Demand

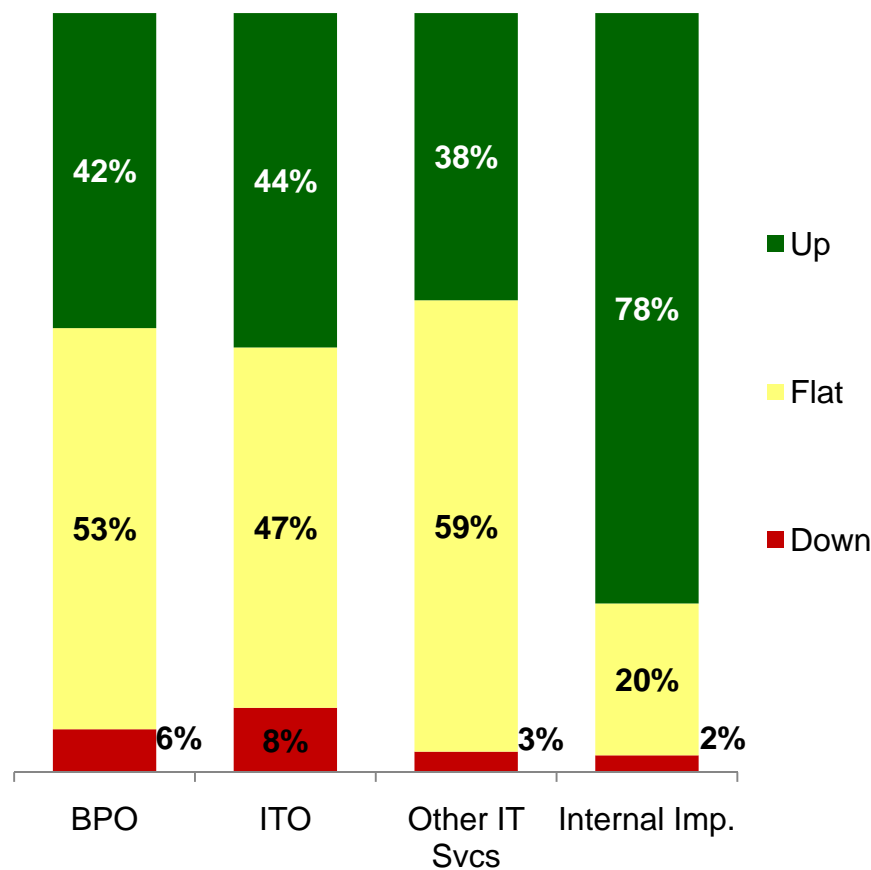
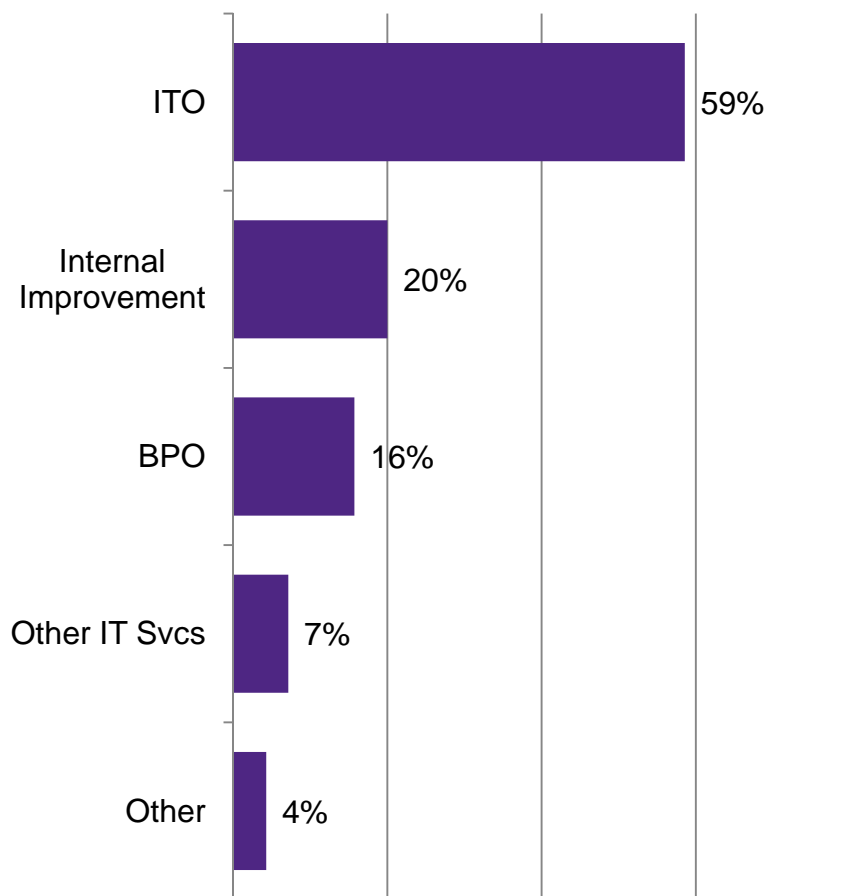
Category	Measure	Levels	2Q10 vs. 1Q10	2Q10 vs. 2Q09
Market Demand	Up	50%	4%	4%
	Flat	45%	-7%	-2%
	Down	5%	3%	-2%

Deal flow for third-party business and IT outsourcing services remained choppy 2Q10 according to EquaTerra advisors polled. While inherent outsourcing demand remains positive and is growing overall, many buyers remain cautious and conservative in their efforts especially when it comes to making upfront investments and entering into complex deal arrangements. Buyers continue strenuous efforts to reduce operating costs and overhaul service delivery models, with internal process improvement and alternative delivery models like shared services gaining in importance as change agents. Cloud computing models, especially Software as a Service (SaaS), are generating significant interest among buyers both as a complement to and in lieu of traditional outsourcing, but most buyers are still assessing cloud computing opportunities and defining overall strategies.

EquaTerra Advisors: Total Market Demand



EquaTerra Advisors: Demand by Service Delivery Model

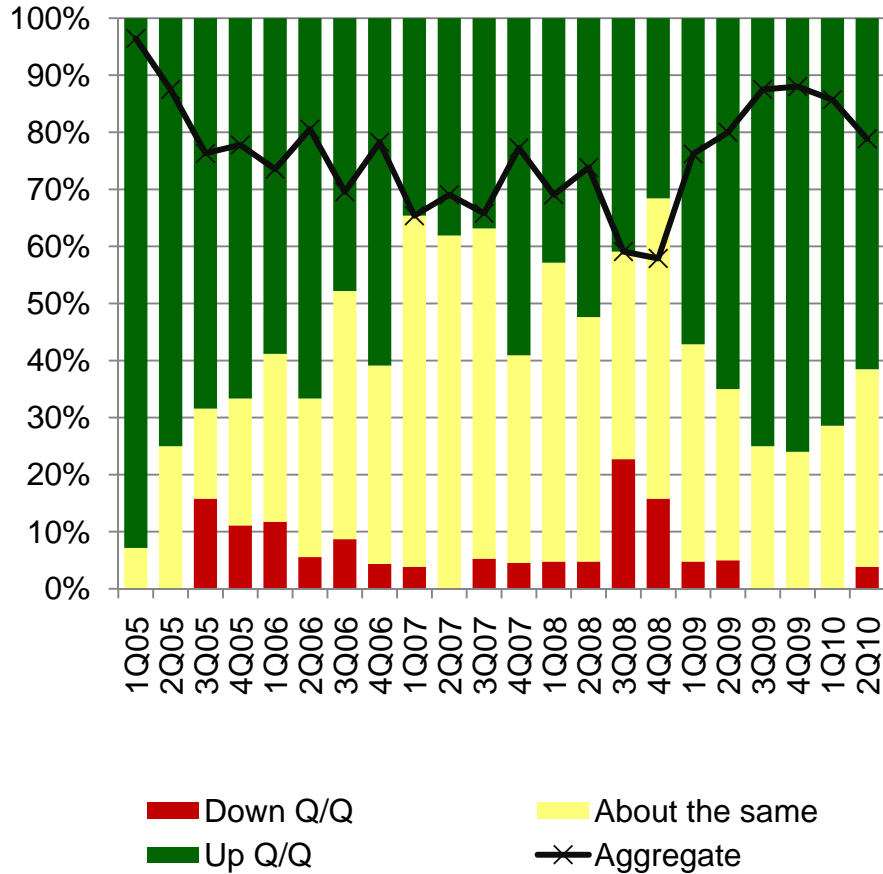


Service Providers: Pipeline and Future Demand

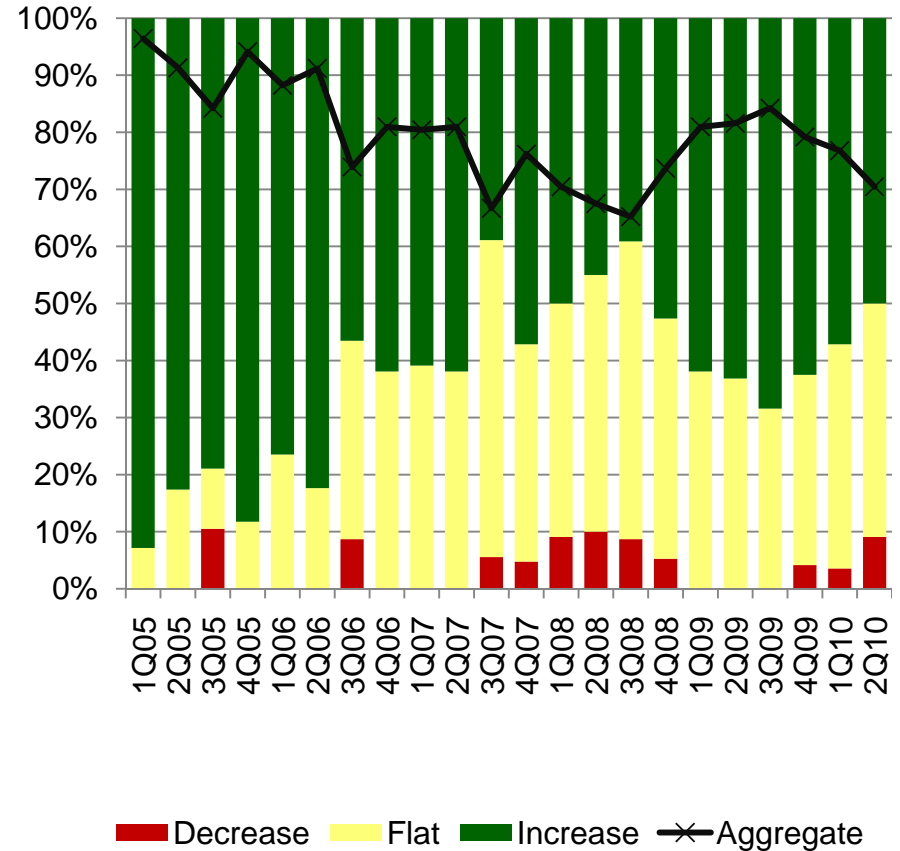
Category	Measure	Levels	2Q10 vs. 1Q10	2Q10 vs. 2Q09
Pipeline	Increasing	62%	-10%	-1%
	Flat	34%	6%	5%
	Decreasing	4%	4%	-4%
Demand Next Quarter	Increase	50%	-7%	-13%
	Flat	41%	2%	4%
	Decrease	9%	5%	9%

Business and IT service providers polled 2Q10 were less optimistic on current and near-term demand for outsourcing. While overall market demand continues to grow, the time and effort it takes to close deals on favorable terms and conditions remains high. Improving existing contract profitability is challenging as is expanding scope with existing clients. Demand for non-outsourcing services like consulting and packaged software services remains weak for most providers. While all providers cite long-term opportunities to make money off buyers' cloud computing initiatives, it is unclear which providers will benefit the most and how much these new revenue streams will offset declining traditional systems integration work and potentially the loss of some traditional outsourcing business.

Service Providers: Current Pipeline and Demand Next Quarter



**Service Providers:
BPO/ITO New Deal Pipeline Projections**



**Service Providers:
Demand Trends Next Quarter**