

FOR IMMEDIATE RELEASE

Contact: Tracy Van Buskirk
DeMartine Group
(203) 221-2790
tvanbuskirk@demartinegroup.com

**\$118 Billion in Outsourcing Contracts Up for Renewal between 2006-2008,
According to New Everest Research Institute Report**

**Growing Competition among Suppliers Creating Buyer's Market
for IT and Business Process Outsourcing Services**

DALLAS, July 28, 2006 – The major outsourcing services providers face a changed marketplace, as many first generation outsourcing deals, estimated at \$118 billion in annualized contract value (ACV), are set to expire in 2006-2008 and new suppliers position themselves aggressively for this business. Approximately one-quarter of these deals have already been renewed, based on confirmation by key suppliers in Q1 2006, but the majority of these contracts, valued at \$88 billion, have not.

“Our analysis revealed that more than 40 percent of these deals face a medium to high risk of being restructured, which opens the door for new suppliers,” said Vipul Taneja, Market Research Analyst, Everest Research Institute. “This restructuring risk reflects key structural changes in the marketplace.”

The report found that in IT outsourcing, buyers are seeking to unbundle outsourced work among multiple suppliers as they move away from awarding IT infrastructure and applications, maintenance and development (ADM) under a single, large contract. The business process outsourcing (BPO) market is experiencing the exact opposite trend. Buyers of BPO services are seeking to combine distinct processes within a given area, such as benefits and payroll in human resources, into one contract instead of outsourcing each process separately. In addition, buyers are beginning to bundle processes with their associated IT applications into the BPO contract, such as HR information systems technology becoming part of an HR BPO deal as opposed to a pure ADM deal.

“Against this backdrop, the top three suppliers - CSC, EDS and IBM – face a bigger challenge than their competitors as they account for a significant share of the ACV up for renewal and potentially at risk for restructuring,” Kara Wyatt, COO, Everest Research Institute, said. “We see competition only heating up as the offshore players step into the fray. These newcomers now have the experience, cost advantages and critical mass to be serious contenders, and today’s buyers can no longer afford to overlook their offshore offerings as an option.”

About Everest Research Institute

Everest Research Institute (www.everestresearchinstitute.com) serves as a central source of strategic intelligence, analysis and actionable insight for corporate buyers, service providers and investors in the global business process outsourcing and information technology outsourcing marketplace. The Institute is dedicated to providing the global outsourcing community with the information it needs to build highly productive outsourcing relationships and programs, focusing on the drivers that are continually reshaping the industry landscape and analyzing how they impact member organizations and the success of their outsourcing strategies. The Institute's distinguished Board of Advisors, all senior executives and thought leaders in global outsourcing, oversee the Institute's research agenda to ensure that it fully supports the business information needs of corporate buyers, service providers and investors.

Everest Research Institute was established by the Everest Group, which provides strategic advisory services that help companies harness the power of outsourcing. Since its formation in 1991, Everest Group has served as business advisors for hundreds of IT and business process outsourcing transactions worldwide.

###