

FOR IMMEDIATE RELEASE:

**Technology Innovation is becoming crucial driver behind the future of
Finance & Accounting Outsourcing
*Everest Research Institute study: labor arbitrage no longer a differentiator; 83% of
FAO suppliers view technology as new critical component to success***

DALLAS, March 5, 2007 — Findings from a new Everest Research Institute study entitled “Technology Innovation – Delivering Higher Value in Finance and Accounting Outsourcing” reveals over 70 percent of Finance and Accounting Outsourcing (FAO) suppliers and the majority of experienced FAO customers view technology as playing a key role in ensuring the future success of their FAO environments.

The doubling in size of the FAO market over the past two years historically was fueled by cost arbitrage made possible by organizations offshoring many of their administrative accounting processes. Currently, over 80% of FAO contracts involve service delivery from offshore centers, largely from India, but also increasingly from the Philippines and Central and Eastern Europe. Given that labor arbitrage is a one-shot weapon, continuous improvement cannot be guaranteed by labor arbitrage alone. Consequently the new generation of FAO engagements are moving towards process innovation and continuous improvement enabled increasingly by technology platforms and bolt-on solutions. Eighty-three per cent of all FAO suppliers in the study stated the future role of technology as critical to their FAO success, with 60% planning end-to-end solutions for both order-to-cash and procure-to-pay solutions in the next one-two years.

“Additionally, customers are rethinking the rationale for retaining the support maintenance and development of their F&A systems,” said Phil Fersht. “They are now more confident in the maturing FAO market with the increased availability of supplier-owned tools, emergence of SOA standards and exhibit an increasing willingness to standardize on common processes and technology.”

The study reveals that 80 percent of FAO suppliers offer value and cost efficiencies through “add-on” technology tools to augment a buyer’s core F&A system. This is an emerging outsourcing trend that represents an important investment area for FAO providers and software vendors that work to facilitate end-clients in their FAO strategy. Non-intrusive to the buyer’s core F&A system, common “add-on” tools around the periphery of the existing system’s landscape include F&A application “wrappers,” workflow engines, interfaces, document digitization tools, analytics, and user portals and dashboards.

“Management reporting and analytics, accounts receivable and accounts payable are the top three F&A processes with maximum usage and applicability of technology,” said Saurabh Gupta, Research Director at the Everest Research Institute. “Order-to-cash and procure-to-pay represent strategic development targets for over 60 percent of the suppliers, as the processes are well suited for automation.”

The study also reports that IBM, Accenture, Capgemini, Genpact, HP, and Perot BPS emerge with the strongest FAO technology capabilities, based upon an assessment utilizing a four-dimensional framework of technology strategy, ERP capability, proprietary solutions capability and FAO experience.

To read the study in its entirety, a complimentary copy is available at www.outsourcing-center.com.

About Everest Research Institute

Everest Research Institute (www.everestresearchinstitute.com) serves as a central source of independent and objective strategic intelligence, analysis, and actionable insight for leading corporations, service providers, and investors in the global outsourcing and offshoring marketplace. The Institute addresses both business process and information technology sourcing topics, providing the global outsourcing and offshoring community with information that empowers highly productive, sustainable sourcing strategies and relationships. The Institute's distinguished Board of Advisors, senior executives and thought leaders oversee the Institute's research agenda to ensure that it fully supports the business needs of corporations, service providers and investors.

Everest Research Institute members receive access to unparalleled analytical and advisory services, including access to Everest analysts, in-depth reports on major outsourcing and offshoring topics, white papers on market-shaping events, and webinars designed to provide insight and information about important market trends. The Institute's wealth of knowledge and experience provides members with unique perspectives into today's marketplace and the competitive edge required to take advantage of emerging opportunities.

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