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**Maturing Finance & Accounting Outsourcing Market
Is Driving Innovation Beyond Labor Arbitrage**

Everest Research Institute study: Global buyers now looking to source skills from multiple regions; 77 Percent of FAO contracts have elements of offshore delivery

DALLAS, July 26, 2007 — Findings from a new Everest Research Institute study reveal that among all outsourced General and Administrative functions, Finance & Accounting Outsourcing (FAO) has the highest rate of global sourcing adoption, with 77 percent of contracts having elements of offshore delivery. As operating models continue to improve and output quality rises, more global buyers are looking to source a growing number of skills from multiple regions, and suppliers are driving innovation beyond pure labor arbitrage to remain competitive.

“The FAO market, enticed by labor arbitrage-driven savings, launched into a ‘rapid-growth’ phase beginning in 2002,” said Katrina Menzigan, Vice President, Everest Research Institute. “Today, the value proposition around offshoring in FAO is evolving in two key areas. First, we are seeing suppliers deliver on the promise of global sourcing by actively pursuing low-cost regions other than India, with Eastern Europe being a focus area. Second, Everest is increasingly seeing the inclusion of judgment-intensive processes, such as analytics and reporting, incorporated into the globally sourced components of FAO deals.”

The study, entitled “Global Sourcing in Finance & Accounting Outsourcing,” reveals that while labor arbitrage and productivity improvements can potentially save buyers between 30 and 40 percent on their direct-costs, these are one-time benefits which typically stagnate as the deal progresses. As such, buyers are seeking contracts with continuous improvement parameters and innovative sourcing models such as a combination of global sourcing, technology enhancements, and process improvements for optimal service delivery and ongoing cost savings.

“Now that buyers are looking beyond a one-time savings impact from labor arbitrage and sourcing their Finance & Accounting processes from a large, well-established pool of suppliers, they need to ensure careful evaluation to identify the solution that is best suited to their needs,” said Saurabh Gupta, Research Director, Everest Research Institute. “At the same time, suppliers need to boost their onshore resource base, invest in technological solutions and processes as well as develop expertise around key market segments in order to remain competitive and to provide incremental value to the buyer year on year.”

The study also recognizes key responsibilities for buyers. To identify a solution that fits their needs in this complex and competitive market, buyers must assess niche providers, delivery locations and global solutions. Buyers also will be responsible for co-driving

innovation initiatives, such as engagement structuring and management, throughout the project lifecycle.

To read more about the evolving global sourcing trends in FAO, an extract of the report 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.

Everest Research Institute is the research arm of the Everest Group (www.everestgrp.com), a global consulting firm that assists corporations in developing and implementing leading-edge sourcing strategies. Since 1991, Everest Group has served as the trusted business advisor for hundreds of IT and business process outsourcing transactions worldwide.

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