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**Everest Research Institute Survey: Captives Are Meeting
Cost and Service Expectations**

Parent and Captive Stakeholders Expect Additional Value Beyond Labor Arbitrage

DALLAS, September 13, 2007 — Results from a new Everest Research Institute survey reveal that more than 85 percent of the key executives surveyed believe that company-owned offshoring operations in India, known as “captives,” are delivering on cost savings and service expectations despite contrary opinions. The Institute will host a Webinar on October 11 at 8 a.m. CDT, to present survey findings and insights.

“Performance is not dependant on the size of the parent company’s operations or industry. Most captives are doing well, despite a few instances, and this survey proves the viability of this sourcing decision,” said Nihal George, Research Director, Everest Research Institute. “We also noted that early stage captives are more challenged in meeting parent company’s service level expectations, but we expect them to overcome these obstacles in the long run.”

The survey, entitled *Captive Value Diagnostic Study Market Update*, polled 102 key executives from global companies, representing both parent and captive stakeholders, with sophisticated captive operations in India across a wide-range of industry verticals from hi-tech to banking to telecom. The companies also had varying locations, scales of operations and functions undertaken.

“The majority of captives being able to meet performance criteria is an incremental step for the future of captives’ business models,” said Nikhil Rajpal, Vice President of Global Sourcing for Everest Research Institute. “Our research indicates they now have an opportunity to elevate their roles and provide additional value for the company. Parent stakeholders are giving captives support to step up their efforts and deliver beyond cost savings, which creates a multitude of growth opportunities.”

In addition to strong captive performance and confidence from parent executives that they can deliver more value, the survey highlighted insights on the areas captives should focus future delivery on, including:

- Parent stakeholders’ desire to enhance capabilities and attain added value, but first captives must master incremental improvements such as productivity.
- Parent executives do not consider adding scale as a top priority for captives in order to enhance their value.
- Twelve percent of executives are willing to sacrifice short-term cost savings in favor of enhanced value down the line.

The survey noted several key capabilities required for captives’ success, such as the need to invest in multiple areas in order to become more integrated and provide additional value. Areas

which stood out among parent executives include a need to focus on leadership skills and a need to build or enhance structured relationship management mechanisms.

“Parent stakeholders want leaders with strong influencing skills to eventually lead key initiatives, and truly enhance their significance within the overall organization,” said Rajpal. “To accomplish this, parent stakeholders must work with captives to establish value priorities and to evolve their capabilities, thereby reducing existing disconnects. Captives must view themselves as a partner in creating strategic value, and as a result, build depth in functional expertise and leadership.”

Following the *Captive* survey, Everest Research Institute will release *Comparison of Outsourced and Captive Solutions for Capturing Value from Offshoring* in October that will examine the relative cost of captives and third-party outsourcers plus additional sources of value.

The Webinar will take place on **October 11, 2007**, at 8 a.m. CDT; 1300 GMT; 6:30 p.m. IST. To register, please visit: www.everestgrp.com/Webinars.

To read more about the survey results, an extract of the report is available at www.outsourcing-center.com. To purchase a copy of the report or get information on other research services, please e-mail info@everestresearchinstitute.com or call +1-214-451-3110.

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 Group is a global operational strategy consulting firm with offices in such leading business centers as Dallas; Gurgaon, India; London; New York; Toronto and Melbourne. An industry leader since 1991 when we created the sourcing consulting category, Everest Group has earned a worldwide reputation for ongoing innovation as we help clients achieve maximum value from their operations, which includes sourcing strategy and implementation. Everest created the Everest Research Institute (www.everestresearchinstitute.com) as the central source of industry information. Please visit www.everestgrp.com and www.everestresearchinstitute.com for more information.

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