



NEWS RELEASE

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**RIMO model rapidly converging with Infrastructure Outsourcing:
Everest Group**

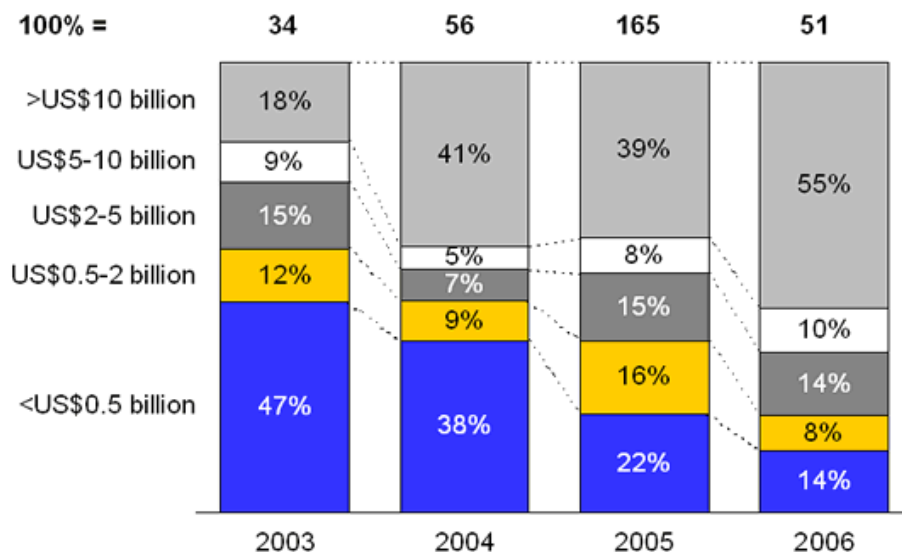
Indian Suppliers like HCL, TCS and Wipro going strong on RIMO

NEW DELHI. January 24 2008, Remote Infrastructure Management Outsourcing (RIMO) model is evolving rapidly and is showing signs of convergence with the traditional Infrastructure Outsourcing, according to a research by the Everest Group. This is evident from changes in pricing and buyer adoption. While medium-sized buyers (< US \$5 billion in revenue) drive more than a third of RIMO deals, RIMO suppliers are steadily moving from serving small and medium businesses (SMBs) into the "big league" focusing on larger buyer enterprises. In addition, about 60 percent of RIMO deals are bundled, multi-tower contracts, reflecting increasing buyer confidence in RIMO suppliers.

RIMO is one of the operational models in which infrastructure services are delivered in an outsourced environment. It is characterized by the adoption of an asset-light approach, where supplier does not acquire client's assets; labor arbitrage and usually smaller fractions of work being outsourced.

Deal distribution by buyer's annual revenue for RIMO suppliers

Percentage of the sample of deals analyzed



Shiraz Ritwik, Research Director, Everest Research Institute said, “RIMO deals have predominantly utilized input-based pricing mechanisms, reflecting the rather basic value proposition of labor arbitrage. However, RIMO suppliers are now beginning to adopt more complex pricing models and engagement approaches, which is most likely a result of inclusion of transformational IO services into the RIMO work mix”.

Shiraz Ritwik, Research Director, Everest Research Institute, also said, “A lot of RIMO suppliers are upping their delivery capabilities. Quite a few RIMO suppliers have acquired niche firms based in client geographies in order to augment capabilities or plug gaps in their services portfolio. In October 2007, Satyam acquired NITOR, a UK-based niche consulting firm providing Infrastructure Services, in order to augment their infrastructure consulting capability as well as leverage new client relationships in Europe. Earlier, Cognizant acquired Aimnet, a Boston-based niche network consulting and services firm. Wipro also acquired Infocrossing, a US-based IO firm, to leverage Infocrossing’s on-site datacenter presence for serving large ‘total outsourcing’ deals.”

Since offshore delivery is the predominant driver of the RIMO model, and this does not enjoy a high adoption in the US public sector, public sector buyers play a disproportionately higher role in traditional IO, accounting for 44 percent of the market by Annualized Contract Value (ACV).

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