



Newsletter - February 2009

Update on latest developments in Outsourcing in Australia and NZ during January /February 09

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Satyam gets more H1-B visas than Microsoft

WASHINGTON: It may be at the centre of India's biggest ever corporate fraud now, but Satyam Computer was issued more H1-B visas than any other company in the world except for two of its Indian rivals in the last fiscal. With a tally of 1,917 H1-B visas, Satyam was the third biggest recipient of these non-immigrant visas given by the US to skilled foreign professionals, after its Indian peers Infosys and Wipro in the fiscal year ended September 20, 2008. According to the data, compiled by the US Citizenship & Immigration Service, and released today, Satyam's share of H1-B visas is bigger than India's top technology exporter TCS, which is ranked fourth in the global tally with 1,539 visas. The country's second largest IT exporter Infosys tops the list with 4,559 visas, followed by third largest IT firm Wipro with 2,678 visas. The four Indian IT firms, occupying the top four positions, are followed by US-based software major Microsoft at the fifth position with 1,037 visas for the year. The US has capped total H1-B visa issuance in a year at 65,000, which was revised down from 1,95,000 about two years ago.

Telstra to look for F&A outsourcing

Unconfirmed sources told that Telstra might be planning to outsource its F&A. Incumbent vendors such as IBM, Infosys, HP (EDS-Mphasis) and Accenture might be consider to bid.

Walmart to outsource \$300 million worth of contracts to Indian BPO companies

Wal-Mart Stores Inc. (WMT) is considering outsourcing business processes to India in contracts worth \$300 million to \$500 million, The Economic Times reported. International Business Machines Corp. (IBM), Tata Consultancy Services Ltd. (532540.BY), WNS Holdings Ltd. (WNS) and Wipro Ltd. (507685.BY) are currently exploring this opportunity, the report said, citing an unnamed person familiar with Wal-Mart's outsourcing decision. "We expect Wal-Mart to structure these BPO contracts within 2-3 months; top officials at the retailer are currently in discussions," the report cited another unnamed person as saying. The contracts include non-core processes of procurement, merchandising, finance, accounting and payroll, the report said.

Rio to look more for BPO outsourcing

Unconfirmed sources told that Rio is coming up with a RFP for F&A and HR by Mid of Mar09. This is second phase of BPO offshoring which confirms that first round in which Rio outsourced some Procurement processes to Infosys went as expected.

India Lowers Taxes, Straining Finances as S&P May Cut to Junk

India reduced excise and service tax to revive economic growth, less than an hour after Standard & Poor's said the nation's credit rating may be cut to junk as government debt is reaching a level that's "not sustainable." Foreign Minister Pranab Mukherjee, facing criticism from opposition lawmakers for not unveiling fiscal stimulus steps in the interim budget on Feb. 16, lowered the excise duty to 8 percent from 10 percent today and the service tax to 10 percent from 12 percent. He also extended the 4 percentage point cut in central value added tax announced in December beyond March 31. The benchmark government bond yield climbed to a four-month high after S&P's warning and the government's tax handout that may push up borrowing costs. The lower assessment of India's creditworthiness by S&P may further spook foreign investors who are already exiting emerging markets. "India's policy makers appear to be pushing spending plans to the limit," said Nikhilesh Bhattacharyya, an associate economist at Moody's Economy.com in Sydney. "A wide funding gap will force the government to issue large amounts of debt, pushing up interest rates in the economy." Slashing Rates The Reserve Bank of India may follow the government's move today by slashing interest rates and injecting more funds into the economy to keep borrowing costs low and spur growth. Governor Duvvuri Subbarao told Mukherjee Feb. 22 that the central bank is constantly monitoring the economic situation and will take appropriate policy action. Subbarao on Feb. 18 said there's "certainly room" to cut rates in India. India's economy, buffeted by the global recession, may slow to 7.1 percent in the year to March 31, the weakest pace since 2003, according to the government. Subbarao kept interest rates unchanged in the central bank's scheduled policy review on Jan. 27 after reducing them to an unprecedented low on Jan. 2. The repurchase rate, which has been cut four times since October, is 5.5 percent and the reverse repurchase rate is 4 percent. Mukherjee on Feb. 16 unveiled a budget deficit of 6 percent of gross domestic product for the year ending March 31, more than double the government's target. The shortfall for next year has been forecast at 5.5 percent of GDP, the minister said, which will still force the government to borrow a record 3.62 trillion rupees (\$72 billion) during the year. The revenue loss from today's tax cuts will amount to 300 billion rupees.

Satyam buoyant; gets new business and offered funds

Mumbai: Satyam Computer Services will submit a plan to pick a strategic investor to regulators next week, and said on Saturday it had won work worth more than \$250 million since it was hit by the country's biggest corporate fraud last month. Chairperson Kiran Karnik said Satyam's revival was "on a fast-track mode", and another board member said banks were now approaching the company to offer funding. "The board today approved the process to be followed for inviting a strategic investor and decided to seek regulatory approvals early next week," board member Deepak Parekh said in a statement on Saturday. Parekh said the process would be detailed once it had regulatory approval. The government-appointed board is being advised by Goldman Sachs and Indian investment bank Avendus Advisors in its search for a strategic investor. On Thursday, Satyam won approval from the Company Law Board (CLB) to increase its authorised share base and bring on board a strategic investor through a competitive auction, with the option to also make a preferential issue of shares. The CLB said Satyam could raise its authorised share capital to 1.4 billion from 800 million, which could allow the board to sell a majority stake to an investor as Satyam's latest annual report showed it had 670.5 million shares on issue. Potential suitors that have declared an interest include India's top engineering and construction firm Larsen & Toubro, Spice Group and the Hinduja Group. Satyam, India's fourth-largest software exporter, has been battling for survival since January 7 when its founder and chairman Ramalinga Raju quit, revealing that profits had been overstated for years and assets falsified. Raju is in jail. Business in CEO A.S. Murthy, appointed earlier this month, said the outsourcing firm had won new purchase orders and work extensions worth over \$250 million since January 7. "More than half of this value comes from new purchase orders, which reinforces the confidence that customers have been sharing with us in our discussions," he said in the statement.

Offshoring Vendors Slice 15 Percent Off Some Deals

The Satyam scandal and the economic downturn have services providers more than open to deals, outsourcing experts say. Outsourcing service providers are shaving as much as 10 percent to 15 percent off existing contracts in order to keep their customers during these uncertain times, according to A.T. Kearney, a consultancy. In a white paper released this week, the firm notes that vendors have become more flexible in their pricing and are accepting lower margins on agreements. They're waiving some of their clients' start-up costs or amortizing those costs over the length of the contract. In some cases, they're extending credit and payment terms. What's more, service providers are agreeing to renegotiate existing contracts so that they don't lose business — a growing concern for an industry whose rapid growth earlier this decade has slowed in recent months. The outsourcing industry has taken many financial and reputational hits lately. Consolidation on Wall Street has especially hit the vendors hard, since financial-services firms provide 30 percent of outsourcing firms' IT and back-office business, according to A.T. Kearney. On top of that, offshoring firms are dealing with defending their stability as the accounting scandal at India's fourth largest service provider, Satyam Computer Services, continues to unfold and the country is still reeling from the terrorist attacks in Mumbai. As a result, says A.T. Kearney partner Uday Singh, outsourcers are hungry for work and have been giving their new and existing clients more of the upper hand over the past three months. "We firmly believe it's a buyer's market," Singh told CFO.com. To be sure, many companies have more immediate concerns than taking a fresh look at their outsourcing strategies or worrying about whether to take advantage of low-cost wage options like those offered in India. "Many companies right now are looking at mere survival, and saving 10 percent here or 5 percent there probably isn't going to be a deal breaker," says Phil Fersht of AMR Research. Besides the current paucity of buyers, outsourcers are dealing with economic uncertainty in their own countries, the higher value of the U.S. dollar, tighter competition, and President Obama's pledge to reward companies for not moving job overseas (although A.T. Kearney believes the administration will concentrate on manufacturing work and not IT and back-office jobs). At the same time, outsourcing vendors will be focusing their clients' renewed interest in pulling back on their risk comfort level. Companies don't want to put "all their eggs in one basket" and are spreading out their outsourcing risk among vendors and locations, such as the Philippines and Malaysia, Singh says. Moreover, customers are favouring more big-name, tier-one service providers following the Mumbai attacks. Customers feel that better-known vendors have more mature business practices and may have better security controls, Singh explains. "They don't cut corners," he adds. Some suppliers are trying to use India's problems to their advantage. China IT outsourcer Freeborders Inc., which is based in San Francisco, recently advertised "zero cost transition" for moving customers from Satyam to using its services. Satyam clients have been moving work to IT vendors they already have relationships with when they should be

further diversifying and considering new suppliers, Freeborders CEO Jean Cholka contends. Vendors themselves are looking to diversify. To expand their client base and put less reliance on any one industry, they may be more aggressive in making deals with companies relatively new to them to expand their customer portfolio, Singh suggests. Consumer-goods makers might be a prime new target, for example. From their point of view, companies aren't likely to automatically reward the cheapest-priced vendors, thinks Peter Allen, a partner and managing director for TPI, an outsourcing advisory firm. "Clients are tending to ask themselves whether the lowest-price approach doesn't introduce unacceptable levels of operational risk," Allen says. "Business resilience comes at a price, and these recent events accentuate the importance of paying that price."

Accenture eyes BearingPoint's Asia business

HONG KONG/BEIJING: Consultancy firm Accenture Ltd has hired Duff & Phelps to advise on its possible acquisition of the Asia business of BearingPoint Inc. BearingPoint Inc, which provides technology and management consulting services to the US government, filed for Chapter 11 bankruptcy protection on 18th Feb09. But BearingPoint has said that its overseas operations were not included in the US bankruptcy filing. BearingPoint declined to comment, while a representative for Accenture could not be immediately reached for comment. Accenture, a major competitor of BearingPoint in Asia Pacific markets, is in particular interested in BearingPoint's Japanese business and assets, said the sources who declined to be identified due to the sensitive nature of the discussions. Japan is the Asia Pacific headquarters of BearingPoint. The McLean, Virginia-based company, began as the consulting arm of KPMG LLP, and it employs about 15,200 people. In China, another key market for BearingPoint in Asia, the firm currently has roughly 1,000 staff. It is unclear how many employees BearingPoint has in Japan but the number of staff there is bigger than that of China, said one source. Late on Wednesday, top bosses of BearingPoint in Asia sent internal messages to its employees across the region, including Japan and China, to assure that the business and operations of the firm in Asia would continue without change. However, BearingPoint's Asia bosses have been approached by a number of rivals or funds, including Accenture, to explore merger and acquisition possibilities for a few weeks, said the sources. No agreement between Accenture and BearingPoint has been signed as Duff & Phelps has not completed its financial due diligence, which will be a key factor to Accenture's decision in any deal with BearingPoint, said one source.

Babcock & Brown to Shut India Shop

Babcock has a 13 member India team with offices in New Delhi and Mumbai. Australian investment firm Babcock & Brown, which poached eight key managers from ABN Amro India to set up India operations last year, is planning to wind up India operations. The firm is shutting India shop as the firm is selling assets globally, reports Economic Times. Babcock's India MD Manikkan Sangameswaran has that the firm has not received any formal communication in this regard. Earlier this month, Babcock was told by the creditors to sell all its assets to repay debt. The firm had a strategy of buying ports and property on credit, which imploded as the global financial crisis deepened. It is planning to sell the assets and hand over the proceeds to banks in next two to three years. Babcock has a 13 member India team with offices in New Delhi and Mumbai. The firm was planning to make private equity investments in infrastructure projects in India. The firm had raised a \$400 million fund aimed at investments in China and India. Babcock had also bid for 14 highway projects with Hyderabad-based Nagarjuna Construction Co. Ltd.

Assurant Inc. (AIZ) and Visa Inc. (V) snaps links with Satyam

Assurant Inc. (AIZ) and Visa Inc. (V) have served contract severance notices to Satyam Computer Services Ltd. (500376.BY) in the last two weeks. "I would have been surprised if some of the clients had not left after a fraud of such magnitude broke at Satyam," said newly-appointed Satyam Chairman Kiran Karnik, according to the report. Assurant, which insures a range of things from credit cards to trailer parks, has moved the work to another Indian software firm Zensar Technologies Ltd. (504067.BY), the report said. The report also said several other clients, including Coca-Cola Co., Nestle SA, BP Plc, Tesco Plc and Cigna Corp. are reviewing, closely monitoring or devising contingency plans regarding their relationship with Satyam.

NAB cuts ties with Satyam

NATIONAL Australia Bank is poised to sever ties with Satyam Computer Services of India. NAB executives have cancelled the second phase of a massive outsourcing project contracted to the troubled IT services provider. The decision is also likely to result in working visas being revoked for the 100 staff Satyam brought to Australia to support the project. NAB would be exposed to significant corporate risk if it proceeded with the second wave of the information technology outsourcing initiative, NAB technology services general manager Craig Bright told staff at a briefing yesterday. However, according to a NAB spokesperson, the second wave had been suspended, not cancelled. No timeline was provided. "Until the longer term future of Satyam becomes

clearer, NAB will suspend all work currently in the early stages of transition to Satyam. This work will continue to be carried out by NAB employees. "As the longer term future of Satyam becomes clearer in coming months, NAB will consider whether to continue to transition this work to Satyam or another offshore supplier," the spokesperson said. NAB announced the decision in separate briefings to its staff and Satyam employees at Melbourne's Telstra Dome yesterday. At the meeting the bank did not outline backup proposals following the decision to drop Satyam. NAB chief information officer Michelle Tredenick has previously told staff there were several contingency plans to deal with situation. The bank has publicly committed to continuing with the first wave of outsourcing, but it is understood that behind the scenes NAB executives are scrambling to find ways to stop dealing with Satyam altogether. It would either bring the technology functions back in-house or outsource them to another firm. The Australian recently reported a number of problems that plagued NAB's outsourcing experience with Satyam. The bank retrenched about 50 employees last year as part of the early stages of ITO Wave 2, and had previously scheduled another round of redundancies in March.

Visa misuse irks US, BPOs likely to be hit

Washington: The outsourcing row between India and the US is once again hotting up with US senators Richard Durbin and Chuck Grassley saying they suspect foreign companies, including Indian IT firms, of abusing US L Visas. L Visas are issued to MNCs and foreign companies who want to transfer employees to their offices in the US from other countries. But unlike the H1B visa, it's not as strict with labour laws. Durbin questions how firms that get a large number of H1B visas also manage to get many L Visas. In a recent statement he says, "I find it hard to believe that these L visas are being used appropriately, when many of the same companies are some of the largest employers of H1-B workers. It's clear that foreign outsourcing firms are abusing the system and we can't let that continue." According to information put up on Senator Grassley's website, several prominent Indian companies feature in the list of top L-Visa applicants. These include IT heavyweights Tata Consultancy Services, Satyam and Wipro. "I'd like to know how many American workers these companies hire compared to the number of foreign workers they bring in," writes Senator Grassley. But Commerce Minister Kamal Nath dismisses these concerns. He says short-term visas like the H1B, should not be perceived as a threat. "H1B is a win-win. It's not a concession, it's a business-to-business issue, not an issue between the governments," he said. NASSCOM too has reacted to the two senators' statements. While it admits the issue needs more attention, it says visa abuse is restricted to smaller Indian firms. Ironically, the senators' allegations come at a time when the US Senate attempts to revive an Immigration Reform Bill, which includes provision for increasing the number of H1B visas.

Infosys and IBM are leading the race to acquire Fidelity Investment Captive

MUMBAI Infosys Technologies Ltd. (500209.BY) and International Business Machines (IBM) are leading the race to acquire Fidelity Investments' captive IT unit. "IBM offered to pay around \$150 million while Infosys has indicated that it could pay up to \$180 million," the report quoted a source as saying. Fidelity outsources around \$50 million worth of projects to Infosys and IBM. Fidelity is a \$200 million customer, the report added. Although Wipro Ltd. (507685.BY) is also bidding for the unit, the report said.

Larsen & Toubro frontrunner to buy Satyam

Mumbai: Larsen & Toubro Ltd was likely to present a revival plan to the board of fraud-hit Satyam Computer Services Ltd, media reports said on Thursday. Larsen was a front-runner for acquiring the Hyderabad-based outsourcing firm, the Business Standard said. Institutional investors in Satyam such as Life Insurance Corporation and ICICI Prudential Life Insurance were supporting its bid, the paper said. Larsen, which holds about 4 per cent in Satyam, had earlier not ruled out the possibility of an alliance with Satyam once the investigations into the company's accounts had been done. The Economic Times, citing multiple sources in investment banking and government departments, said Larsen would put a price tag on its bid once KPMG and Deloitte had released restated results for Satyam. The paper also said telecoms software firm Tech Mahindra Ltd, a unit of Indian tractor and utility vehicle maker Mahindra & Mahindra Ltd, had emerged as a strong contender for Satyam and was keen on taking over the entire company. India's federal corporate affairs minister had said on Wednesday that many companies were interested in acquiring Satyam, without giving details. Kiran Karnik, one of Satyam's new government-appointed board members, said Satyam had received notice from two large customers that they were terminating their contracts, the Hindustan Times said. "Two large customers have given us notice on leaving but others are there and many of them have indicated that they would like to renew and expand contract," Karnik said in an interview to CNN-IBN. Karnik did not name the customers.

BPO sector awaits the Obama call

NEW DELHI: Over the past decade, the \$800-bn global technology services sourcing business has found new destinations, India being the largest. Technology services companies here employ over 2 million people and do a whole spectrum of retail to research tasks, overwhelmingly for the US companies. Hit by slowing demand for their services, Indian outsourcing firms could also face new challenges dictated by policy directives from US President Barack Obama. The industry, however remains optimistic that it will find new opportunities as its business model is too compelling to be impacted by political moves. "President Barack Obama's first job is to get the economy back on track and the country can't make choices to increase costs. American companies have to be competitive and India can help in reducing costs and time to market as well as providing better access to emerging markets," Nasscom president said. In his inaugural address, Mr Obama was unsparing in condemning the failed ideology of uncontrolled markets. He said the current economic crisis showed how "without a watchful eye, the market can spin out of control". So will there be controls on offshoring, that has in less than a decade or so helped save over \$100 billion for global businesses? NASSCOM's president argues that outsourcing may not be impacted, pointing out that job losses in the US are largely in the manufacturing and retail sectors, not in the technology space. According to data compiled by the US Department of Labour, the unemployment rate in the professional, scientific, and technical services sector dropped to 4.7% in December 2008, against 5% in November. In comparison, manufacturing sector had an unemployment rate of 8.3% in December 2008 and retail, 7.2%. Earlier during his campaign trail, Mr Obama had said that his government will provide tax breaks to companies that create jobs in the US and end incentives for those shipping job overseas. Indian outsourcing vendors are, however, unfazed. "What tax break can match the 50% cost savings that India can provide?" asked the chief executive of an Indian outsourcing firm, requesting not to be identified. Some players also opine that Indian outsourcing firms will find opportunities in the US once the bottom is reached and has to deal with slowdown challenges till then. "Mr Obama will find that India is a part of the solution. However, we will see the impact only once the bottom is reached. You can start setting your house in order once it's in a stable state. Till then, we have to find a way to keep our nose above water," said leading BPO Solutions MD. Another issue under scrutiny in the US is the usage of visas such as H1-B to replace American workers with foreign workers who are paid much lower wages. Indian IT services firms, among the leading users of the H1-B or the specialty worker visas, believe a new administration is unlikely to reduce the number of such visas. "If you look at Mr Obama's recent pronouncements, he has been talking about manufacturing jobs. So, where is the cause for worry? He may not raise the 65,000 cap for H1-B visas but he is unlikely to reduce it," said HR Director of another leading

outsourcing company. Other Companies prefer to wait and watch how Mr Obama deals with the economic challenges in front of him. "It's too early to say anything. We have to see what his plans turn out to be. It's widely understood that outsourcing increases productivity and creates more jobs. So, the impacts should be minimal. While the offshore business model is too attractive to be compromised, the Indian technology services industry will closely watch what's in store in terms of new policy guidelines.

US insurance co terminates contract with Satyam

WASHINGTON: A Fortune 500 American insurance company has terminated its contract with the scam-tainted Satyam Computer, rendering about 400 of its employees jobless, the media has reported. The State Farm Insurance Company has decided to terminate its contract with Satyam Computer following surfacing of a scam in the Indian IT company, reported the daily Pantagraph from Bloomington in Illinois, where the company is headquartered. The contract was terminated on Thursday. "The current uncertainties surrounding Satyam's future and potential impact to State Farm resulted in this decision," the newspaper quoted the company as saying. Satyam Computer, the newspaper said, has been a long-term vendor of the State Farm and is one of the several vendors which the insurance company uses for this type of IT work. As a result of the termination of contract, a large number of Satyam employees are likely to return to India because of their visa requirements.

Origin Seeks 'Clarification' From Wipro Over World Bank Ban

Jan. 14 -- Origin Energy Ltd. is seeking clarification from Wipro Ltd., which the electricity and gas retailer hired to revamp its retail business, on why the Indian software exporter had been banned from working for the World Bank. "Origin is aware of recent media reports regarding Wipro not being able to contract to the World Bank, and is seeking clarification from Wipro on the issue," the Australian company said in an e-mailed statement today. "Origin appointed Wipro and SAP AG as the official partners in the transformation of its retail business in late 2008." Bangalore-based Wipro said on Jan. 12 it was banned in June 2007 for four years for offering World Bank employees stock in its initial share sale in the U.S. in 2000. The purchase didn't violate any ethics or conflict of interest policies, Wipro said. "Wipro will work with Origin in coming years to provide an integrated billing system as well as information technology and back office processing support for the retail business," Origin said in a Oct. 30 statement. "Transition of process activities to Wipro will

commence in May 2009, with implementation of the transformation program expected to take around two years." Wipro's disclosure came after the World Bank decided to publish the names of all the companies it barred from contracts, including Satyam Computer Services Ltd., India's fourth-largest software exporter.

TCS bags chunk of World Bank projects serviced by Satyam

New Delhi / Mumbai / Bangalore, Jan. 13 Tata Consultancy Services (TCS) has clinched a "significant" portion of World Bank contracts that were previously serviced by Satyam Computer Services. A World Bank spokesperson told Business Line, "TCS has been hired by the Bank as an IT service provider and it is currently doing a significant portion of the work that had been performed by Satyam. The Bank's decision to debar Satyam was effective in September 2008 and followed a temporary suspension that took effect in February 2008." However, the Bank refused to divulge the size or the duration of these contracts saying they have never shared contract details to date. "It (the work mandate to TCS) has been happening over the last few months," the spokesperson pointed out. When contacted, TCS refused to comment on the deal citing silent period ahead of its third quarter result announcement slated for January 15.

Infosys Q3 net up 33% at Rs 1,641 cr (A\$ 533 Million)

Bangalore: Infosys Technologies, India's second largest software services exporter, today has reported a better-than-expected Q3 consolidated net profit of Rs 1,641 crore (A\$ 533 Million) for the quarter ended December 31, 2008 as against Rs 1,231 crore (A\$400 Million) in the corresponding quarter a year ago. According to a release issued by Infosys to the BSE (Bombay Stock Exchange) today, the Q3FY09 top line has increased 35.5% to Rs 5,786 crore (A\$ 1.88 Billion) from Rs 4,271 crore (A\$ 1.388 Billion) in Q3FY08, beating the recession blues which is clouding the global businesses. The Q3 diluted EPS (Earnings Per Share) is up 33% at Rs 28.63 as against Rs 21.47 a year ago. The operating profit for the third quarter was up by a healthy 45% at Rs 2,031 crore (A\$ 660 Million). On a sequential basis, the net profit has moved up by 14.5 per cent while the top line has increased by 6.7 per cent. The company was helped by the depreciating rupee even as it added 30 clients during the third quarter. The company which sets the tone for the Indian IT industry outlook has marginally upped its outlook for the current fiscal stating that its full year revenues will be up by around 30 per cent.

PS: Rs 1 Crore is equal to A\$ 325,000

World Bank names blacklisted Indian IT firms

Washington: The World Bank said on Sunday it plans to publish the names of all companies it bars from receiving bank contracts, and named three Indian firms. "There are currently three companies that (have) been debarred along with their affiliates under the Bank group's corporate procurement program," the bank said in a statement. It said it had barred IT company Satyam Computer Services for eight years and Wipro Technologies for four years for "improper benefits to bank staff". The bank said it also barred India's Megasoftware Consultants for four years in December 2007 for "participating in a joint venture with bank staff while conducting business with the Bank". India's No. 3 software company, Wipro Ltd, said on Monday the World Bank had determined in June 2007 the company would be ineligible for the bank's direct contracts up to 2011 citing a conflict of interest policy. Wipro said its revenues from World Bank were insignificant and the decision would not affect its business and results. It said the announcement was being made now under revised disclosure policies.

IBM announces Jackie's successor

IBM has appointed a seasoned campaigner to replace Jackie Korhonen as its Australia-New Zealand managed business process services vice-president. Jackie left the company in September, and Dominic McHugh, who has 22 years experience across various IBM's businesses, officially succeeded her the following month, an IBM spokesperson said. Mr McHugh was most recently on assignment in Zurich as strategic outsourcing base growth leader and large deal executive for IBM global technology services in Northeast Europe. He is in the midst of relocating to Sydney, an IBM spokesperson said.

Rio opts for CSC in \$70m outsourcing deal

October 28, 2008 RIO TINTO has signed off on one of its biggest outsourcing deals, selecting CSC for a five-year, \$70 million contract to provide support services for about 25,000 users. Rio appointed global strategic adviser The Hackett Group to audit the bids and decide which would deliver the best return on investment. CSC is understood to have taken on provision of service desk and desktop services across Rio's operations in the Asia-Pacific region and the Americas, which covers about 25,000 users. The services will be delivered from CSC's local operations. The deal does not include Rio's large businesses in Europe and the Middle East. The mining giant declined to comment on its outsourcing strategy and future technology plans, but it is understood that more functions have been earmarked for outsourcing in the next year as it looks to slash technology costs.

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