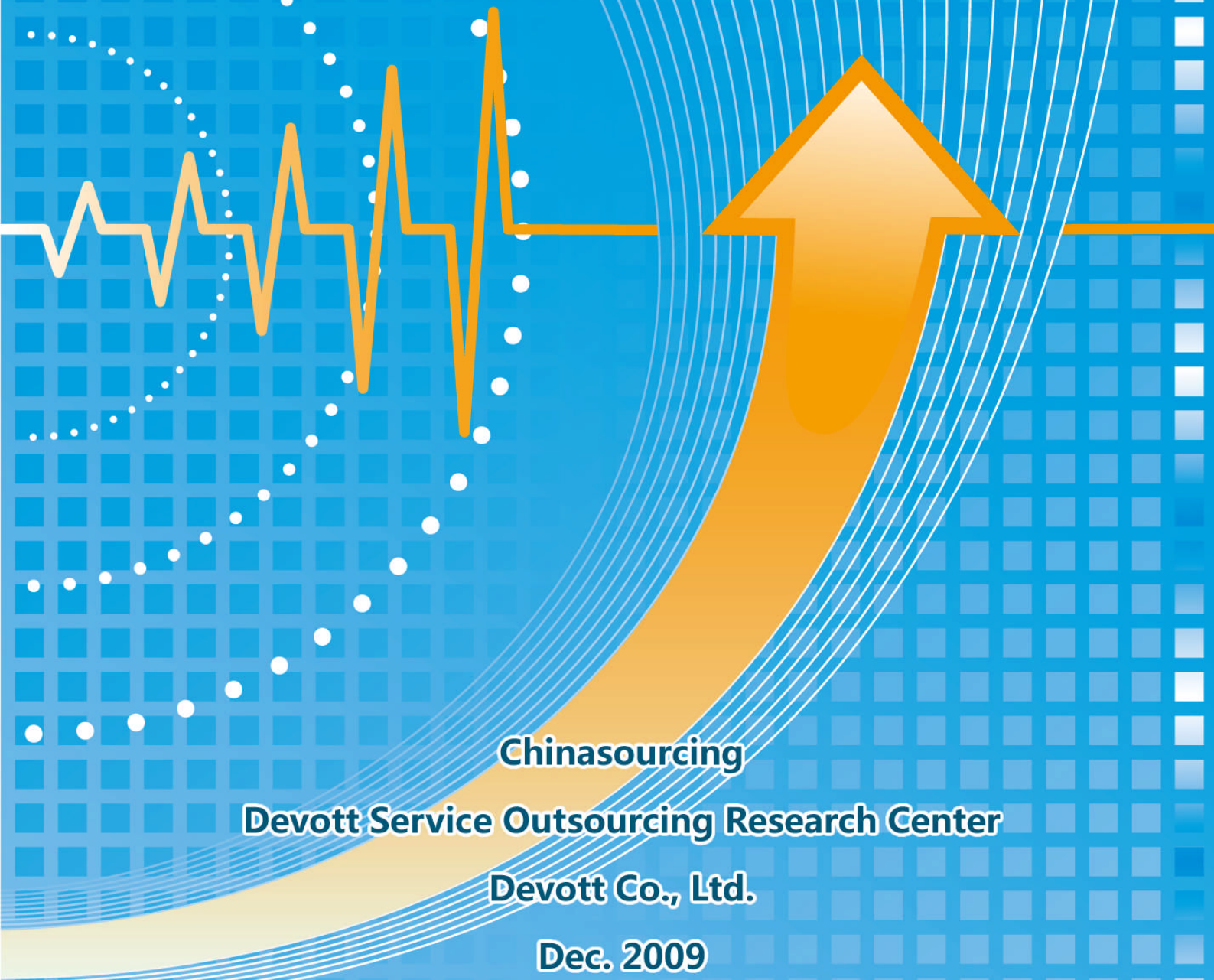




Forecasts and Suggestions on China's Service Outsourcing Industry —2010



Chinasourcing

Devott Service Outsourcing Research Center

Devott Co., Ltd.

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Preface

Verification ■ Forecasts on China's Service Outsourcing Industry—2009

In Dec. 2008, Devott released "*Forecasts and Suggestions on China's Service Outsourcing industry—2009*" and gave forecasts on China's service outsourcing industrial system and enterprise development patterns during the economic downturn. At the end of 2009, we are very glad to see that all of Devott's have been verified in different degrees:

Forecast One: Offshore service providers would return to the local market

Verification Index: ★★★★★

In 2009, the development of China's offshore service outsourcing market slowed down clearly, the market growth reduced by 6% to 22.9% compared with the forecast before financial crisis and the growth rate dropped by 4.5%. Offshore service providers began to set focus on the domestic market and thus China market has become their "home field"

Forecast Two: Government would issue more active and preferable policy to support the development of outsourcing enterprise

Verification Index: ★★★★★

In Jan. 2009, "Response to Issues on Promoting the Development of Service Outsourcing Industry" was released; In April, the "Revitalization Plan" was published; In September, the Ministry of Commerce of China issued the "Guidance on Encouraging Governments and Enterprises to Outsource Business to Promote the Development of China's Service Outsourcing Industry"

Forecast Three: The rising trend of RMB exchange rate would change

Verification Index: ★★★★★

Since 2009, to cope with the global financial crisis, bilateral exchange rate of RMB against the U.S. dollar basically move within 6.81-6.85 and RMB exchange rate generally keep stable at a reasonable and balanced level.

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Forecasts on China's Service Outsourcing Industry—2010

In the coming 2010, the global economy would continue moving in the debating of "bottom" and "recession"; "V-type inversion" and "U-type inversion". As an important means for enterprises to reduce cost, we believe that China's outsourcing industry would first rise up from the bottom in 2010 than other industries. In this Report, through the in-depth research and analysis on China's outsourcing industry and its special industrial position and development track, Devott gives its ten main forecasts on the development of China's outsourcing industry as follows:

Forecast One: Outsourcing industry has passed the most difficult period and begin to recover and grow.

Forecast Two: The domestic market continues expanding, and the government outsourcing would become a brand new light spot of 2010.

Forecast Three: Offshore outsourcing market differentiation appears, and the "first tier" of Chinese outsourcing companies is going to change its structure.

Forecast Four: Supporting policy for service outsourcing industry would further deepen and the relative industrial environment would get further improved.

Forecast Five: To maintain the position of “outsourcing demonstration city”, the 20 cities would launch a new round of “preferential policies” competition and investment boom

Forecast Six: The development of service outsourcing parks presents "Matthew Effect", Yangtze River Delta is expected to become the core of China service outsourcing industry.

Forecast Seven: The M & A integration trend would accelerate, company listing would be put on the agenda again.

Forecast Eight: The number of Chinese outsourcing companies would exceed 10,000 and there would appear new enterprises with revenue over 100 million (U.S.) and staff over 10,000.

Forecast Nine: Under the pressure of reducing cost, the general price of outsourcing service would continue declining and the service providers would be committed to making new plans to cut cost and improve efficiency.

Forecast Ten: The mix trend of ITO and BPO would enhance and the importance of vertical industries would be further promoted.

Suggestions on China's Service Outsourcing Industry—2010

Follow the ten main forecasts on China's service outsourcing industry of 2010, on the basis of its analysis on the status quo of China's service outsourcing, Devott also gives its suggestions on three aspects of the outsourcing industry, enterprises and parks.

Suggestions on Outsourcing Industrial Policies (6 main suggestions)

Suggestion One: Making the service outsourcing development plan in national level, and define the unique value position of China's service outsourcing industry in the globe.

Suggestion Two: Continue building the national brand of "Chinasourcing".

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Suggestions on Chinese Outsourcing Enterprises (11 Suggestions)

Suggestion One: Fasten the adjustment and transformation to China domestic market

Suggestion Two: Investing in the construction of core capability.

Suggestion Three: Taking the strategy of "emerging market" and looking for the new cheese of offshore outsourcing.

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Suggestions on Chinese Outsourcing Parks (9 Suggestions)

Suggestion One: Construct regional service outsourcing industry chain.

Suggestion Two: Seize the position and opportunities of industrial gradient transfer.

Suggestion Three: Abandon the "large and all-inclusive" development mode and take the strategy of precise positioning and accurate marketing.

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Conclusion: Wait and See

In 2010, there are too many questions, suspense, and expectations for the whole China service outsourcing industry

Who is the next enterprise with over 10,000 staff?

Who is the next enterprise with an outsourcing revenue over 100 million USD?

Who is the next outsourcing enterprise going to be listed in public?

Which large outsourcing enterprises would get merged?

Which outsourcing demonstration city would become the first one to be eliminated from the list?

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Let's wait and see the result

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