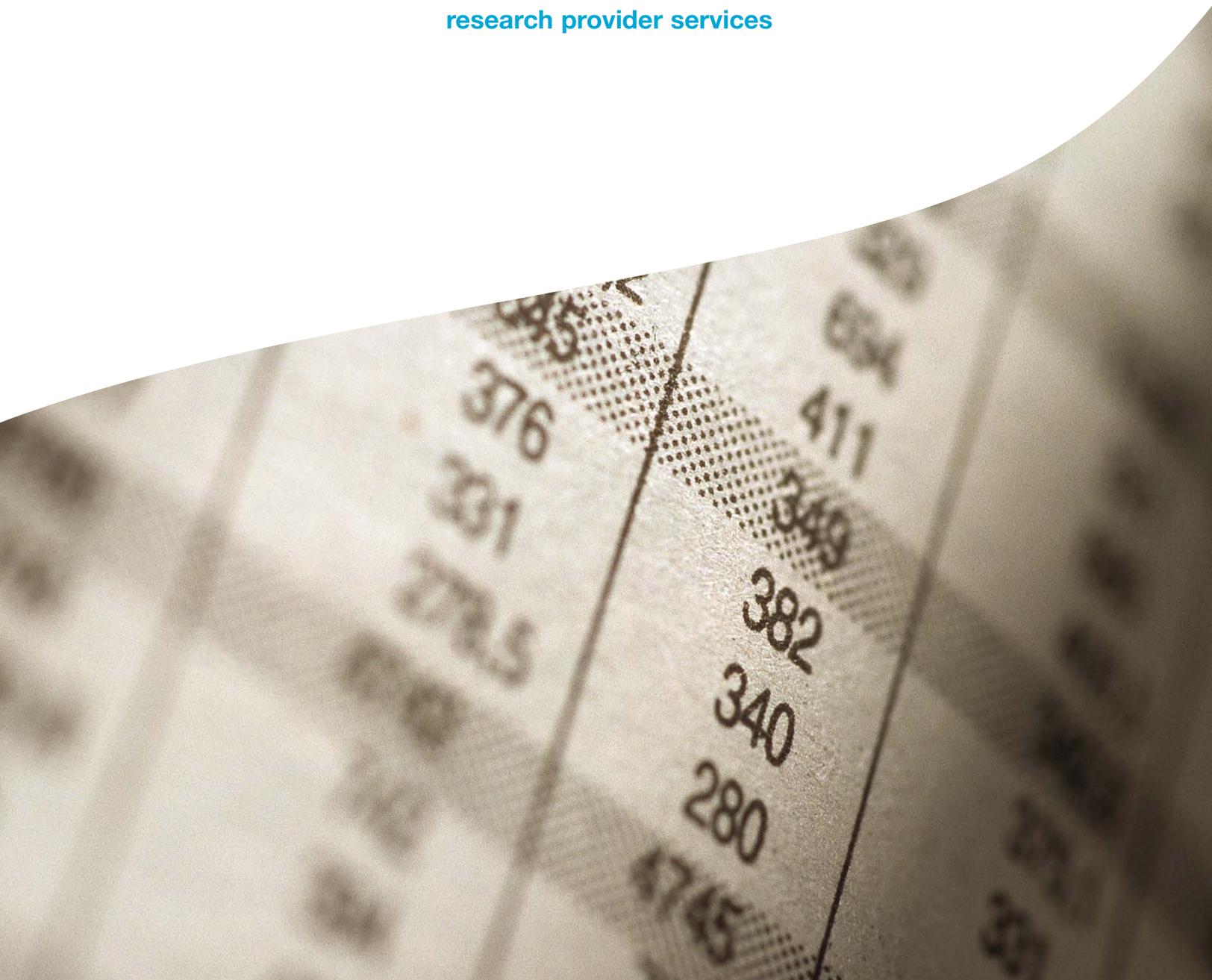


Value Creation through Outsourced Investment Research Services

Capgemini's buy-side, sell-side and independent
research provider services



Value Creation through Outsourced Investment Research Services

Capgemini provides outsourced Investment Research services to buy-side and sell-side firms as well as independent research providers (IRPs). Our service offering includes equity/credit research, sector research, financial modeling and valuation, daily news updates & market summary, database creation & management, and customized research that result in maximum value creation for our clients.

Overview

With increasing volatility in global financial markets, both buy-side and sell-side firms are looking for smarter ways to manage their operations and to remain competitive. Buy-side firms are looking for strategic alternatives to generate alpha amid diminishing performance fees, shrinking management fees, and drastic reduction in AUM. Sell-side firms, on the other hand, are finding it tough to maintain their profit levels due to turbulent market conditions and are devising strategies to become more efficient in serving their clients. IRPs too, with the expiration of the Global Research Settlement and squeezed sell-side research budgets, are looking at ways to grow their research revenues and margins.

In these scenarios, many firms are aiming to accelerate their speed of response to market changes while improving the analyst-to-coverage ratio without compromising on quality. Most importantly, they are looking to achieve these objectives cost-effectively.

Outsourcing of investment research activities has emerged as a smart alternative. What started as low-complexity back office support for both buy-side and sell-side firms a few years ago has turned into higher-end, decision-making support, moving up the value chain considerably. At Capgemini, we provide customized end-to-end research services that add value to an organization's investment research activities.

Capgemini's Investment Research Services

“The database was constructed logically and clearly laid out. The various problems inherent in this had obviously been solved using initiative. Where fine tuning was required, it was done efficiently.”

Head of Research of a UK-based Boutique Investment Bank

“I found the process painless and have been delighted with the product and with responsiveness of the team. I have been impressed by the team's ability to work to our format and style—a hard thing to achieve with a new team joiner, let alone a team at the end of emails.”

Research Director of a UK-based Stockbroking & Investment Advisory Firm

At Capgemini, we combine our years of experience across different industry sectors with investment analysis capabilities to provide the best possible solutions for buy-side and sell-side clients as well as IRPs. Understanding that research requirements vary across different customer segments, we offer customized research based on our client's requirements. Private equity firms evaluating an investment opportunities, institutional investors looking for fresh investment themes, sell-side research firms aiming to expand research coverage, and large corporations looking for detailed market analysis, turn to Capgemini for in-depth, timely research.

Our clients also benefit from the diverse language and delivery capabilities of our teams in Mumbai, India; Guangzhou, China; and Krakow, Poland. Our structured approach to

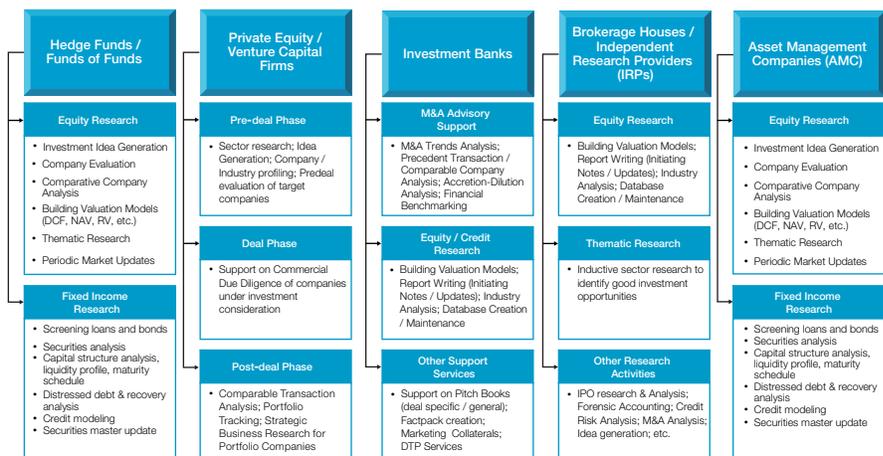
project management and client engagement ensures that our clients receive the highest level of service from our research teams across different delivery centers.

How Does It Work?

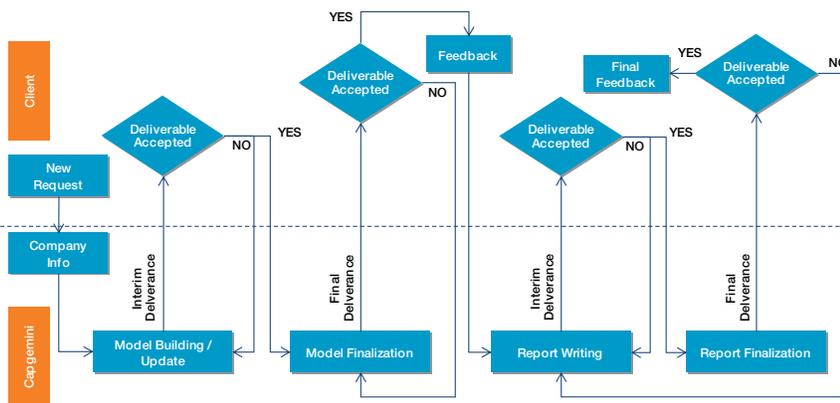
Capgemini's research team works closely with our clients' research analysts. In fact, analysts dedicated to clients act as an extension of their own in-house teams while working remotely and with appropriate service levels. We also institute an on-going feedback mechanism in every client engagement, enabling Capgemini analysts to take feedback for similar future assignments.

Our collaborative research process for a typical equity research engagement is depicted and summarized below.

Our clients receive the highest level of service from our research teams across different delivery centers



Our collaborative research process for a typical equity research engagement



company analysis) to be covered in the report. This process shall ensure smooth delivery and completion within the decided timeframe.

Final Feedback: A final feedback call will be arranged with the client’s analyst once the deliverable is accepted. Inputs/feedback received on the call will be incorporated by Capgemini’s analyst in subsequent deliverables to improve their quality as well as increase process efficiency.

Our Value Proposition

Clients who entrust their investment research activities with Capgemini, benefit from our flexible approach and tailor-made services to exactly fit their needs. One of our key differentiators is what we call a ‘Virtual Captive’—having a captive capability in an offshore location without the associated costs or management overhead. You retain control over the process and technology along with key team members, thus enabling a captive-like environment.

Highlights of our flexible research approach are as follows:

Collaborative Approach: What differentiates us from our competitors is our ability to collaborate with our clients, allowing them to prosper well after our team concludes its involvement. We don’t just focus on what we accomplish for our clients; we also concentrate very specifically on what we accomplish with our clients. Teaming together is important to address the value and sustainability of your systems and processes as your firm grows.

Our process entails five key steps for each research assignment:

Scope Discussion: On receiving a new stock, there will be a brief discussion between the client and Capgemini’s analysts to clarify the scope of the deliverable including financial model methodology, various sections to be covered in the report, and level of detail required. This step will also include sharing available information on the economy, sector, and company as well as a financial model template (if any) by the analyst at the client’s end. At this stage, analysts at both ends agree on a delivery schedule and interim milestones.

Interim Deliverable on Model: Capgemini’s analyst will start building the financial model and send an interim deliverable (revenue/cost drivers) to the client’s analyst for feedback. This will ensure that required changes in the methodology (if any) are made at the

initial stage itself. All interim as well as final deliverables go through a multiple review process starting with peer review and followed by detailed quality checks by the team lead and delivery manager; this ensures quality expectations of our clients are met.

Final Deliverable on Model: Once the interim deliverable is accepted by the client’s analyst, Capgemini’s analyst will complete the financial model and send it to back to the client. At this point, Capgemini’s analyst will call the client’s analyst for finalizing the model and freezing assumptions.

Interim Deliverables on Report: After finalizing the model, Capgemini’s analyst will proceed with the research report and would send interim deliverables at periodic intervals to the client’s analyst for feedback. The number of interim deliverables will depend on the number of sections (economic analysis, industry analysis,

Relevant Industry Experience:

Capgemini operates across different industry verticals such as Telecom, Media & Entertainment; Financial Services; Manufacturing, Retail & Distribution; and Energy, Utilities & Chemicals and has a huge knowledge repository created over the past 40 years. Capgemini's Investment Research Practice leverages this deep domain expertise and extensive industry knowledge across different sectors for providing in-depth and valuable industry insights.

Flexible Engagement Models: Primarily, we follow two engagement models depending upon the clients' needs and preferences. The first model is a dedicated team model where a full-time team of analysts is dedicated to a particular client with a project manager designated to coordinate all activities. This engagement model ensures quick response as resources are not shared, the client can control utilization of the team and priority of projects, and client-specific capabilities can be developed within the team. The bespoke engagement model, on the other hand, entails delivery of research to our clients on a project-to-project basis. This model is best suited for clients with few or irregular research requirements and provides clients access to our vast pool of talent at short notice and no fixed carrying cost.

Diverse Language Capabilities: Our delivery teams are based out of Mumbai, Guangzhou, and Krakow, providing our clients with diverse language and delivery capabilities. We support all major Asian and European language requirements of our clients.

Success Stories

Capgemini collaborates with many buy-side and sell-side firms by providing research support on an on-going basis. Our engagements with clients span across a diverse area ranging from database building and maintenance, financial model building, equity research report writing, credit risk assessment, to sector research and finding M&A targets/buyers.

A few examples of our client engagements are given below:

Database Building & Maintenance: The client is a UK-based boutique investment bank and was looking to launch a new product targeted at its institutional clients. In this regard, the client approached Capgemini to build a database of listed mid- and small-cap stocks in the UK and subsequently come out with a weekly report. As the launch date was critical, Capgemini followed a hybrid model by allocating more resources initially and gradually ramping down thereafter. The team built financial models on all mid- and small-cap companies and then created the database according to client specifications much ahead of the launch date.

Financial Modeling & Valuation: The client, a US-based hedge fund, was looking for a dedicated team of analysts who could support its analysts by building/maintaining financial models on stocks they cover. During the pilot phase, Capgemini's team got familiar with the client's template and demonstrated its capability by building 10 financial models ahead of the deliverable schedule. We progressed to the ongoing phase fairly soon, and the team started working closely with the client's analyst and started building as well as updating financial models on stocks under their coverage.

Key Benefits—Increased analyst-to-coverage ratio at significantly lower cost.

Equity Research Report Writing: The client, a US-based IRP, is focused on providing independent research on emerging markets and was looking for on-the-ground analysts in China to cover the Chinese market. Capgemini put in place a dedicated team of analysts to provide on-going research support to the client on the Chinese market, which included macroeconomic research, sector research, company evaluation, and market surveys. The overall research also included primary research, channel checks, management discussions, etc. to validate non-consensus hypotheses.

About Capgemini

Capgemini, headquartered in Paris and operating in more than 30 countries, is a global leader in consulting, technology, outsourcing, and local professional services. Capgemini employs approximately 90,000 people worldwide and reported 2009 global revenues of EUR 8.4 billion.

A global leader in outsourcing, Capgemini's collaborative approach allows our clients to achieve better, faster, and more sustainable results. With over 30 years' experience and a global workforce of over 25,000 outsourcing professionals, we are currently collaborating on some of the world's largest outsourcing contracts. Capgemini is leading the development of third-generation BPO services—delivering value to the top line as we transform business processes and their data into value-added resources. Our approach to BPO with “Business Insight” bundles unique business insight processes, deep industry domain knowledge, transformation skills, and operational and transactional processing excellence.

Capgemini is also leading the way as businesses look beyond the traditional transaction processing frontier. Our KPO services provide our customers with scalable talent pools and enhanced domain competence through our experience in their industry. Our KPO suite of services spans Reference Data Management (Financial Services), Master Data Management (Manufacturing), Engineering Services (Aerospace), and Research & Advisory (across industries).

Additional information about our services is available at www.capgemini.com.



About Capgemini

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience. The Group relies on its global delivery model called Rightshore®, which

aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in more than 30 countries, Capgemini reported 2009 global revenues of EUR 8.4 billion (approximately USD \$12.54 billion) and employs 90,000 people worldwide.

More information is available at www.capgemini.com

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