INPUT®

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Fax (44) (071) 629-0179

FAX TRANSMITTAL FORM

DESTINATION: INPUT MV

FAX NUMBER: 0101 415 961 3966

ATTENTION: ANDREA JERS

NUMBER OF PAGES: 1 of 5

CONFIDENTIAL CORRESPONDENCE: Yes ____ No ✓

URGENT: Yes ✓ No ____ 5 hardcopies sent 12/13

DESCRIPTION:

ANDREA, 1) CONFIRM GO AHEAD AND PRINT CE-PRO
2) 4 SLIDES FOR CORRECTION PLUS
1 ADDITIONAL - AS DISCUSSED.
PLEASE TRY FOR HARD COPY DHL
14/12. UPDATED 35 MILL SLIDES
CAN BE EARLY JAN
PROJECT CODE FOR THIS IS
CE-SMO (NOT CE-PRO, MY MISTAKE)
Thanks & Best Regards
KC

****

FROM: KEN CARTER

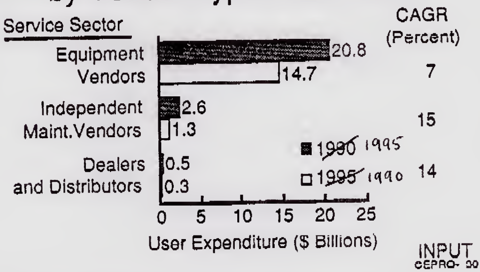
DATE: 13 DECEMBER 1990

INPUT:

Project Charge Code: CE CSP

WESTERN EUROPE

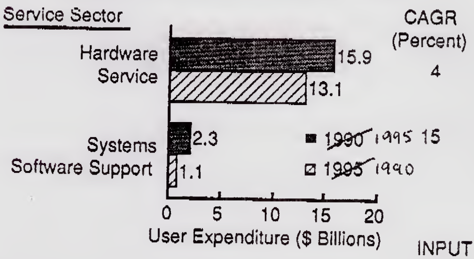
Customer Services Market Growth by Vendor Type 1990-1995



Notes

WESTERN EUROPE

Customer Services Market Service Sector Growth 1990-1995



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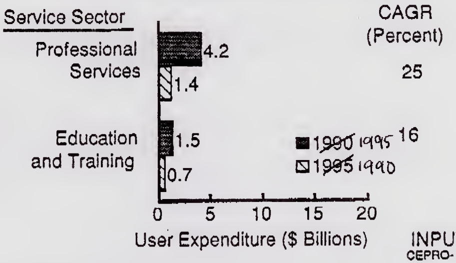
Notes

WESTERN EUROPE

Customer Services Market Service Sector Growth 1990-1995



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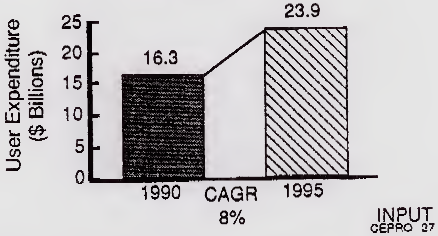
Notes

WESTERN EUROPE

Customer Services Market Growth 1990-1995

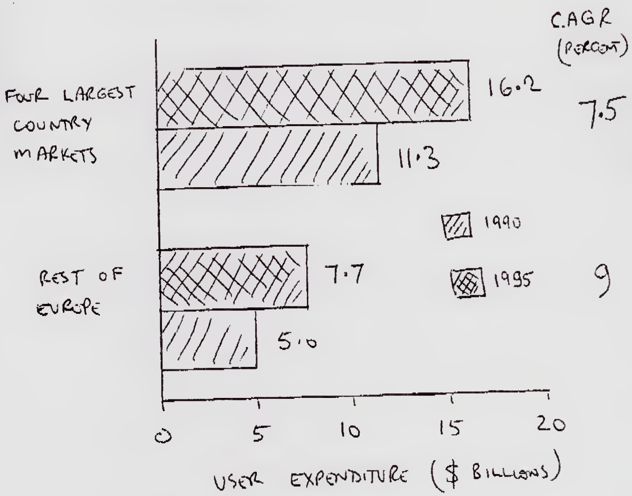
1989 = $15.1 Billion



Notes

33

EXHIBIT II - 6
WESTERN EUROPE
CUSTOMER SERVICES MARKET
COUNTRY MARKET GROWTH 1990-1995



Dear Andrea

Client Meeting - 6 December 1990

For this meeting, please prepare 30 handouts. For the first presentation, please do a copy of the executive overview of CE-PRO. The second presentation will be on CE-SMO which Ken has not quite completed. The presentation will only consist of about 6 slides and we will get them to you by Wednesday.

At the front of the binder, please put:

window title page

INPUT client meeting

Thursday 6 December

The Institute of Directors

Please run off a set of 35mm slides for each and aim to ship the whole lot by Friday 30 November

Thank you

Carol
23 November

INPUT Client Meeting

Thursday 6 December

The Institute of Directors

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Piccadilly House, 33/37 Regent Street, London SW1Y 4NF Telephone: 071-493 9335

Changing Market

- Transitional phase
- Vendors losing market share
- User requirement for value
- Vendor need for adaptation

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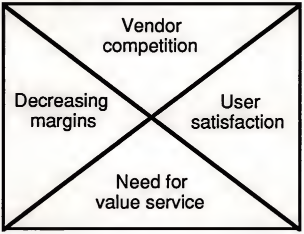
CESMO- 1

Notes

Pricing Environment



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Notes

Key Pricing Issues

- Vendor competition
- Decreasing maintenance margins
- Slowing growth of maintenance revenues

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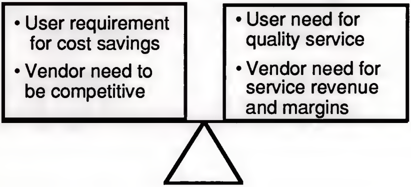
Notes

Balancing Act



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Notes

Key Vendor Challenges

- Reduce reliance on maintenance
- Maintain margins
- Enhance value of service

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Notes

Vendor Opportunities

- Flexible solutions
- Inflation-level price increases
- Other services

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Notes

Users Claim Service Too Expensive

1. Price exceeds value received
2. Reliability of equipment not reflected in service price
3. Insufficient vendor resources

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CESMO- 7

Notes

Divided User Opinions

Service prices will continue to rise by at least inflation levels

↕

Service prices will decrease

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Notes

User Requirement for Improved Value

1. Demonstrate ability to provide service
2. Sell concept of value
3. Improve knowledge of users' business needs

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Notes

Higher Quality—Higher Price?

Some users say "yes" if extra service is needed

↕

Other users say "no"—existing high prices should provide quality

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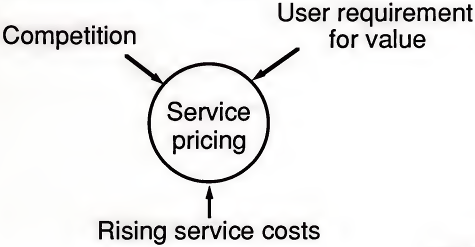
Notes

Vendor Pricing Pressures



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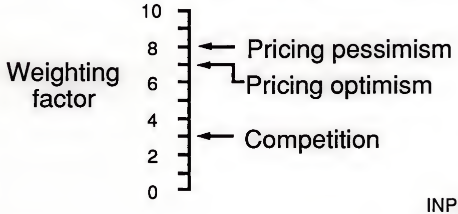
Notes

Key Vendor Issues and Trends—Hardware Service



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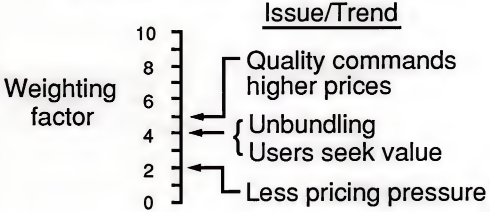
Notes

Key Vendor Issues and Trends
Systems Software Support



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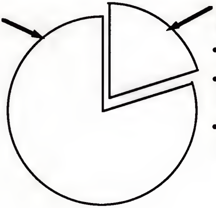
Notes

Vendor Competitive Balance

80%
Strengths

- Capability
- Credibility
- Resilience



20%
Weaknesses

- Inflexibility
- Margin requirements
- Credibility of larger independents

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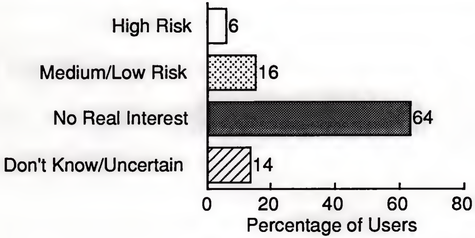
Notes

Risk from Independent Maintenance



Sample size: 732

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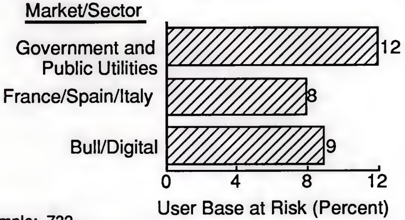
CESMO- 15

Notes

Independent Maintenance Penetration—High-Risk Sectors



Total sample: 732
Source of data: INPUT 1990 User Survey

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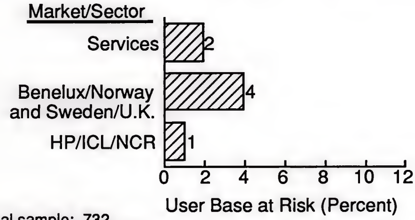
Notes

Independent Maintenance Penetration—Low Risk Sectors



Total sample: 732
Source of data: INPUT 1990 User Survey

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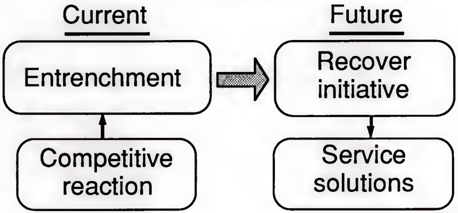
CESMO- 17

Notes

Changing Vendor Strategies



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CESMO- 18

Notes

Service Vendor Differentiation

1. Quality more important than price
2. Country markets—significant differentiation
3. Other market sectors—little differentiation

INPUT
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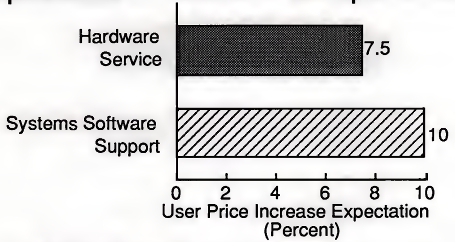
Notes

Future User Price Increase Expectation—Western Europe Overall



Variables: Countries; industry sectors; inflation

INPUT
CESMO- 20

Notes

Vendor Pricing Opportunities

Country/Sector/ Vendor	User Expectation Percent Above Inflation	Pricing Satisfaction
Benelux/Spain	100	1.0 to 1.5
Insurance/Distribution/ Banking and Finance	60 - 80	1.2 to 1.5
HP/IBM	45 - 70	1.5

Total sample: 732
Source of data: INPUT 1990 User Survey

INPUT
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Notes

Vendor Pricing Risks

Country/Sector/ Vendor	User Expectation Percent Above Inflation	Pricing Satisfaction
France/Germany	70 -100	2.0 to 3.0
Mfg./Trans./ Gov., Pub. Utilities	40 - 60	2.0
Digital/NCR	30 -60	2.0

Total sample: 732
Source of data: INPUT 1990 User Survey

INPUT
CESMO- 22

Notes

Recommendations for Vendors

- Focus on pricing strategy
- Enhance service value
- Service solutions
- Marketing

- Improved user satisfaction

Quality needs

- Improved financial return

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CESMO- 23

Notes

Western European Customer Services Market 1990-1995

INPUT
CESMO- 24

Notes

Customer Services Market in the 1990s

- Maintenance growth below inflation
- Independent vendors increasing market share
- Competitive pressure
- Potential for long term growth

INPUT
CESMO- 25

Notes

Customer Services Market

- Hardware maintenance
- Systems software support
- Professional services
- Training and education

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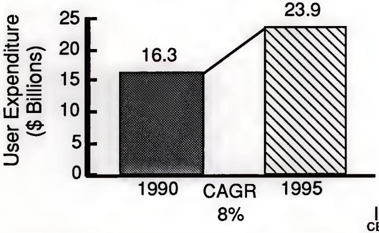
CESMO- 26

Notes

W. Europe Customer Services Market Growth, 1990-1995

1989=$15.1 Billion



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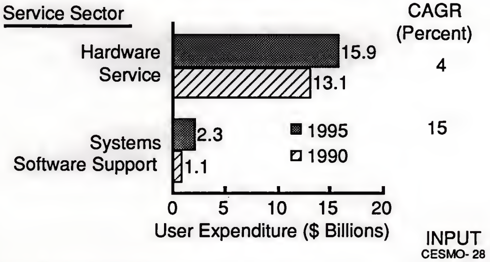
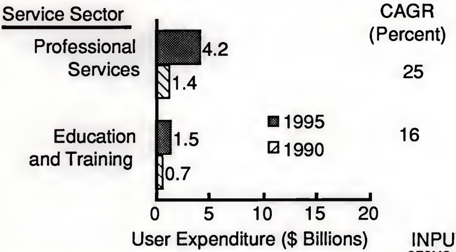
Notes

W. Europe Customer Services Market
Service Sector Growth 1990-1995



Notes

W. Europe Customer Services Market Service Sector Growth 1990-1995



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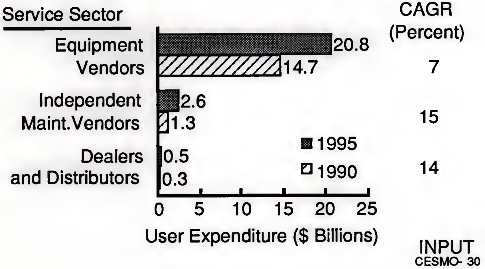
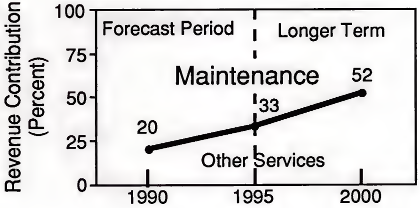
Notes

W. Europe Customer Services Market Growth by Vendor Type 1990-1995



Notes

Customer Services Changing Emphasis



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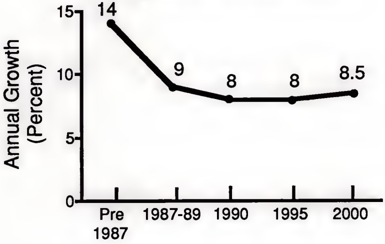
Notes

Customer Services Market Long-Term Growth



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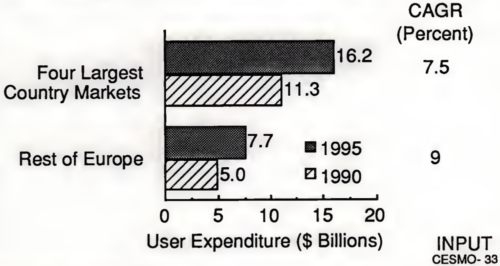
Notes

W. Europe Customer Services Market Country Market Growth, 1990-1995



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INPUT provides planning information, analysis, and recommendations to managers and executives in the information processing industries. Through market research, technology forecasting, and competitive analysis, INPUT supports client management in making informed decisions.

Continuous-information advisory services, proprietary research/consulting, merger/acquisition assistance, and multiclient studies are provided to users and vendors of information systems and services (software, processing services, turnkey systems, systems integration, professional services, communications, systems/software maintenance and support).

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FAX TRANSMITTAL FORM

DESTINATION: INPUT MV

FAX NUMBER: 0101 415 961 3966

ATTENTION: ANDREA JERS

NUMBER OF PAGES: 1 of 10

CONFIDENTIAL CORRESPONDENCE: Yes ____ No ✓

URGENT: Yes ✓ No ____

DESCRIPTION:

ANDREA, SLIDES (35 MM) REQUIRED FOR CLIENT MEETING ON 6 DECEMBER. SORRY ABOUT SHORT TIME SCALE, BEEN BURNING MIDNIGHT OIL.

ASSOCIATED REPORT IS CE-PRO.

MANY THANKS FOR YOUR HELP

Best Regards

K

P.S. HARD COPY SHOULD ALSO GO IN HAND OUT.

****

FROM: KEN CARTER

DATE: 29 NOVEMBER 1990

INPUT:

Project Charge Code: CE CSP.

INPUT LTD Directors: P.A. Cunningham (U.S.A.), P. Cunningham, K.W. Hocking, P. Imes
Registered Office: Rolls House, 7 Rolls Building, Fetter Lane, London EC4A 1NH
Registered in England No. 1470418

1

CUSTOMER SERVICES MARKET

1990 – 1995

24

2

CUSTOMER SERVICES MARKET

IN THE 1990s

- MAINTENANCE GROWTH BELOW INFLATION
- INDEPENDENT VENDORS INCREASING MARKET SHARE
- COMPETITIVE PRESSURE
- POTENTIAL FOR LONG TERM GROWTH

25

3

CUSTOMER SERVICES MARKET

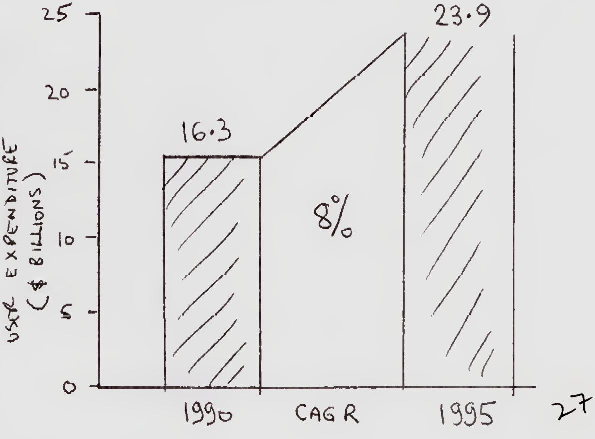
- HARDWARE MAINTENANCE
- SYSTEMS SOFTWARE SUPPORT
- PROFESSIONAL SERVICES
- TRAINING AND EDUCATION

26

[GRAPHIC PLEASE NOTE — THIS SLIDE HAS BEEN USED PREVIOUSLY AND WAS CODED CSPA - PL1 - 4]

CUSTOMER SERVICES MARKET GROWTH 1990 — 1995

1989 = $15.1 BILLION



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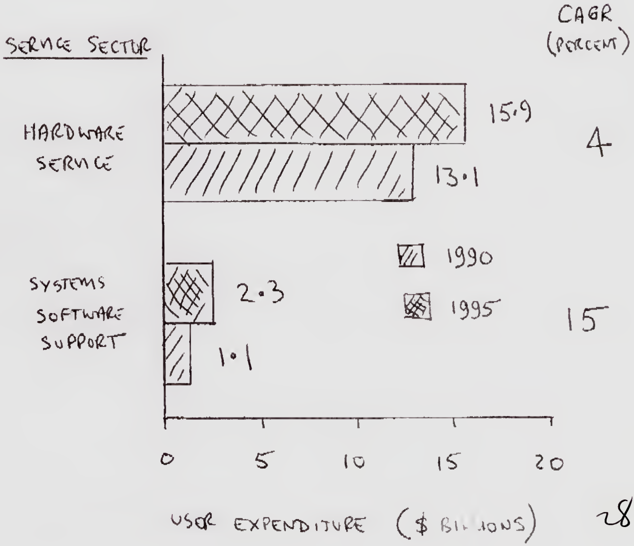
CUSTOMER SERVICES MARKET

SERVICE SECTOR GROWTH 1990-1995



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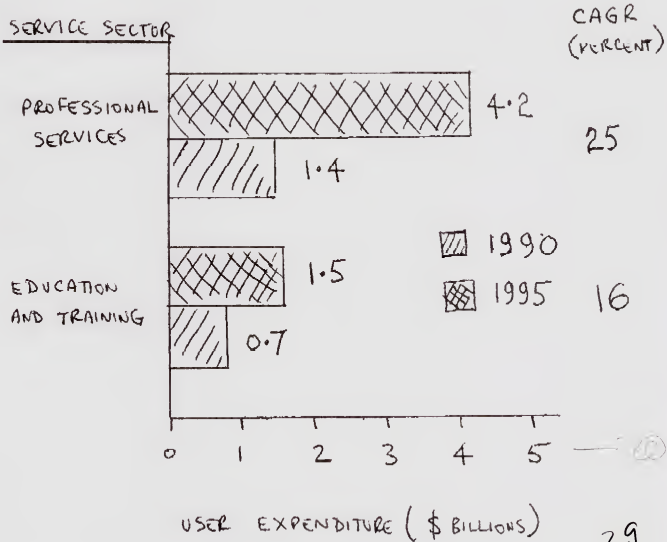
6

CUSTOMER SERVICES MARKET

SERVICE SECTOR GROWTH 1990 - 1995



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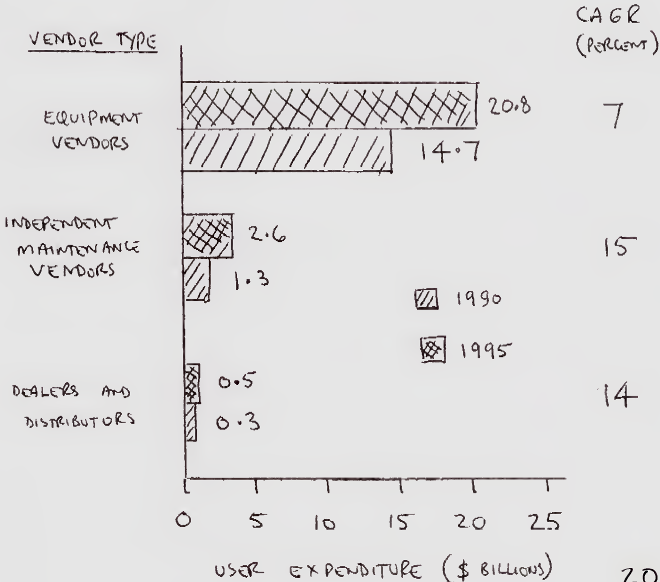
CUSTOMER SERVICES MARKET

GROWTH BY VENDOR TYPE 1990-1995



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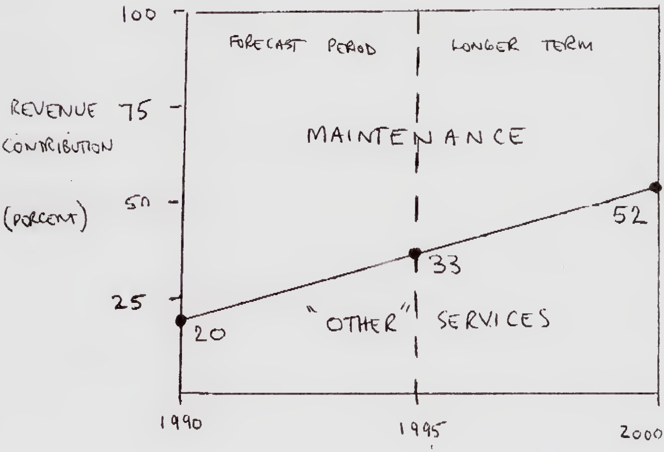
CUSTOMER SERVICES

CHANGING EMPASIS



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CUSTOMER SERVICES MARKET

LONG TERM GROWTH