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IT Services Contract Activity Summary - Third Quarter 1999

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Abstract

This quarterly report contains an analysis of significant IT services contract awards made in the third quarter of 1999, i.e., during the months July through September 1999. The report is one of a series of reports contributing towards the following objectives: tracking the comparative performance of leading IT outsourcing vendors; monitoring their relative success in winning new business, adjusting to changes in market demand, and moving its business mix towards higher-value-added markets and contracts.

This report supports these objectives by monitoring and categorizing contract awards as they are awarded. It focuses on contracts in the following categories: Systems and Technology Services; Business Process Management; Electronic Markets; Network / Carrier Management.

At more than \$20.8 billion, IT outsourcing contract activity in 3Q 1999 was down about 60% from the level in 2Q 1999 (\$51.4 billion), and up 37% from the 1Q 1999 total of \$15.2 billion. INPUT identified 146 contracts awarded in the quarter.

The total contract value for the quarter was \$20.8 billion, reflecting a readjustment from last quarter's over stated contract value related to the multi-million *Millennia* contract awarded by the federal government.

Of the 146 contracts, just 27 were contracts in the Federal Government sector, compared with 55 federal contracts in the previous quarter.

This report summarizes: leading vendor market shares; the major contracts awarded during 3Q 1999; vendor success for the quarter.

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Operational Services

IT Services Contract Activity Summary – Third Quarter 1999

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I

Introduction

A

Scope and Objectives

The quarterly **Contract Awards Report** contains an analysis of significant IT services contract awards made in the third quarter 1999, i.e., during the months July through September 1999.

This report monitors and categorizes contract awards as they are awarded.

This report focuses on contracts in the following categories:

- Systems and Technology Services
- Business Process Management
- Electronic Marketing
- Management Consulting.

These categories contain the service components shown in Exhibit I-1.

Exhibit I-1

Contract Classification

Service Category	Service Components
Network / Carrier Management	IP telephony management Systems / telecom interface Internet / telecom / systems management
Systems & Technology Services	Systems Development Systems Integration Systems Management
Business Process Management	Customer-Care Management Supply-Chain Management Accounting Management
Electronic Markets	Interactive Marketing Intranets, Extranets, Web Hosting Electronic Payment Services

Source: INPUT

The report focuses on contracts in the U.S. and Europe, but will also include major contracts awarded worldwide.

It analyzes contracts obtained by several vendors, including:

- IBM Global
- CSC
- EDS
- AT&T Solutions
- Convergys
- Compuware
- SAIC.

B**Methodology**

As the basis of this report, INPUT maintains a Contract Awards Database. This database is updated continuously and includes details of significant contracts derived from:

- Vendor interviewing
- Press monitoring.

This quarterly report is based on identification and classification of 146 contract announcements. These announcements report new contract awards (127), contract expansions/extensions (4), switches (0), and renewals (15).

INPUT has established an ongoing cycle of vendor interviewing to facilitate the identification and classification of major contract awards. Contract awards are categorized according to:

- Country/region
- Type of contract
- Size and duration
- Successful vendor.

While every effort is made to capture all relevant contracts awarded during each reporting period, occasionally contracts that were omitted inadvertently will be added to the database for a prior month. Accordingly, although subsequent compilations will be accurate, certain discrepancies between reports may be unavoidable.

For each contract identified, the vendor is contacted to complete the profile of the contract.

Contract values are categorized by range. This is useful for analysis, especially when the precise value of a contract cannot be ascertained. Where the contract range has been determined, but not the absolute contract value, then the contract value has been estimated. In the contract profiles, italics indicate that an estimate has been made by INPUT. The ranges for contract values are as follows:

Contract Value Code	Total Contract Value Range
A	< \$10m
B	\$10m to \$49m
C	\$50m to \$99m
D	\$100m to \$199m
E	\$200m to \$499m
F	\$500m to \$1Bn
G	>\$1Bn

Source: INPUT

Contract lengths are also categorized by range. Again, italics indicate that an estimate has been made by INPUT. The ranges for contract lengths are as follows:

Contract Length Code	Contract Length Range
A	= < 1 year
B	1 year > 3 years
C	3 years >= 5 years
D	5 years > 10 years
E	>= 10 years

Source: INPUT

C

Report Structure

This Contract Awards Report contains the following chapters:

Chapter II consists of the Executive Summary, which is a summary of the key events, contracts and vendor successes for the quarter.

Chapter III contains an analysis of contract trends and vendor positioning.

Chapter IV contains an analysis of industry developments during 3Q 1999.

Chapter V provides a list of contracts awarded during the July - September 1999 period.

II

Executive Summary

At more than \$20.8 billion, IT outsourcing contract activity in 3Q 1999 was down about 60% from the level in 2Q 1999 (\$51.4 billion), and up 37% from the 1Q 1999 total of \$15.2 billion. INPUT identified 146 contracts awarded in the quarter.

The total contract value for the quarter was \$20.8 billion, reflecting a readjustment from last quarter's over stated contract value related to the multi-million *Millennia* contract awarded by the federal government.

Of the 146 contracts, just 27 were contracts in the Federal Government sector, compared with 55 federal contracts in the previous quarter.

This chapter summarizes:

- Leading vendor market shares
- The major contracts awarded during 3Q 1999
- Vendor success for the quarter

A

Leading Vendor Market Shares

The market shares of the leading vendors by total contract value (rounded to the nearest million) are listed in Exhibit II-1, excluding contracts below \$300 million in total value.

Exhibit II-1

Leading Vendors 3Q 1999 - Total Contract Value

Vendor	Total Contract Value (\$M)	Share (%)
IBM Global Services	8636	41.5
EDS	2672	13
AT&T Solutions	1743	8.4
Convergys	1020	4.9
Compuware	1000	4.8
ICL	961	4.6
UNISYS	561	2.7
CSC	449	2.2
SAIC	400	1.9
Mississippi Space Service	325	1.6
Logicon	322	1.6
Total	18088	86.9
3Q Total	20822	100

Source: INPUT

EDS and IBM Global Services regained their spots among the top three in 3Q 1999. CSC was displaced from its position in the top three from last quarter. Significantly, the top spots were not based on an aggregation of small contracts, but reflected instead a handful of large, multimillion-dollar contracts.

IBM took the number one vendor position for the quarter based on the successful winning of nine contract awards. IBM entered into an agreement with Dell for \$6 billion, Galeries Lafayette for \$1.2 billion, and ACE INA for \$700 million, among others.

Discrete manufacturing accounted for the largest share of quarterly contracts at over \$6.7 billion, with telecommunications following in second place with \$2.05 billion, and the federal government following in third place with \$1.97 billion. In discrete manufacturing, IBM won a \$6 billion contract from Dell. Convergys held the top position in the telecommunications sector based on four contracts worth \$1.02 billion. The Mississippi Space Service gained the top rank in the federal sector based on a contract worth \$325 million.

In other sectors, EDS ranked first in the transportation services sector while AT&T held the top position in the financial sector and in miscellaneous industries. IBM held the top position in 3Q in the retail

trade, ICL in the local international government industry as well as education, and PricewaterhouseCoopers and EDS tied for first place in the business services sector. Unisys garnered the top vendor position in the state and local government sector, Compuware in health services, IBM in insurance, SAIC in utilities, and Siemens in process manufacturing.

B

Most Significant Contracts

IBM Global Service won one of the largest contracts to date to be awarded to a single vendor. The outsourcing agreement with Dell runs for seven years and is expected to gross approximately \$857 million annually. This is an IT services agreement that will make IBM a strategic provider of computer-related services to Dell customers. IBM will provide Dell customers a range of installation and onsite warranty services for Dell's desktops, notebooks, workstations, network servers and data-storage products.

EDS signed an eight-year, \$1.5 billion contract with Continental to expand Continental's services, such as interairline electronic ticketing and check-in for international travelers. The scope of the work includes network infrastructure development, help desk, reservations systems, legacy applications development and maintenance, field services, and voice systems. This contract replaces a prior 10-year contract in which EDS was responsible for developing technology to support relationships with other airlines, as well as e-ticketing.

IBM was awarded the largest contract ever signed in France. Under the terms of this \$1.2 billion deal with Galeries Lafayette, IBM will manage Lafayette's information system as well as setup retail web sites and develop online customer care and administration systems. The contract covers the entire information system deployed by Galeries Lafayette department stores and by its subsidiary Cofinoga, a supplier of consumer credit and credit card solutions.

AT&T Wireless Services (AWS) extended its \$1 billion contract with Convergys by 80 months. Convergys will continue to handle customer calls including general billing, credits and adjustments, account status changes, roaming, and technical troubleshooting. Convergys has been providing AWS and predecessor McCaw Cellular Communications with customer care and billing services for 16 years.

ICL signed a contract with the Customs and Excise department of the UK government worth \$803.5 million. Under the terms of this 10-year contract, ICL will provide a complete IT and communications solution

for the 24,000 staff. ICL will assume responsibility for program management, service delivery, desktop services, solution design, systems integration, commercial management and staff transfer.

Under the terms of a 10-year, \$800 million contract, the largest contract ever awarded in New Zealand, EDS will assume responsibility for all of Telecom New Zealand's IT systems. EDS will manage and operate Telecom's company wide information systems and technology delivery, including its enterprise applications, technical infrastructure and IS assets. EDS will also manage and operate Telecom's billing and customer information systems. EDS has offered to employ the approximately 600 IT staff at Telecom.

IBM also signed a \$700 million, 10-year contract with ACE INA to manage the transition and integration of the U.S. IT infrastructure acquired through ACE's \$3.45 billion acquisition of CIGNA on July 2, 1999. IBM will also maintain IT support after the transition. IT support will include applications management, data center operations, desktop management and telecommunications network management services. The IT infrastructure acquired by ACE INA supports more than 8,000 employees worldwide, and nearly 5,000 employees in the U.S. Approximately 350 ACE employees will transfer to IBM. ACE hopes to save \$45 million annually by outsourcing its IT operations.

Under the terms of this renewed \$633 million contract, AT&T Solutions will unify Bank One's data and voice networking infrastructure. AT&T will move several voice and data communications networks to a single Internet Protocol-based networking platform. About 100 Bank One voice and data networking specialists have joined AT&T Solutions.

AT&T also won a \$400 million contract from Allied Signal to centralize and manage all communications and network services at 400 sites in 19 countries. The services include wireless services for more than 3,000 phones and local telephone service. AT&T also will manage the global WAN and North American voice and LAN, as well as assume responsibility for the frame relay network and teleconferencing services.

SAIC signed a \$400 million, five-year contract with Entergy to manage IT application development and maintenance, data center operations, mid-range and desktop support services, infrastructure management, and most infrastructure services. Entergy expects this agreement to increase its flexibility, improve customer service, and improve unit cost for IT.

The Mississippi Space Service, a joint venture between CSC and The IT group, will provide NASA with facility operation services at the John C. Stennis Space Center in Mississippi under the terms of this 7-year, \$325 million contract. As managing partner, CSC will direct the joint venture that will involve the introduction of business process reengineering, which includes web-based applications and related new technologies to improve productivity and reduce costs. Support will also include design engineering, medical services, safety and mission assurance, ISO compliance, acquisitions and facilities maintenance.

The 13 contracts listed in Exhibit II-2 comprise Business Process Management (1), Network/Carrier Management (2), Systems & Technology Services (9) and Electronic Markets (1). Each contract is worth at least \$300 million or more.

Exhibit II-2

Major Contracts Announced Over \$300 M: 3Q 1999

Vendor	Customer	Industry	TCV (\$m)
IBM Global Services	Dell	Discrete Manufacturing	6000
EDS	Continental Airlines	Transportation Services	1500
IBM Global Services	Galleries Lafayette	Retail Trade	1200
Convergys	AT&T Wireless Services	Telecommunications	1000
Compuware	The Detroit Medical Center	Health Services	1000
ICL	Customs & Excise	Govt. - Int'l (N)	803.5
EDS	Telecom New Zealand	Telecommunications	800
IBM Global Services	ACE INA	Insurance	700
AT&T Solutions	Bank One	Finance	633
UNISYS	Commonwealth of Pennsylvania	State and Local Government	500
AT&T Solutions	Allied Signal	Discrete Manufacturing	400
SAIC	Entergy	Utilities	400
Mississippi Space Service	NASA	Federal Government	325

Source: INPUT

C

Summary of Vendor Success

Exhibit II-3 summarizes the strength in 3Q 1999 shown by IBM in the Systems and Technology Services and Electronic Markets

segments.

During 3Q, IBM took first rank in the System and Technology Services segment based primarily on its \$6 billion contract with Dell. EDS took second with four contracts totaling \$2.3 billion; Compuware took third with one contract from the Detroit Medical Center worth \$1 billion. AT&T Solutions took the top position in the Network/Carrier Management segment based on six contracts totaling \$1.74 billion, while BT Syncordia and Siemens trailed behind with contracts totaling \$160 and \$135.7 million respectively.

IBM took the top position in the Electronic Markets segment based primarily on a contract with Galeries Lafayette for \$1.2 billion. Logica followed with a \$22.5 million contract from the UK government and USInternetworking ranked third with four contracts totaling \$18 million. Convergys won first place in the Business Process Management segment based on six contracts totaling \$1.02 billion. EDS ranked second with three contracts worth \$368 million and PricewaterhouseCoopers ranked third with two contracts totaling \$210 million.

Exhibit II-3

Top Vendors Ranked by Type of Contract, 3Q 1999

Type of Contract	First Place	Second Place	Third Place
System & Technology Services	IBM Global Services	EDS	Compuware
Network/Carrier Management	AT&T Solutions	BT Syncordia	Siemens
Electronic Markets	IBM Global Services	Logica	USInternetworking
Business Process Management	Convergys	EDS	PricewaterhouseCoopers

Source: INPUT

III

Quarterly Contract Analysis

This chapter summarizes the following for the 3Q 1999:

- Significant developments in contract activity
- Relative vendor positions by:
 - Total Contract Revenue
 - Annual Contract Revenue
 - Contract Type
 - Industry
 - Region

A

Significant Developments in Contract Activity

Contract awards in 3Q 1999 were tilted heavily toward the Discrete Manufacturing sector, which captured 32% of the total monthly award value of \$20.8 billion. Also important in the quarter were Telecommunications (9.5%) and the Federal Government sector (9.4%). These three industries accounted for 51% of all contracts awarded in the quarter.

The most significant discrete manufacturing sector contracts included the following:

- Dell awarded a contract to IBM to provide Dell customers with a range of installation and onsite warranty services for Dell's desktops, notebooks, workstations, network servers and data-storage products.
- Allied Signal awarded a contract to AT&T to centralize and manage all communications and network services at 400 sites in 19 countries.

- Sema Group was awarded a \$86.8 million contract from British American Tobacco to provide help desk management services.

In the Telecommunications industry, nine contracts were awarded in 3Q 1999. The most significant included:

- AT&T Wireless Services renewed its contract with Convergys. Convergys will continue to provide customer care and billing services for a minimum of 5 years in exchange for \$1 billion.
- EDS signed an agreement with Telecom New Zealand to manage and operate the company-wide information system and technology delivery, including its enterprise applications, technical infrastructure and IS assets. EDS will also manage the billing and customer information systems. The contract is worth about \$800 million.
- CGI signed a \$39.9 million, one-year contract with the Brazilian telecommunications company, Mirror S.A. CGI will act as Mirror S.A.'s prime integrator for ERP, P.O.S and workforce management systems. CGI will also coordinate the implementation of IBM's, ICMS customer care and billing solutions.

In the Federal sector, consisting of 9.4% of the market, there were 26 contracts awarded.

- NASA awarded a \$325 million contract to a joint venture between CSC and The IT Group, named the Mississippi Space Service.
- CSC signed a contract with the GSA for \$250 million over 4.5 years. CSC will be responsible for critical information services and products.
- FGM won a contract for \$250 million with the U.S. Department of State. FGM will provide software design and development, systems integration and web development services to national mine action centers worldwide.

B

Relative Vendor Positions

The contracts identified for 3Q 1999 have combined total contract values of \$15.1 billion, which represents a substantial decrease from 2Q 1999's \$51.1 billion (down 70.5%) but about equal to 1Q 1999's \$15.2 billion. Combined annual contract values for the quarter were \$3.23 billion.

The market shares of leading vendors, ranked by total contract values above \$1 billion, are listed in Exhibit III-1. As a group, they represent 73% of 3Q 1999 total contract value.

Exhibit III-1

Leading Vendors by TCV Over \$1+ Billion, 3Q 1999

Vendor	Total Contract Value (\$M)	Share (%) of 3Q TCV	Share (%) of Leading Vendor TCV
IBM Global Services	8636	41.5	57.3
EDS	2672	13	17.7
AT&T Solutions	1743	8.4	11.6
Convergys	1020	4.9	6.8
Compuware	1000	4.8	6.6
Total	15071	72.5	100
3Q Total	20.809	100.0	

Source: INPUT

Total contract value rankings in 3Q 1999 were topped by IBM, which won that spot with nine contracts in the quarter, including a contract worth \$6 billion from Dell. These contracts gave IBM a 57% market share of total contracts valued at \$1 billion or more.

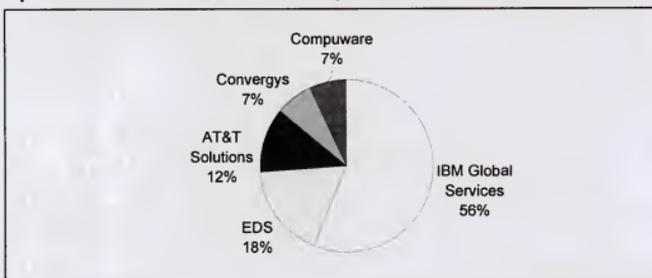
EDS took the second-largest quarterly market share (13%) based on seven contracts ranging in value from \$1 million to \$1.5 billion. Most notably, Continental Airlines awarded EDS a \$1.5 billion contract to expand Continental's services such as interairline electronic ticketing and check-in for international travelers.

A&T took the third-largest quarterly market share (8.4%) based on six contracts ranging in value from \$100 million to \$633 million.

As shown in Exhibit III-2, in 3Q 1999, the top segment of the market showed a high degree of diversification among five different vendors. Of the 71 vendors winning awards in the quarter, only 25 (35%) won awards totaling \$50 million, or more, during the life of the contract. In fact, the mean contract value for the quarter was \$142.5 million while the median was \$13 million, illustrating 3Q 99's trend toward mostly smaller contracts under a few multibillion-dollar contracts at the top.

A pie chart of the market share for vendors whose total contract values were over \$1 billion is provided in Exhibit III-2. These vendors account collectively for 72.4% (\$15 billion) of all contracts awarded in 3Q 1999.

Exhibit III-2

Top Vendor 3Q 1999 Market Shares, Total Contract Value Over \$1B

Source: INPUT

Exhibit III-2b

**Change in Market Shares, 2Q 1999 - 3Q 1999
Total Contract Values (\$M)**

	IBM	EDS	AT&T	Convergys	Compuware
3Q 99 TCV	8636	2671.7	1743	1019.75	1000
Share	41.5%	13%	8.4%	4.9%	4.8%
2Q 99 TCV	1577	5105	370	15.5	0
Share	3.1%	10%	0.73%	0.03%	0%

Source: INPUT

As shown in Exhibit III-2b, some vendors' relative share of the market varied dramatically, while others remained virtually unchanged. IBM's success during the quarter resulted from its \$6 billion contract award from Dell. AT&T's share of the market also increased, rising sharply from two contracts totaling \$370 million in 2Q to six contracts totaling \$1.74 billion in 3Q.

EDS increased slightly in market share, but Convergys and Compuware rose dramatically from last quarter. Convergys rose from 0.03% in market share to 4.9% and its total contract value rose from \$15.5 million to \$1.02 billion. Compuware's market share rose from 0% in 2Q to 4.8% in 3Q. In 2Q 1999, Compuware signed no new outsourcing contracts, but in 3Q its total contract value rose to \$1 billion.

C

Vendor Success by Service Type

The composition of the contracts announced is shown by contract type in Exhibit III-3.

Exhibit III-3

Total Contract Value by Contract Type, 3Q 1999

Contract Type	Total Contract Value(\$M)	Share (%)
Systems & Technology Services	15180	73
Network/Carrier Management	2431	12
Business Process Management	1915	9
Electronic Markets	1284	6
Total	20810	100

Source: INPUT

As we have seen in previous quarters, Systems and Technology Services once again dominated the market in 3Q 1999.

The predicted shift from Systems and Technology Services to Electronic Markets has still not materialized. Yet Electronic Market's share of outsourcing contracts rose from \$19 million (10%) in 2Q 1999 to a \$1.3 billion (6.2%) in 3Q 1999.

Business Process Management contracts are declining again. In 3Q 99, the total contract value for this type was \$1.9 billion (9.2%) compared to \$9.02 billion in 2Q 1999 (17% market share).

Network/Carrier Management contracts also weakened, but to a lesser extent. In 2Q 1999, total contract value for this type was \$6 billion (9.3% market share) compared to 3Q 1999, which recorded 14 contracts totaling \$2.43 billion (11.7%).

Exhibit III-4

3Q 1999 Top Contracts: Network/Carrier Management, \$2.4 Billion

Vendor	Customer	Industry	TCV (\$M)	% of Type
AT&T Solutions	Bank One	Finance	633	26
AT&T Solutions	Allied Signal	Discrete Manufacturing	400	16.4
AT&T Solutions	State of Texas GSC	State and Local Government	250	10.3
AT&T Solutions	Choice Hotels International	Misc.	233	9.6
BT Syncordia	Bank of Scotland	Finance	160	6.6
Siemens Business Information Services	Deutsche Steinkohle	Process Manufacturing	135.7	5.6
AT&T Solutions	Catholic Health Association of the US	Misc.	127	5.2
Alltel	BancWest Corporation	Banking and Finance	115	4.7
AT&T Solutions	Home Depot	Retail Trade	100	4.1
Artel	Dept of Defense	Federal Government	100	4.1
		Total	2253.7	93%
		3Q Total	2431	100%

Source: INPUT

AT&T dominated the Network/Carrier Management sector with 6 major contracts, which included:

- A contract to centralize and manage all of Allied Signal's communications and network services at 400 sites in 19 countries.
- A contract from the state of Texas to design and build a hybrid network combining ATM and frame relay transmission technologies.
- A contract from the Catholic Health Association of the United States to provide voice, Internet and data services to CHA member organizations.

The 3Q market shares of the leading vendors in Systems and Technology Services are listed by contract value in Exhibit III-5.

Exhibit III-5

**3Q 1999 Top Contracts:
Systems and Technology Services, \$15.3 Billion**

Vendor	Customer	Industry	Total (\$M)	% of Type
IBM Global Services	Dell	Discrete Manufacturing	6000	39.3
EDS	Continental Airlines	Transportation Services	1500	9.8
Compuware	The Detroit Medical Center	Health Services	1000	6.6
ICL	Customs & Excise	Govt - Int'l (N)	804	5.3
EDS	Telecom New Zealand	Telecommunications	800	5.8
IBM Global Services	ACE INA	Insurance	700	4.6
UNISYS	Commonwealth of Pennsylvania	State and Local Government	500	3.3
SAIC	Entergy	Utilities	400	2.6
Mississippi Space Service	NASA	Federal Government	325	2.1
FGM	U.S. Dept. of State	Federal Government	250	1.6
CSC	GSA	Federal Government	250	1.6
IBM Global Services	Mitsui Marine & Fire Insurance Co., Ltd.	Insurance	235	1.5
Logicon	U.S. Army	Federal Government	234	1.5
IBM Global Services	The Australian Federal Government	Govt - Int'l (N)	230	1.5
IBM Global Services	Bank One	Finance	168	1.1
MicroAge	State of Arizona	State and Local Government	150	0.98
DynCorp	U.S. Navy	Federal Government	144	0.94
Andersen Consulting	Dept of Education	Federal Government	114	0.75
		Total	13804	90.5%
		Quarterly Total	15260	100.0

Source: INPUT

As can be seen in Exhibit III-5, once again the proliferation of contracts from the Federal Government industry, as well as one large contract between IBM and Dell, were key factors in the overall size of the Systems and Technology Services sector this quarter.

Exhibit III-6 shows how the Systems and Technology Services segment fluctuated over the three-month period of 3Q 1999. For S&TS, the quarter started slow and ended slow with its most intense activity in August.

Exhibit III-6

**Total Contract Values: Systems and Technology Services,
3Q 1999 Monthly Progression**

Contract Type	TCV	% of Total	No of Contracts	Month
Systems & Technology Services	2318.43	54	24	7/1/99
Systems & Technology Services	3370.29	57.6	35	8/1/99
Systems & Technology Services	9491.67	89.7	21	9/1/99

Source: INPUT

The market shares of the leading vendors in Network/Carrier Management during 3Q 1999 (12% of the quarterly total) are portrayed in Exhibit III-7.

Exhibit III-7

**Leading Vendor Total Contract Values:
3Q 1999 Network/Carrier Management**

Vendor	Total Contract Value (\$M)	Share of 3Q TCV (%)	Share of Type (%)
AT&T Solutions	1743	8.4	71.7
BT Syncordia	160	7.7	6.6
Siemens Business Information Services	135.7	0.65	5.6
Alltel	115	0.55	4.7
Artel	100	0.48	4.1
Lucent Technologies	79	0.38	3.3
Cable & Wireless	72.3	0.35	3
Packard Bell NEC	20	0.1	0.8
ICL	5.6	0.03	0.2
Total	2430.6	11.7	100.0
3Q Total	2430.6	11.7	100.0

Source: INPUT

The NCM segment took 12% of the overall market share in 3Q 1999. This is due mostly to AT&T's contract with BankOne, which in itself was worth 8.4% of the total contract value in 3Q 1999 and 72% of

Network/Carrier contracts. BT Syncordia also gained prominence, winning one of the top awards of this type. Under the first award, BT Syncordia will install an IP network and manage the Bank of Scotland's current communications infrastructure.

The market shares of the leading vendors in Business Process Management during July-September 1999 are listed by total contract value in Exhibit III-8.

Convergys captured the largest share of the market (52%) based on its contract from AT&T Wireless Services. EDS followed behind Convergys in second place with two contracts, gaining 10.4% of the Business Process Management market. PricewaterhouseCoopers tied with EDS for second place among the Business Process Management contracts awarded to vendors. Both contracts awarded to PricewaterhouseCoopers came from the BPM category, one from Equifax for \$200 million and the other from the Australia Department of Finance for \$10 million, giving PricewaterhouseCoopers 10.4% of the market share.

Exhibit III-8

**3Q 1999 Top Contracts:
Business Process Management, \$1.9 Billion**

Vendor	Customer	Industry	TCV (\$M)	% of Type
Convergys	AT&T Wireless Services	Telecommunications	1000	52
EDS	Equifax	Business Services	200	10
PricewaterhouseCoopers	Equifax	Business Services	200	10
EDS	Halifax Plc	Finance	161	8
Johnson Controls	U.S. Navy (BOS)	Federal Government	89	5
ICL	London Borough of Waltham Forest	Govt. - Int'l (L)	56	3
ICL	Northern Ireland Education and Library Board	Education	32	2
Computer Task Group	KeyCorp	Finance	20	1
		Total	1758	91.0
		Quarterly Total	1915	100.0

Source: INPUT

The top contracts in the newly designated Electronic Markets segment are shown in Exhibit III-9.

Exhibit III-9

**3Q 1999 Top Contracts:
Electronic Markets, \$2.6 Billion**

Vendor	Customer	Total Contract Value (\$M)	% by Type
IBM Global Services	Galleries Lafayette	1200	93.5
Logica	U.K. Government	23	1.8
IBM Global Services	First Pacific Bank	15	1.2
Modem Media	General Electric	11	0.86
USInternetworking	Niku	5	0.4
USInternetworking	liveprint.com	5	0.4
USInternetworking	AllBooks4Less	5	0.4
	Total	1264	98.4
	3Q Total	2547	100

Source: INPUT

IBM Global Services dominated the category with a 95.3% market share in 3Q representing 14% of its total quarterly contract value.

Logica and Modem Media also made a showing in EM. Logica won a \$22.5 million deal from the U.K. government to develop a nationwide information and communications technology infrastructure for a network of Ufi learning centers. Modem Media won a \$11 million contract from General Electric to provide Internet and Intranet planning and development services.

The three USInternetworking contracts demonstrate the continued growth of the Application Service Provider (ASP) segment of the EM market. Rather than Web-enabling a company's business processes, ASP's outsource business functions on the basis of a monthly rental of software services, typically linked to the ASP by the Internet.

D

Vendor Success by Industry

Exhibit III-10 provides a summary of leading vendors by industry for 3Q 1999, ranked by size of industry. Exhibit III-12b shows in tabular form by month how vendor contract activity breaks down as percentages of the

quarterly total contact value, monthly industry values, and vendor-specific totals by month.

IBM Global Services dominated the top spot for the quarter, based on its \$6 billion contract from Dell, followed by Convergys in the telecommunications segment based on its large contract from AT&T Wireless Services. The Mississippi Space Service (CSC and The IT Group) ranked third thanks to its \$325 million contract from NASA. EDS follows on the strength of its \$1.5 billion award from Continental Airlines.

Exhibit III-10

3Q 1999 Leading Vendors by Industry

Industry	Top Vendor	Leading Vendor Market Share of Industry (%)	TCV in Industry (\$M)
Discrete Manufacturing	IBM Global Services	89	6721
Telecommunications	Convergys	51.2	1967
Federal Government	Mississippi Space Service	16.6	1961
Transportation Services	EDS	96.5	1554
Finance	AT&T Solutions	45.4	1394
Retail Trade	IBM Global Services	89.9	1336
Govt. - Int'l (N)	ICL	66.6	1206
State and Local Government	Unisys	46.7	1071
Health Services	Compuware	93.5	1070
Insurance	IBM Global Services	88.7	1055
Utilities	SAIC	97.9	409
Business Services	PricewaterhouseCoopers/EDS	50	400
Misc.	AT&T Solutions	90.6	398
Process Manufacturing	Siemens	98.8	137
Govt. - Int'l (L)	ICL	72.5	89
Education	ICL	73.3	44
		3Q Total Contract Value	20810

Source: INPUT

These quarterly, leading-vendor totals can be compared by industry on a monthly basis in Exhibit III-12b, which follows.

In particular, this exhibit demonstrates the extent to which industry dominance rotates between vendors on a monthly basis.

Exhibit III-10b

3Q Vendor Breakdown by Month and Industry

Date	Vendor	TCV (\$M)	No. of Contracts	Industry	% of 3Q Total	% of 3Q Industry	% of 3Q Vendor
8/99	4Front Technologies	5	1	Govt. - Int'l (L)	0.02	5.6	100
7/99	ACS	56	1	Federal Government	0.27	2.9	58
8/99	ACS	40	1	Insurance	0.2	3.8	42
8/99	ADP	3	1	Finance	0.01	0.22	100
7/99	Alltel	115	1	Finance	0.55	8.3	70
8/99	Alltel	49	1	Finance	0.2	3.5	30
8/99	AMS	50	1	State and Local Government	0.2	4.7	100
7/99	Andersen Consulting	47	1	Federal Government	0.2	2.4	29
8/99	Andersen Consulting	114	1	Federal Government	0.5	5.8	71
8/99	Artel	100	1	Federal Government	0.5	5.1	100
8/99	AT&T Solutions	633	1	Finance	3	45.4	36.3
8/99	AT&T Solutions	400	1	Discrete Manufacturing	1.9	6	23
9/99	AT&T Solutions	250	1	State and Local Government	1.2	23.3	14.3
9/99	AT&T Solutions	360	2	Misc.	1.7	91	20.7
9/99	AT&T Solutions	100	1	Retail Trade	0.5	7.5	5.7
8/99	billserv.com	3	1	Misc.	0.01	0.75	100
9/99	BISYS	3	1	Finance	0.01	0.22	100
7/99	Boeing Information Services	50	1	Federal Government	0.2	2.6	100
7/99	Booz-Allen Hamilton	5.6	1	Federal Government	0.03	0.28	100
9/99	BT Syncordia	160	1	Finance	0.8	11.5	100
7/99	Bull/Integris	20	1	Discrete Manufacturing	0.1	0.3	100
9/99	Bull/Integris	42	1	Insurance	0.2	4	29.2
9/99	Bull/Integris	6.4	1	Govt. - Int'l (L)	0.03	7.2	61.4
9/99	Cable & Wireless	72.3	1	Govt. - Int'l (N)	0.35	6	9.4

Exhibit III-10b Cont.

Date	Vendor	TCV (\$M)	No. of Contracts	Industry	% of 3Q Total	% of 3Q Industry	% of 3Q Vendor
8/99	CACI	1.1	1	Federal Government	0.005	0.06	100
8/99	Cap Gemini	30	1	Finance	0.14	2.2	63
9/99	Cap Gemini	4.8	1	Transportation Services	0.02	0.3	10
9/99	Cap Gemini	12.8	1	Health Services	0.06	1.2	27
7/99	CGI	39.9	1	Telecommunications	0.2	2	67.5
8/99	CGI	6.2	1	Govt. - Int'l (N)	0.03	0.5	10.5
8/99	CGI	13	1	Insurance	0.06	1.2	22
7/99	Chase Merchant Services	10	1	Transportation Services	0.05	0.64	100
8/99	Cognizant Technology Solutions	1.5	1	Insurance	0.007	0.14	100
9/99	Computer Task Group	20	1	Finance	0.1	1.44	100
8/99	Compuware	1000	1	Health Services	4.8	93.5	100
7/99	Condor Technology Solutions	3	1	Federal Government	0.014	0.15	100
7/99	Convergys	4	1	Retail Trade	0.02	0.3	0.4
7/99	Convergys	5	1	Health Services	0.024	0.47	0.5
8/99	Convergys	1000	1	Telecommunications	4.8	51	98.4
8/99	Convergys	1.5	1	Utilities	0.007	0.37	0.15
8/99	Convergys	1.3	1	Telecommunications	0.006	0.06	0.12
9/99	Convergys	5	1	Telecommunications	0.024	0.25	0.5
7/99	CSC	10.8	1	Federal Government	0.05	0.55	2.4
8/99	CSC	11.1	2	Federal Government	0.05	0.57	2.5
8/99	CSC	10	1	Discrete Manufacturing	0.05	0.15	2.3
8/99	CSC	250	1	Federal Government	1.2	12.75	55.7
8/99	CSC	5	1	Finance	0.02	0.36	1.1
9/99	CSC	128	2	Discrete Manufacturing	0.6	1.9	28.5
9/99	CSC	34	1	Federal Government	0.2	1.7	7.6
9/99	Digital	29	1	Federal Government	0.1	1.5	100
8/99	DynCorp	144	1	Federal Government	0.7	7.3	82
9/99	DynCorp	32.4	1	Federal Government	0.2	1.7	18
7/99	EDS	200	1	Business Services	1	50	7.5

Exhibit III-10b Cont.

Date	Vendor	TCV (\$M)	No. of Contracts	Industry	% of 3Q Total	% of 3Q Industry	% of 3Q Vendor
7/99	EDS	800	1	Telecommunications	3.8	41	29.9
7/99	EDS	1	1	State and Local Government	0.005	0.09	0.04
7/99	EDS	3	1	Health Services	0.01	0.3	0.1
8/99	EDS	160.7	1	Finance	0.77	11.5	6
8/99	EDS	7	1	Insurance	0.03	0.66	0.1
9/99	EDS	1500	1	Transportation Services	7.2	96.5	56
8/99	Evolving Resources	15	1	Federal Government	0.07	0.76	100
8/99	FI Group	16.1	1	Insurance	0.08	1.5	100
8/99	FGM	250	1	Federal Government	1.2	13	100
7/99	First Data	10	1	Finance	0.05	0.7	43.5
7/99	First Data	3	1	Misc.	0.01	0.75	13.04
7/99	First Data	5	1	Finance	0.02	0.36	21.7
8/99	First Data	5	1	Finance	0.024	0.36	21.7
8/99	GE Info. Services	1.5	1	Utilities	0.007	0.38	100
8/99	Getronics	7.5	1	Retail Trade	0.036	0.56	100
8/99	Griffin Services	25	1	Federal Government	0.1	1.3	100
7/99	Harbinger	5	1	Discrete Manufacturing	0.02	0.07	100
7/99	Hitachi Data Systems	17	1	State and Local Government	0.08	1.5	100
7/99	IBM Global Services	1200	1	Retail Trade	5.8	90	13.9
7/99	IBM Global Services	700	1	Insurance	3.4	66	8.1
7/99	IBM Global Services	3	1	Misc.	0.01	0.75	0.03
8/99	IBM Global Services	85	1	Federal Government	0.4	4.3	0.98
8/99	IBM Global Services	235	1	Insurance	1.1	22	2.7
8/99	IBM Global Services	168	1	Finance	0.8	12	1.95
9/99	IBM Global Services	6000	1	Discrete Manufacturing	28.8	89	69.5
9/99	IBM Global Services	230	1	Govt. - Intl (N)	1.1	19	2.7
9/99	IBM Global Services	15	1	Finance	0.07	1.1	0.2
7/99	ICL	31	1	Transportation Services	0.15	2	3.2
7/99	ICL	32.1	1	Education	0.15	73.3	3.3

Exhibit III-10b Cont.

Date	Vendor	TCV (\$M)	No. of Contracts	Industry	% of 3Q Total	% of 3Q Industry	% of 3Q Vendor
7/99	ICL	57.3	2	Govt. - Int'l (L)	0.28	64.5	6
7/99	ICL	5.6	1	Utilities	0.03	1.37	0.6
7/99	ICL	17.7	1	Telecommunications	0.09	0.9	1.8
7/99	ICL	1.6	1	Misc.	0.008	0.4	0.17
8/99	ICL	2	1	Govt. - Int'l (L)	0.01	2.3	0.2
8/99	ICL	4.9	1	Misc.	0.02	1.2	0.5
9/99	ICL	804	1	Govt. - Int'l (N)	3.9	66.6	83.6
9/99	ICL	5	1	Govt. - Int'l (L)	0.024	5.6	0.5
9/99	IMRglobal	3	1	Transportation Services	0.01	0.2	100
7/99	Inacom	42	1	Health Services	0.2	4	92
9/99	Inacom	3.7	1	Health Services	0.02	0.34	8
9/99	Ingram Micro	6	2	Misc.	0.03	1.5	100
9/99	ITNET	3.1	1	Govt. - Int'l (L)	0.02	3.4	100
8/99	Johnson Controls	89	1	Federal Government	0.4	4.5	100
7/99	Lockheed Martin	10	1	Discrete Manufacturing	0.05	0.15	100
7/99	Logica	4.8	1	Govt. - Int'l (N)	0.02	0.4	12
7/99	Logica	4.2	1	Telecommunications	0.02	0.2	11
8/99	Logica	22.5	1	Govt. - Int'l (N)	0.11	1.9	59
8/99	Logica	6.8	1	Finance	0.03	0.49	18
7/99	Logicon	7.7	1	Education	0.04	17.6	2
8/99	Logicon	234	2	Federal Government	1.12	12	73
8/99	Logicon	80	1	State and Local Government	0.38	7.5	25
9/99	Lucent Technologies	79	1	Telecommunications	0.38	4	100
7/99	Maximus	10	1	State and Local Government	0.05	0.93	100
9/99	MicroAge	150	1	State and Local Government	0.7	14	100
7/99	Mississippi Space Service	325	1	Federal Government	1.6	16.6	100
8/99	Modem Media	11	1	Discrete Manufacturing	0.05	0.16	100
7/99	Origin	35	1	Discrete Manufacturing	0.2	0.52	96

Exhibit III-10b Cont.

Date	Vendor	TCV (\$M)	No. of Contracts	Industry	% of 3Q Total	% of 3Q Industry	% of 3Q Vendor
8/99	Origin	1.6	1	Process Manufacturing	0.008	1.2	4
7/99	Packard Bell NEC	20	1	Telecommunications	0.1	1	100
7/99	PricewaterhouseCoopers	200	1	Business Services	1	50	95
7/99	PricewaterhouseCoopers	10	1	Govt. - Int'l (L)	0.05	11.3	5
7/99	reSOURCE Partner	2.5	1	Discrete Manufacturing	0.01	0.04	36
8/99	reSOURCE Partner	4.5	1	Discrete Manufacturing	0.02	0.07	64
9/99	RS Information Systems, Inc.	49	1	Federal Government	0.2	2.5	100
8/99	Sabre Group	5.5	1	Transportation Services	0.03	0.35	100
9/99	SAIC	400	1	Utilities	1.9	98	100
8/99	SCB	19	1	Retail Trade	0.09	1.4	86
8/99	SCB	3	1	Discrete Manufacturing	0.01	0.045	14
8/99	Schlumberger Omnes	4	1	Education	0.02	9	100
7/99	Sema Group	86.8	1	Discrete Manufacturing	0.4	1.3	100
7/99	Siemens Business Information Services	135.7	1	Process Manufacturing	0.7	99	98.5
9/99	Siemens Business Information Services	2	1	Discrete Manufacturing	0.01	0.03	1.5
7/99	SMS	3	1	Health Services	0.01	0.3	100
8/99	Synstar	5	1	Govt. - Int'l (N)	0.02	0.4	100
7/99	Syntegra	1	1	Govt. - Int'l (N)	0.005	0.08	15.5
8/99	Syntegra	5.5	1	Govt. - Int'l (N)	0.03	0.45	84.5
7/99	Tier Technologies	13	1	State and Local Government	0.06	1.2	100
9/99	Total System Services	5	1	Finance	0.02	0.36	100
8/99	TRW	1.1	1	Federal Government	0.005	0.06	100
7/99	UNISYS	3	1	Misc.	0.01	0.75	0.5
7/99	UNISYS	3	1	Discrete Manufacturing	0.01	0.045	0.5
8/99	UNISYS	500	1	State and Local Government	2.4	46.7	89

Exhibit III-10b Cont.

Date	Vendor	TCV (\$M)	No. of Contracts	Industry	% of 3Q Total	% of 3Q Industry	% of 3Q Vendor
9/99	UNISYS	55	1	Govt. - Int'l (N)	0.3	4.6	9.8
7/99	USInternetworking	5	1	Misc.	0.02	1.3	27.8
8/99	USInternetworking	5	1	Retail Trade	0.02	0.37	27.8
8/99	USInternetworking	5	1	Misc.	0.02	1.3	27.8
9/99	USInternetworking	3	1	Misc.	0.01	0.75	16.7

Source: INPUT

IBM once again dominated the insurance and retail trade markets in 3Q 1999, and gained the top vendor position in discrete manufacturing, replacing EDS from 2Q 1999. Meanwhile, EDS took the top position in transportation services from the Sabre Group and Convergys replaced Nortel as the top vendor in telecommunications.

CSC had many contracts (9) this quarter, was the ninth-ranked vendor based on total contract value, lead in the Federal Government sector through its joint venture with the IT Group: the Mississippi Space Service, yet failed to make it into the top three vendor slots for each contract type.

Significantly, smaller and more specialized vendors, ICL and Compuware, took the top ranks in markets where the traditional, leading vendors had previously been dominant.

The relative success of the leading vendors for each industry is indicated in Exhibits III-11 to III-22.

Exhibit III-11

Leading Vendors: Discrete Manufacturing, 3Q 1999
Total Contract Value, \$6.7 Billion

Vendor	Total Contract Value (\$M)	% of 3Q Industry Total
IBM Global Services	6000	89
AT&T Solutions	400	6
CSC	138	2.1
Sema Group	86.8	1.3
Origin	35	.52
Total	6660	99
3Q Total	6721	100.0

Source: INPUT

IBM continues to do well in the discrete manufacturing industry. IBM Global Services had emphasized the industry as an area of priority by creating and marketing several Discrete Manufacturing-specific solutions. It ranked second in 1Q 1999, tied for third in 2Q 1999, and won the top position in 3Q 1999, proving that it has itself firmly positioned for success in this industry.

AT&T also made a strong showing in the discrete manufacturing industry. After gaining the top vendor position in 1Q 1999, it dropped to the seventh position in 2Q 1999, but rebounded to the second place rank in 3Q 1999 with \$400 million worth of contracts.

CSC has been historically strong in this vertical market. Although, in 1Q 1999 it booked no contracts at all in this market, in 2Q it jumped to second place and currently ranks third in the market.

Exhibit III-12 shows the extent to which Convergys dominated the telecommunications industry in 3Q 1999, taking a 51% share of the quarterly total (99% of the vendor's quarterly total), followed by EDS at 41%.

Exhibit III-12

Leading Vendors: Telecommunications, 3Q 1999
Total Revenues, \$1.97 Billion

Vendor	Total Contract Value (\$M)	% Share of Quarterly Industry Total
Convergys	1006.25	51
EDS	800	41
Lucent Technologies	79	4
CGI	39.9	2
Packard Bell NEC	20	1
Total	1945.3	99
3Q Total	1967	100

Source: INPUT

The telecommunications industry is down 70% from 2Q 1999. The industry had grown to about \$11 billion at the end of 1998, only to drop down to under \$700 million in 1Q 1999. The industry bounced back to \$6.5 billion, due mainly to Nortel's multibillion-dollar deal with BellSouth, in 2Q 1999, but dipped to \$1.97 billion this quarter.

Convergys came out very strong; \$1 billion of its \$1.006 billion total contract value for the industry came from a contract with AT&T Wireless Services to provide customer care and billing services.

EDS is slowly making its way back to the leading vendor position in the telecommunications industry. EDS had no telecommunications contracts in 1Q 1999, but in 2Q 99, the company became the fourth-ranking vendor. In 3Q 99, EDS climbed to second place, with one contract from Telecom New Zealand worth \$800 million.

Exhibit III-13

**Leading Vendors: 3Q 1999 Federal Government
Total Contract Values, \$1.961 Billion**

Vendor	Total Contract Value (\$M)	% of 3Q Industry TCV
Mississippi Space Service	325	16.6
CSC	306	15.6
FGM	250	13
Logicon	234	12
DynCorp	176.4	9
Andersen Consulting	161	8.2
Artel	100	5
Johnson Controls	89	4.5
IBM Global Services	85	4.3
ACS	56	3
Boeing Information Services	50	2.5
Subtotal	1832.3	93.4
Total	1961	100.0

Source: INPUT

Federal sector contracts represent 9% of total 3Q contract values, down 92% from 2Q 1999. Federal contract values in 2Q 99 were inflated due to the award of the GSA *Millennia* project IDIQ contracts to twelve different vendors. With a ceiling of \$25 billion, the twelve contracts represented almost half of the total contract value for 2Q 1999.

In 3Q 1999, no single vendor overwhelmingly dominated the federal sector as contracts were somewhat equally dispersed among top vendors.

The Federal government sector in the U.S. was dominated by CSC and The IT Group (Mississippi Space Service), which took a 16.6% share, representing 100% of its total contract value in 3Q 99.

Exhibit III-14 provides the top vendor rankings for 3Q 1999 in the transportation industry. Total contract value rose to \$1.6 billion compared to \$143 million in 2Q 1999.

Exhibit III-14

**3Q 1999 Leading Vendors: Transportation Services
Total Contract Values, \$1.6 Billion**

Vendor	Total Contract Value (\$M)	% of 3Q Total Industry Value
EDS	1500	97
ICL	31	2
Chase Merchant Services	10	.64
Sabre Group	5.5	.35
Cap Gemini	4.82	.3
IMRglobal	3	.2
Total	1554.32	100.0

Source: INPUT

EDS captured 97% of the transportation sector with a \$1.5 billion deal with Continental Airlines. As an extension of the existing contract, EDS will expand Continental's services such as interairline electronic ticketing and check-in for international travelers.

ICL took the second position based on its \$31 million contract from CFR SA. For the next five years, ICL will provide systems integration and IT infrastructure support to Romania's state owned railway infrastructure. The project will automate and integrate systems to improve daily management for the railways' infrastructure, passenger and freight operations.

Chase Merchant Services took over the third position with its \$10 million contract from American Airlines. Under the terms of the five-year agreement, Chase will provide transaction processing, settlement and funding services to American Airlines.

As was true in 1Q and 2Q 1999, the top transportation industry contracts in 3Q 1999 were in the fast-growing airline segment.

As shown in Exhibit III-15, in the banking and finance industry AT&T Solutions took 45% market share, which represented 36% of its 3Q total contract value of \$1.743 billion.

Exhibit III-15

**Leading Vendors: Banking & Finance
3Q 1999 TCV, \$1.4 Billion**

Vendor	Total Contract Value (\$M)	% of 3Q Industry Total
AT&T Solutions	633	45
IBM Global Services	183	13
Alltel	164	12
EDS	160.7	11.5
BT Syncordia	160	11.5
Cap Gemini	30	2.2
Total	1393.5	100.0

Source: INPUT

IBM took second rank based on its \$168 million contract with Bank One and its \$15 million contract award from First Pacific Bank. Bank One hired IBM to expand Bank One's data center operations including help-desk support and management of the bank's mainframe computers and midrange services. This is an expansion of last year's contract under the Technology One Alliance between Bank One, IBM and AT&T. First Pacific Bank hired IBM to enhance the website, as well as introduce virtual ATM, Internet statement services and online applications, stock trading, on-line shopping and a payment gateway.

Alltel took third rank with \$115 million contract from BancWest Corporation and a \$49 million contract from Riyadh Bank. The awards represented 100% of Alltel's quarterly total contract value.

Exhibit III-16 shows the top vendors in the retail industry, led by IBM and its \$1200 million contract from Galeries Lafayette, which represented 14% of its quarterly total contract value.

Exhibit III-16

**3Q 1999 Leading Vendors: Retail
Total Revenues, \$1.34 Billion**

Vendor	Total Contract Value (\$M)	% of 3Q Industry Total
IBM Global Services	1200	90
AT&T Solutions	100	3
SCB	19	0.96
Getronics	7.5	0.37
USInternetworking	5	0.28
Convergys	4	0.22
Total	1335.5	100.0

Source: INPUT

AT&T Solutions took second rank based on its \$100 million contract with Home Depot. AT&T will provide integrated network connection service, voice and frame relay services.

SCB came in at third place based on one contract with Russell Stover Candies. SCB will provide complete support of Russell Stovers' Baan ERP system. The system supports the company's financial, distribution and manufacturing processes.

Exhibit III-17

**Leading Vendors: Govt. - Int'l (N)
3Q 1999 Total Revenues: \$1.2 Billion**

Vendor	Total Contract Value (\$M)	% Share of 3Q Industry Total
ICL	803.5	67
IBM Global Services	230	19
Cable & Wireless	72.3	6
UNISYS	55	4.6
Logica	27.3	2.3
Total	1205.75	100.0

Source: INPUT

The 3Q 1999 total revenue in International Government (National) increased to \$1.2 billion from \$164 million in 2Q 1999.

ICL rose from third place in 2Q 99 to first place in 3Q 99 with five contracts in Europe. IBM placed second with one contract from the Australian Federal Government to manage the computer systems for

the Health Group Agencies. Cable & Wireless rose from sixth place in 2Q 99 to third place in 3Q 99 based on one contract with the Northern Territory Government in Australia to provide digital communications services.

Exhibit III-18 shows evidence of the resumption of strong growth in the area of state and local government. Contract activity in this sector totaled \$1.2 billion in 4Q 1998, but dropped to only \$80 million in 1Q 1999. In 2Q 1999, the total revenues in this industry jumped to \$216 million, and in 3Q 1999 total revenues dramatically increased 396% to \$1.071 billion.

Exhibit III-18

**3Q 1999 Leading Vendors: State & Local Governments,
Total Contract Values, \$1.071 Billion**

Vendor	Total Contract Value (\$M)	% of 3Q Industry Total
UNISYS	500	47
AT&T Solutions	250	23
MicroAge	150	14
Logicon	80	7.5
AMS	50	4.7
Hitachi Data Systems	17	1.6
Tier Technologies	13	1.2
Maximus	10	.93
EDS	1	.09
Total	1071	100.0

Source: INPUT

Once again in this quarter UNISYS comprises most of the state and local government sector. In 1Q 1999, it won a small, but high-visibility, \$75 million contract from the City of Chicago. During 2Q 1999, UNISYS won two contracts with the Commonwealth of Kentucky, one six-year deal worth \$117 million and one five-year deal worth about \$30 million. During 3Q 1999, UNISYS won one contract with the Commonwealth of Pennsylvania. Under the terms of this deal, UNISYS will consolidate up to 20 state agencies' data centers into one centralized data center and provide ongoing management and operational support.

As we saw in 1Q and 2Q 99, several smaller vendors also comprise the state and local Government sector in 3Q 1999. There has been a trend by agencies toward offering smaller, limited contracts for

specific service to these vendors.

Exhibit III-19

**3Q 1999 Leading Vendors: Health Services
Total Revenues, \$1.07 Billion**

Vendor	Total Contract Value (\$M)	% of 3Q Industry Total
Compuware	1000	93.5
Inacom	45.7	4.3
Cap Gemini	12.8	1.2
Convergys	5	.47
SMS	3	.28
EDS	3	.28
Total	1069.5	100.0

Source: INPUT

As can be seen in Exhibit III-19, contract activity in the Health Services segment rose 96% between 2Q 1999 and 3Q 1999. Compuware led the industry with an \$1 billion contract from The Detroit Medical Center to support and maintain the data center operations, applications, and voice information systems.

Inacom took the second position based on two contracts in the Health Services industry. The first was with Blue Cross Blue Shield of Massachusetts. The five-year, \$42 million agreement designates Inacom as the single point of contact for management of PC, client/server and network technologies. The second contract, with St. Barnabas Health Care System, was a one-year, \$3.7 million agreement for Inacom to provide Y2K remediation, asset and desktop management services.

Exhibit III-20

**3Q 1999 Leading Vendors: Insurance
Total Revenues, \$1.5 Billion**

Vendor	Total Contract Value (\$M)	% Share 3Q Industry Total
IBM Global Services	935	89
Bull/Integris	42	4
ACS	40	3.8
F.I. Group	16.04	1.5
CGI	13	1.2
EDS	7	.66

Total	1054.54	100.0
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Source: INPUT

The insurance sector total contract activity decreased 19% from \$1.3 billion in 2Q 1999 to \$1.05 billion in 3Q 1999. IBM ranked first based on two contracts: one for \$700 million from ACE INA and another from Mitsui Marine & Fire Insurance Co. for \$250 million. Bull Integris ranked second with one contract from Lloyds of London worth \$42 million over a seven year period. ACS ranked third with a \$40 million, six-year contract from Arbella Mutual Insurance.

Exhibit III-21 shows the market share in the utilities market. Total contract value jumped between the second and third quarter from \$61 million to than \$409 million.

Exhibit III-21

Leading Vendors: Utilities, 3Q 1999
Total Revenues \$408.6 Million

Vendor	Total Contract Value (\$M)	% of 3Q Industry Total
SAIC	400	98
ICL	5.6	1.4
Convergys	1.5	.37
GE Info. Services	1.5	.37
Total	408.6	100%

Source: INPUT

In 3Q 1999, SAIC took the top rank in utilities based on its \$400 million contract with Entergy, the UK's biggest single producer of oil and gas.

Exhibit III-22 highlights contract activity in the diverse, "Other Industries" area. Those industries are miscellaneous, international government (local), process manufacturing, business services, and education.

Exhibit III-22

**3Q 1999 Leading Vendors: Other Industries *,
Total Revenues, \$1.07 Billion**

Vendor	Total Contract Value (\$M)	% 3Q Industry Total
AT&T Solutions	360	34
PricewaterhouseCoopers	210	20
EDS	200	19
Siemens Business Information Services	136	13
ICL	103	10
USInternetworking	13	1.2
Subtotal	1022	96%
Total	1067.33	100%

Source: INPUT

AT&T took the top position primarily based on two contracts: one from Catholic Health Association of the U.S. worth \$127 million and the other from Choice Hotels International worth \$233 million.

PricewaterhouseCoopers (PwC) took the second rank. PwC won two contracts in this category: one with Equifax for \$200 million and the other from the Australian Department of Finance and Administration for \$10 million. The contract with Equifax was to manage part of Equifax's human resources, finance and accounting functions. The contract with the Australian Department of Finance and Administration was to provide human resource processing services, including payroll and personnel processing, compensation case management, and recruitment services.

EDS took third place based on \$200 million contract from Equifax to process credit card transactions and provide e-banking solutions.

E**Vendor Success by Region**

During 3Q 1999, the Americas captured about 80% of the overall market, which is down from 97% in 2Q 1999. Contract values from the region consisting of Europe, Middle East and Africa contributed 13%, up from 2.7% in 2Q 1999. Asia contributed 6.6 %, also up from 0.2% in 2Q 1999.

The leading vendors in each of the three worldwide regions are indicated in Exhibits III-23 to III-27.

Exhibit III-23

3Q 1999 Leading Vendors: Americas
Total Americas Contract Awards: \$16.7 Billion

Vendor	Total Contract Value (\$M)	Market Share (%)	% of 3Q Vendor TCV
IBM Global Services	6968	41.7	81
AT&T Solutions	1743	10.4	100
EDS	1708	10.2	64
Convergys	1017	6.09	100
Compuware	1000	6	100
UNISYS	561	3.4	100
CSC	439	2.6	98
SAIC	400	2.4	100
Mississippi Space Service	325	1.9	100
Logicon	322	1.9	100
FGM	250	1.5	100
PricewaterhouseCoopers	210	1.3	100
DynCorp	176	1.1	100
Andersen Consulting	161	0.96	100
BT Syncordia	160	0.96	100
MicroAge	150	0.9	100
Alltel	115	0.7	70
Artel	100	0.6	100
Total	15805	94.7	
Regional Total	16694	100.0	

Source: INPUT

As we saw in 2Q 1999, the top five vendors accounted for more than half of the total regional market in 3Q 1999.

The remaining share was distributed widely among a large number of both large and small-size vendors.

Exhibit III-28 provides vendor market shares for the Europe/Middle East/Africa region.

Exhibit III-24

**3Q 1999 Leading Vendors: Europe / Middle East / Africa
Total Revenues, \$2.7 Billion**

Vendor	Total Contract Value (\$M)	Market Share (%)	% of 3Q Vendor TCV
IBM Global Services	1200	44	14
ICL	949	35	99
EDS	162	6	6
Siemens Business Information Services	136	5	98.5
Sema Group	87	3	100
Alltel	49	2	30
Bull/Integris	48	2	100
Logica	38	1	100
Total	2668	98	
Regional Total	2737	100.0	

Source: INPUT

While IBM Global Services took top rank, with 44% of the 3Q 1999 regional total, only 14% of its total quarterly contract value was represented in this region. ICL took a 35% share, while 99% of its total contract value came from this region. Siemens' share of the European market rebounded, climbing from just 1% in 2Q 99 to 5% in 3Q 99. Once again, that relatively small market share (5%) represented a large percentage (98.5%) of Siemens' total quarterly contract value.

As can be seen from Exhibit III-30, contract awards in the Asia/Pacific region grew significantly (92%) from 2Q to 3Q 1999. EDS took the top rank with two contracts in the Asia/Pacific region. The most significant was an \$800 million contract from Telecom New Zealand. EDS will manage and operate the company-wide information system and technology delivery, including the enterprise applications, technical infrastructure and information system assets. EDS will also manage the billing and customer information systems. The other contract was a health systems contract from Cadilla (India) in which EDS will implement SAP, infrastructure, planning, and technology services and support.

Exhibit III-25

3Q 1999 Leading Vendors: Asia/Pacific
Total Asia / Pacific Revenues: \$1.4 Billion

Vendor	Total Contract Value (\$M)	Market Share (%)	% of Vendor 3Q TCV
EDS	803	58	30
IBM Global Services	468	34	5
Cable & Wireless	72	5	100
Origin	35	3	96
Total	1378.3	100.0	

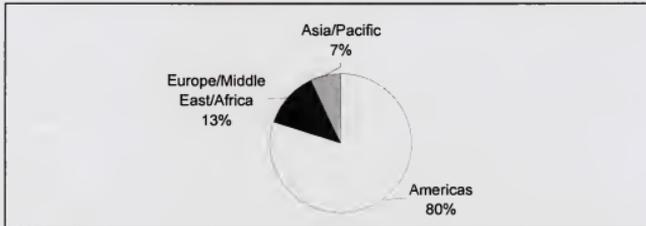
Source: INPUT

Although in previous quarters IBM's share of the Asia/Pacific region was almost nonexistent, its 3Q share was 34%, making it one of the top vendors in the region. IBM's contracts in this region consisted of a \$230 million contract from the Australian Federal Government, a \$235 million contract from Mitsui Marine Fire Insurance Co. (Japan), and a \$3 million contract from the National Roads and Motorists Association in Australia.

Cable & Wireless ranked third in this region with one contract from the Northern Territory Government in Australia. C&W will provide the government with a fully integrated suite of digital communications services.

Exhibit III-27

Regional Distribution of Total 3Q 1999 Quarterly Awards



Source: INPUT

IV

Industry Developments

During 3Q 1999, several of the following specific developments suggest important trends in the IT outsourcing sector that bear scrutiny.

- With the growth of the Internet and growing number of hacker attacks on computer systems, the outsourced network security market has experienced a boom. More and more organizations, including federal agencies, have realized the need for managing network security. Because many organizations lack the resources and/or expertise to do the job effectively, they are turning to firms that offer security management services. Because the technology is so complex and talent is so limited, even outsourcing companies are looking towards smaller, more specialized companies to fill in the gaps of their service portfolio. Companies such as Internet Security Systems (ISS) and Control Data Systems have created alliances with Internet service providers, such as AT&T, and outsourcing companies, such as EDS, to provide services like intrusion detection. Other companies like IBM and GTE Internetworking have expanded their security management service capabilities.
- Retail store automation outsourcing is on the upswing, demonstrated in part by the large IBM contract awarded in 3Q from French retailer, Galeries Lafayette, to automate its retail operations. Increasingly, retail stores are turning to IT vendors to automate customer transactions, back room inventory, merchandising, deliveries, billing, accounting, and enterprise-wide supply management.

A

Trends Turnaround: Average Contract Values Rise, Median Values Fall

In 3Q 1999, total contract values dropped by 59%. The U.S. economy remains strong, as evidenced by its 80% share of total contract value in 3Q 1999. Once again we see the continuing trend toward reduced dominance by major vendors and a plethora of smaller vendors that

are winning medium-to-small-sized contracts.

Exhibit IV-1 demonstrates on a quarterly comparison basis the offsetting trends during the quarter.

Exhibit IV-1

Comparison of Trends in Quarterly Contract Awards

Quarter	Total Value (M)	% Change	Average Value (M)	% Change	Median Value (M)	% Change
3Q 1998	\$18,797	+55	\$269	+107	\$50	-20
4Q 1998	\$30,708	+63	\$291	+8	\$30	-40
1Q 1999	\$15,241	-50	\$221	-24	\$100	+233
2Q 1999	\$50,338	+230	\$275	+24	\$17	-83
3Q 1999	\$20,809	-59	\$143	-48	13	-23.5

Source: INPUT

While the total value of quarterly contracts dropped 59% in 3Q 1999 from 2Q 1999, the average contract value dropped 48%.

There were five \$1 billion or larger contracts awarded in the quarter, but 112 contracts valued at less than \$100 million. Vendors sharing these lower-valued contracts included some of the largest players, including AT&T, IBM, Lockheed Martin, CSC, UNISYS, and EDS.

B

The Y2K effect in 3Q 1999

As has been widely predicted, there has been a Y2K effect on contract activity. Clearly, some contracts were deferred to reallocate budget and resources to Y2K activities. Excluding the large federal Millennium contract in 2Q 1999, contract activity declined in the first half of 1999. However, we expect that an analysis of 4Q 99 will show a rebound in contract awards.



Second Quarter Contract Listing

A summary listing of all contracts awarded during July-September 1999 appears on the following pages.

The contracts are listed alphabetically by vendor. The industry, total contract value and contract type is also provided for each contract.

When it was not possible to ascertain contract values, INPUT provided estimates.

Exhibit V-1

3Q 1999 Contract Awards

Vendor	Customer	Industry	Total Value (\$m)	Est.?	Status	Type
4Front Technologies	Kent Constabulary	Govt. - Int'l (L)	5	NO	New	Systems & Technology Services
ACS	Ginnie Mae	Federal Government	56	NO	New	Systems & Technology Services
ACS	Arbella Mutual Insurance	Insurance	40	NO	Renewal	Systems & Technology Services
ADP	Interactive Brokers	Finance	3	YES	New	Business Process Management
Alltel	Riyad Bank	Finance	49	NO	New	Systems & Technology Services
Alltel	BancWest Corporation	Finance	115	NO	New	Network/Carrier Management
AMS	State of Hawaii	State and Local Government	50	NO	New	Systems & Technology Services
Andersen Consulting	Dept of Education	Federal Government	114	YES	New	Systems & Technology Services
Andersen Consulting	U.S. Dept. of the Interior	Federal Government	47	NO	New	Systems & Technology Services

Exhibit V-1 Cont.

Vendor	Customer	Industry	Total Value (\$m)	Est.?	Status	Type
Artel	Dept of Defense	Federal Government	100	NO	New	Network/Carrier Management
AT&T Solutions	Allied Signal	Discrete Manufacturing	400	YES	New	Network/Carrier Management
AT&T Solutions	Bank One	Finance	633	YES	Expansion	Network/Carrier Management
AT&T Solutions	Catholic Health Association of the US	Misc.	127	NO	New	Network/Carrier Management
AT&T Solutions	Choice Hotels International	Misc.	233	NO	New	Network/Carrier Management
AT&T Solutions	Home Depot	Retail Trade	100	NO	New	Network/Carrier Management
AT&T Solutions	State of Texas GSC	State and Local Government	250	NO	New	Network/Carrier Management
billserv.com	National Computer Print	Misc.	3	NO	New	Electronic Markets
BISYS	Activa Asset Management	Finance	3	YES	New	Business Process Management
Boeing Information Services	HCFA (ODIN)	Federal Government	50	NO	New	Systems & Technology Services
Booz-Allen Hamilton	Naval Sea Logistics Center	Federal Government	5.6	NO	New	Systems & Technology Services
BT Syncordia	Bank of Scotland	Finance	160	NO	New	Network/Carrier Management
Bull/Integris	Honeywell	Discrete Manufacturing	20	YES	Renewal	Systems & Technology Services
Bull/Integris	Derby City Council	Govt. - Int'l (L)	6.4	NO	New	Systems & Technology Services
Bull/Integris	Lloyds of London	Insurance	42	NO	New	Systems & Technology Services
Cable & Wireless	Northern Territory Government	Govt. - Int'l (N)	72.3	NO	New	Network/Carrier Management
CACI	U.S. Air Force, ASCTS Production Group	Federal Government	1.1	NO	New	Systems & Technology Services
Cap Gemini	General Motors Acceptance Corporation	Finance	30	NO	New	Systems & Technology Services

Exhibit V-1 Cont.

Vendor	Customer	Industry	Total Value (\$m)	Est.?	Status	Type
Cap Gemini	Molnlycke Healthcare	Health Services	12.8	NO	New	Systems & Technology Services
Cap Gemini	Schiphol Group	Transportation Services	4.82	NO	New	Systems & Technology Services
CGI	Government of Quebec	Govt. - Int'l (N)	6.2	NO	New	Systems & Technology Services
CGI	C.N.A.	Insurance	13	NO	Renewal	Systems & Technology Services
CGI	Mirror S.A	Telecommunications	39.9	NO	New	Systems & Technology Services
Chase Merchant Services	American Airlines	Transportation Services	10	YES	New	Business Process Management
Cognizant Technology Solutions	HealthPlan Services	Insurance	1.5	YES	New	Systems & Technology Services
Computer Task Group	KeyCorp	Finance	20	NO	New	Business Process Management
Compuware	The Detroit Medical Center	Health Services	1000	NO	New	Systems & Technology Services
Condor Technology Solutions	Dept. of Veterans Affairs	Federal Government	3	NO	New	Electronic Markets
Convergys	Pfizer	Health Services	5	NO	New	Business Process Management
Convergys	Toys R Us	Retail Trade	4	NO	New	Business Process Management
Convergys	Ameritech Mobile Communications	Telecommunications	1.25	NO	Renewal	Business Process Management
Convergys	AT&T Wireless Services	Telecommunications	1000	NO	Renewal	Business Process Management
Convergys	Cincinnati Bell Wireless	Telecommunications	5	NO	New	Business Process Management
Convergys	Baltimore Gas and Electric	Utilities	1.5	YES	New	Business Process Management
CSC	General Dynamics Corp.	Discrete Manufacturing	68	NO	New	Systems & Technology Services
CSC	Hughes Electronics Corp.	Discrete Manufacturing	60	NO	New	Systems & Technology Services

Exhibit V-1 Cont.

Vendor	Customer	Industry	Total Value (\$m)	Est.?	Status	Type
CSC	ICI Paints	Discrete Manufacturing	10	NO	Renewal	Systems & Technology Services
CSC	Department of Education	Federal Government	34	NO	New	Systems & Technology Services
CSC	GSA	Federal Government	250	NO	New	Systems & Technology Services
CSC	GSA (VDCS)	Federal Government	10.8	NO	New	Systems & Technology Services
CSC	U.S. Air Force, ASCTS Production Group	Federal Government	1.1	NO	New	Systems & Technology Services
CSC	U.S. State Department	Federal Government	10	NO	New	Systems & Technology Services
CSC	Synovus Financial Corp.	Finance	5	NO	New	Business Process Management
Digital	Dept. of Treasury	Federal Government	29	NO	New	Systems & Technology Services
DynCorp	GSA (Answer)	Federal Government	32.4	NO	New	Systems & Technology Services
DynCorp	U.S. Navy	Federal Government	144	NO	New	Systems & Technology Services
EDS	Equifax	Business Services	200	NO	New	Business Process Management
EDS	Halifax Plc	Finance	160.7	NO	New	Business Process Management
EDS	Cadilla	Health Services	3	YES	New	Systems & Technology Services
EDS	Lincoln Life	Insurance	7	YES	New	Business Process Management
EDS	Baltimore County	State and Local Government	1	NO	New	Systems & Technology Services
EDS	Telecom New Zealand	Telecommunications	800	NO	New	Systems & Technology Services
EDS	Continental Airlines	Transportation Services	1500	NO	Renewal	Systems & Technology Services
Evolving Resources	U.S. Navy	Federal Government	15	NO	New	Systems & Technology Services
FI Group	Britannia Life	Insurance	16.04	NO	New	Systems & Technology Services

Exhibit V-1 Cont.

Vendor	Customer	Industry	Total Value (\$m)	Est.?	Status	Type
FGM	U.S. Dept. of State	Federal Government	250	YES	New	Systems & Technology Services
First Data	Fleet Credit Card Services	Finance	5	NO	Renewal	Business Process Management
First Data	State Street Global Advisors	Finance	10	NO	New	Business Process Management
First Data	Wells Fargo	Finance	5	NO	New	Business Process Management
First Data	SouthEast Bankcard Association	Misc.	3	NO	Renewal	Business Process Management
GE Info. Services	Public Service Electric & Gas	Utilities	1.5	YES	New	Electronic Markets
Getronics	KB Toys	Retail Trade	7.5	NO	New	Systems & Technology Services
Griffin Services	U.S. Air Force	Federal Government	25	NO	New	Systems & Technology Services
Harbinger	Packard Bell	Discrete Manufacturing	5	YES	New	Business Process Management
Hitachi Data Systems	Fulton County Board of Commissioners	State and Local Government	17	YES	New	Systems & Technology Services
IBM Global Services	Dell	Discrete Manufacturing	6000	NO	Expansion	Systems & Technology Services
IBM Global Services	U.S. State Department	Federal Government	85	NO	New	Systems & Technology Services
IBM Global Services	Bank One	Finance	168	YES	Expansion	Systems & Technology Services
IBM Global Services	First Pacific Bank	Finance	15	NO	New	Electronic Markets
IBM Global Services	The Australian Federal Government	Govt. - Int'l (N)	230	NO	New	Systems & Technology Services
IBM Global Services	ACE INA	Insurance	700	NO	New	Systems & Technology Services
IBM Global Services	Mitsui Marine & Fire Insurance Co., Ltd.	Insurance	235	NO	New	Systems & Technology Services

Exhibit V-1 Cont.

Vendor	Customer	Industry	Total Value (\$m)	Est.?	Status	Type
IBM Global Services	National Roads & Motorists Association	Misc.	3	YES	New	Systems & Technology Services
IBM Global Services	Galeries Lafayette	Retail Trade	1200	NO	New	Electronic Markets
ICL	Northern Ireland Education and Library Board	Education	32.1	NO	New	Business Process Management
ICL	London Borough of Merton	Govt. - Int'l (L)	1.13	NO	New	Systems & Technology Services
ICL	Walsall Metropolitan Borough Council	Govt. - Int'l (L)	5	NO	New	Systems & Technology Services
ICL	West of Scotland Water Authority	Govt. - Int'l (L)	2	NO	New	Systems & Technology Services
ICL	London Borough of Waltham Forest	Govt. - Int'l (L)	56.2	NO	New	Business Process Management
ICL	Customs & Excise	Govt. - Int'l (N)	803.5	NO	New	Systems & Technology Services
ICL	AOL Europe	Misc.	4.85	YES	New	Electronic Markets
ICL	Miller Freeman	Misc.	1.6	YES	New	Electronic Markets
ICL	Vodafone	Telecommunications	17.7	YES	New	Systems & Technology Services
ICL	CFR SA	Transportation Services	31	NO	New	Systems & Technology Services
ICL	British Nuclear Fuels Limited	Utilities	5.6	NO	New	Network/Carrier Management
IMRglobal	CMA-CGM Group	Transportation Services	3	YES	New	Systems & Technology Services
Inacom	Blue Cross Blue Shield of Mass.	Health Services	42	NO	New	Systems & Technology Services
Inacom	St. Barnabas Health Care	Health Services	3.7	NO	New	Systems & Technology Services
Ingram Micro	GE Capital IT Solutions of Denmark	Misc.	3	YES	New	Business Process Management
Ingram Micro	Telenor IT Service and Installasjon	Misc.	3	NO	New	Business Process Management

Exhibit V-1 Cont.

Vendor	Customer	Industry	Total Value (\$m)	Est.?	Status	Type
ITNET	Nottingham City Council	Govt. - Int'l (L)	3.05	NO	New	Systems & Technology Services
Johnson Controls	U.S. Navy (BOS)	Federal Government	89	NO	New	Business Process Management
Lockheed Martin	General Motors	Discrete Manufacturing	10	YES	New	Business Process Management
Logica	IPE	Finance	6.8	NO	New	Systems & Technology Services
Logica	UK Government	Govt. - Int'l (N)	4.8	NO	New	Systems & Technology Services
Logica	U.K. Government	Govt. - Int'l (N)	22.5	NO	New	Electronic Markets
Logica	Saudi Globalstar	Telecommunications	4.2	YES	New	Business Process Management
Logicon	Polytechnic University of New York	Education	7.7	NO	Renewal	Systems & Technology Services
Logicon	U.S. Army	Federal Government	20	NO	New	Systems & Technology Services
Logicon	U.S. Army	Federal Government	214	NO	Renewal	Systems & Technology Services
Logicon	State of Texas Dept. of Protective & Regulatory Services	State and Local Government	80	NO	New	Systems & Technology Services
Lucent Technologies	AT&T Solutions	Telecommunications	79	NO	Expansion	Network/Carrier Management
Maximus	Tennessee Dept. of Human Services	State and Local Government	10	NO	New	Business Process Management
MicroAge	State of Arizona	State and Local Government	150	NO	New	Systems & Technology Services
Mississippi Space Service	NASA	Federal Government	325	NO	New	Systems & Technology Services
Modem Media	General Electric	Discrete Manufacturing	11	NO	New	Electronic Markets
Origin	Orica	Discrete Manufacturing	35	NO	New	Systems & Technology Services
Origin	DuPont	Process Manufacturing	1.6	YES	New	Business Process Management
Packard Bell NEC	MCI WorldCom	Telecommunications	20	NO	New	Network/Carrier Management

Exhibit V-1 Cont.

Vendor	Customer	Industry	Total Value (\$m)	Est.?	Status	Type
PricewaterhouseCoopers	Equifax	Business Services	200	NO	New	Business Process Management
PricewaterhouseCoopers	Australia Dept. of Finance & Admin.	Govt. - Int'l (L)	10	YES	New	Business Process Management
reSOURCE Partner	Eagle Family Foods	Discrete Manufacturing	2.5	YES	Renewal	Business Process Management
reSOURCE Partner	Elmer's Products	Discrete Manufacturing	4.5	YES	Renewal	Business Process Management
RS Information Systems, Inc.	U.S. Air Force	Federal Government	49	NO	New	Systems & Technology Services
Sabre Group	Varig Airlines	Transportation Services	5.5	NO	New	Systems & Technology Services
SAIC	Entergy	Utilities	400	NO	New	Systems & Technology Services
SCB	Duro Industries	Discrete Manufacturing	3	NO	New	Business Process Management
SCB	Russell Stover Candies	Retail Trade	19	NO	New	Business Process Management
Schlumberger Omnes	University of Texas Medical Branch	Education	4	NO	New	Systems & Technology Services
Sema Group	British American Tobacco	Discrete Manufacturing	86.8	NO	Renewal	Systems & Technology Services
Siemens Business Information Services	Spalding Sports Worldwide	Discrete Manufacturing	2	NO	New	Business Process Management
Siemens Business Information Services	Deutsche Steinkohle	Process Manufacturing	135.7	NO	New	Network/Carrier Management
SMS	Vanderbilt Health Plans	Health Services	3	YES	New	Business Process Management
Synstar	Royal Navy	Govt. - Int'l (N)	5	NO	New	Systems & Technology Services
Syntegra	GKN Westland Helicopters	Govt. - Int'l (N)	5.45	NO	New	Systems & Technology Services
Syntegra	Land Register of Northern Ireland	Govt. - Int'l (N)	1	YES	New	Systems & Technology Services
Tier Technologies	State of Tennessee	State and Local Government	13	NO	New	Systems & Technology Services

Exhibit V-1

Vendor	Customer	Industry	Total Value (\$m)	Est.?	Status	Type
Total System Services	Bank of America	Finance	5	NO	Renewal	Business Process Management
TRW	U.S. Air Force, ASCTS Production Group	Federal Government	1.1	NO	New	Systems & Technology Services
UNISYS	Ingersoll-Rand	Discrete Manufacturing	3	YES	New	Business Process Management
UNISYS	Empresa Brasileira de Correio e Telegrafos (postal service)	Govt. - Int'l (N)	55	YES	New	Systems & Technology Services
UNISYS	Morrison Knudsen	Misc.	3	YES	New	Electronic Markets
UNISYS	Commonwealth of Pennsylvania	State and Local Government	500	NO	New	Systems & Technology Services
USInternetworking	Clarus	Misc.	3	YES	New	Electronic Markets
USInternetworking	liveprint.com	Misc.	5	NO	New	Electronic Markets
USInternetworking	Niku	Misc.	5	YES	New	Electronic Markets
USInternetworking	AllBooks4Less	Retail Trade	5	NO	New	Electronic Markets

Source: INPUT