

# BIIA NEWSLETTER

Market Intelligence - Industry Developments & Trends - Information Technology - Regulatory Issues - User Community

BIIA NEWSLETTER ISSUE 03 - 09

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## EVENTS



The Association for Finance, Credit and International Business holds its annual Export Credit & Trade Finance Summit in Spain

BIIA Board Member  
Dr. Hans Belcsak will be a Key Note Speaker

BIIA Member Graydon International will Exhibit

Venue: May 17-19, 2009,  
BARCELONA, SPAIN

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### *In Memoriam:*

*The Business Information Industry mourns the untimely death of Udo Pyszny, a champion of our industry and until recently the managing director of the Verband der Vereine Creditreform, Neuss, Germany. We expresses our sincere condolences to the Pyszny family and our member Creditreform, Germany*

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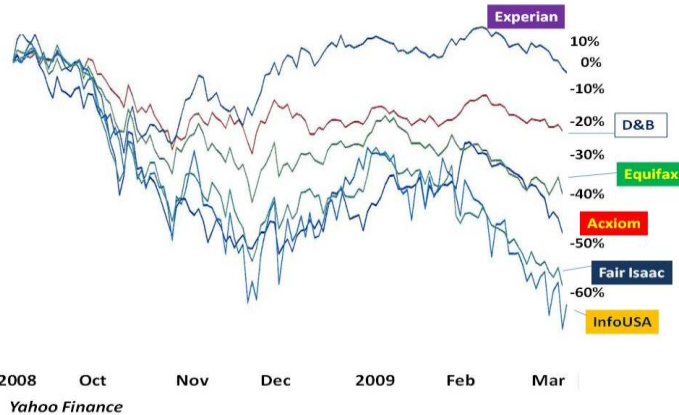
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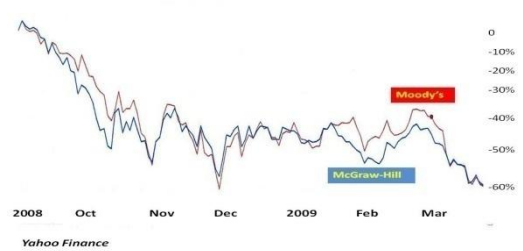
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## LATE BREAKING NEWS

### SHARE PRICE PERFORMANCE OF MAJOR B2C AND B2B INFO COMPANIES



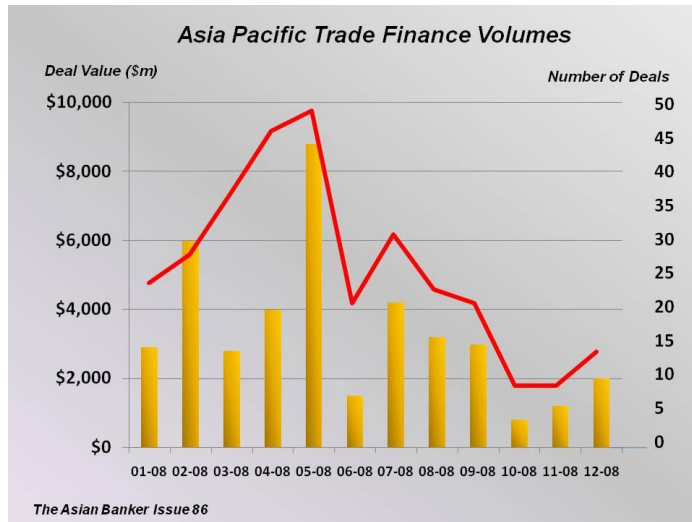
Experian share price started to take off early December but has declined recently. D&B was holding its own, but also started to soften in line with the recent market decline. Share prices for Equifax, Acxiom, Fair Isaac and InfoUSA (InfoGroup) continue to suffer reflecting the prolonged crisis in the financial services sector.



McGraw-Hill Companies share price performance appears to mirror that of Moody's ignoring the fact that McGraw-Hill Companies has a diversified product portfolio.

Standard & Poor's published a *White Paper* on Rating Agency Regulatory Issues. The paper outlines 10 goals that investors and other users of ratings want to see from regulation, and which should guide the approach taken by policymakers internationally. To read the full story, go to: [S&P White Paper](#)

### FINANCIAL CRISIS REVERSES TRENDS ON OPEN CREDIT



According to a recent article in the Asian Banker (Issue 86) Asia Pacific trade finance volumes crashed in October. Distrust of trading partners and aversion to specific country risk, coupled with declining import and export volumes, have forced trade finance providers to go back to basics.

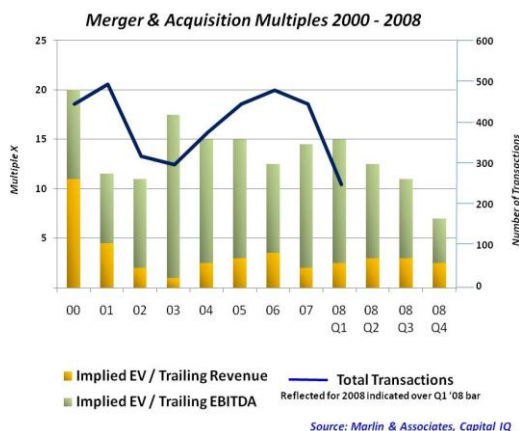
As a result of the slowdown, companies are taking more precautions against defaults by trading counterparties. There has been a steady increase of requests for Letters of Credit (LCs) as well as for discounts against documents that are accepted by issuing banks. Customers who normally trade on open account basis today prefer LCs.

Source: *The Asian Banker*

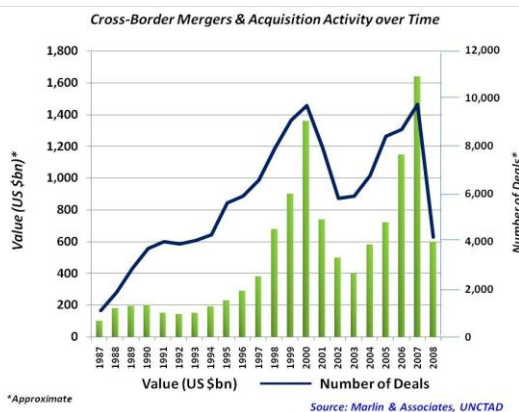
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## LATE BREAKING NEWS

### M&A OUTLOOK FOR MIDDLE-MARKET TECHNOLOGY AND DIGITAL INFORMATION 2009-2010



#### Value of Digital Information



**Marlin Associates (M&A)** has just published its Mergers & Acquisitions Outlook for Middle Market Technology and Digital Information 2009-2010. According to the principals of Marlin Associates the outlook is encouraging in spite of the depressed general mood in the venture capital (VC) and private equity (PE) sectors.

**It is back to basics:** Today, getting deals done, much less achieving appropriate values, takes discipline, expertise and dedication. Events change rapidly; agreed terms are being renegotiated or even withdrawn.

**Due diligence reviews are now extensive:** Transactions are taking longer to close. But, even if the universe of potential buyers is smaller, or a firm is weaker, often it is still possible to get a good price from one or more of the remaining bidders. The challenge is for both the buyer and seller to see the strategic fit, the strengths and potential, and to shepherd a transaction all the way to closing. In this environment the ability to get and sustain the enthusiasm of all parties in the process is more important than ever.

**Marlin Associates** state for four reasons, that the outlook for Mergers & Acquisitions among middle market (and smaller) tech and digital information firms will continue to be better and recover faster than the broader merger and acquisition market:

- GDP growth in the U.S., Japan and Euro Zone will begin to recover in 2010 (a rising tide always helps);
- IT spending (a good barometer) will not be down much in 2009 and will resume growth in 2010;
- Middle-market tech firms - and the prospective buyers of those firms - are on sounder financial footing than they were after the tech crash of the early 2000s;
- There are still cash-rich buyers who are looking to acquire key tech assets at reasonable values.

In spite of tough market conditions, **Marlin Associates** 'venture' to make the following predictions:

- The IPO market for middle-market tech and digital information firms is AWOL\* and will remain absent through 2010. VC and PE players will stay on the sidelines for larger deals through 2010—but they will remain open to investments in smaller firms. (\*AWOL = Absent without (Official) Leave)
- M&A prices for tech and digital information transactions will be grounded in economic reality, but strong mid-market tech companies will still command strong prices.
- Strategics (not financial sponsors) will make up the vast bulk (98%+) of both buyers and sellers through 2010. Virtually all deals will be under \$250 million. (Continued on next page)

## LATE BREAKING NEWS

### M&A OUTLOOK FOR MIDDLE-MARKET TECHNOLOGY AND DIGITAL INFORMATION 2009-2010 *(Continued from previous page)*

Merger & acquisition prices for tech and digital information transactions will be grounded in economic reality, but strong companies will still command strong prices. Values (when expressed as an average multiple of revenue or EBITDA) peaked in 1998, reached a nadir in 2002, climbed again through Q1 2008, and then declined. But averages can mask underlying truths. For most companies, multiples declined as their own top-line growth prospects declined. We advised on several of these transactions. Where top-line growth was strong, the multiples were considerably higher than the average.

Marlin Associates also believe that cross border expansion remains an important element in the strategy of many corporations around the world and that cross-border mergers & acquisition activity will begin recovering in 2010.

The Marlin Associate assessment is reassuring. It is no use to cry over spilled milk. In spite of news reports that would indicate that Armageddon is upon us, middle-market (and smaller) tech merger & acquisition deals are getting done - and not just by companies in trouble, or buyers looking for bargains. Succeeding in this environment, much less achieving appropriate values, is no game for the inexperienced or faint of heart. It takes discipline and expertise. As stated at the beginning: It is back to basics! *Source: Marlin Associates*

### EXPERIAN PLAYS HARD BALL WITH FAIR ISAACS

Experian said it had terminated a partnership with a U.S. company that allows consumers access to their credit scores. Steven Wagner, Experian's president of consumer information services, said the company, Fair Isaac, was "simply unreasonable" in contract negotiations, *as reported by USA Today*. Experian will still sell credit scores to lenders. Consumers who apply for mortgages will be able to get all their FICO credit scores through lenders, according to Experian.

BIIA had reported in the February Newsletter issue that Equifax had reconfirmed its relationship with Fair Isaacs

### BAIDU REVENUES FOR Q4 UP BY 58%, FULL-YEAR UP BY 83%

Baidu, a leading Chinese language Internet search provider, released its fourth quarter and full-year results. Revenues in the fiscal year 2008 were US\$468.8 million. That is a year-on-year increase of 83%. The number of active online marketing customers increased by 32.7% to 284,000 in 2008. Net income rose by nearly 67% reaching US\$153.6 million. Diluted earnings per share for the fiscal year were US\$4.43.

Fourth quarter revenues were US\$132.2 million which is an increase of 58%. Net income rose by 31.3% reaching US\$42.3 million. Diluted earnings per share were US\$1.22 in the quarter. Revenue per customer increased to US\$1,642 an increase of 38% over 2007. Baidu's management provided guidance for the first quarter of 2009. Revenues are expected to be between US\$114 million and US\$117 million, a 36% to 39% increase over the first quarter of 2008.

*Source: Baidu Press Release*

***Need more information? Consult the BIIA Newsletter Archive: [BIIA Newsletter Archive](#)***

## LATE BREAKING NEWS

### EUROPEAN FINANCIAL EXPERTS CALL FOR A GLOBAL CREDIT REGISTER

***Credit registers are basically still national. This is said to be an anachronism when companies borrow and banks lend globally***

In order to avoid future crisis of today's magnitude, experts say the setting up a solid information base capturing global financial exposures is imperative. The problem with Basel I and Basel II is that they do not cover systemic risk and there is no global database that tracks cross border exposure.

There is a long list of exposures that are not transparent today, for example the cross-border links between large, complex financial institutions (LCFIs) and the whereabouts of credit default swaps, collateralized debt obligations and other asset-backed securities. Putting together a global "risk map" displaying financial links among LCFIs as well as the most important risk drivers, such as asset price changes and yield spread dynamics, would enable authorities to carry out financial system stress tests. **Source: *Financial Times* 2/19/2009**

BIIA welcomes this development and believes such an initiative would greatly improve the transparency of credit transactions worldwide, provided it is not just for the benefit of the financial services industry but also for investors and trade credit grantors.

### GOOGLE: VULNERABILITY OF WEB SERVICES CASTS SHADOW OVER CLOUD COMPUTING

E-mail services (G-Mail) managed by Google and used by 100 million users crashed for more than two hours impacting users in Europe and Asia. America was less impacted because the failure occurred at night. According to the Financial Times it is the worst failure to date for G-mail, a browser-based e-mail service that has been growing at the rate of 40% per annum.

Google, with 113 million users has been gaining on its rivals Microsoft's Hotmail (283 million) and Yahoo (274 million). The failure highlights the vulnerability of 'Cloud' computing when customers trust their data to services run remotely over the web, without keeping applications on the PC's hard drive. **Source: *Financial Times***

### BUSINESS-TO-BUSINESS MAGAZINE REVENUES DECLINE AS ECONOMY STRUGGLES

Business-to-business magazine revenues show a full-year decline of 7.3% as a result of the current economic conditions, according to the latest BIN data. Examined on a quarterly basis, revenues were down 5.3% in the first quarter, 6.0% in the second quarter, 5.9% in the third quarter and 13.1% in the fourth quarter.

Despite the overall decline, five of the 22 BIN categories showed growth in magazine revenues. These categories, with the highest growth first, include Agriculture; Transportation & Logistics; Architecture, Design & Lighting; Aviation, Aerospace & Military and Professional Services. **Source: *ABM***

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For example Business Online Thailand does!**

## LATE BREAKING NEWS

### BUILDING A COMPETITIVE INTELLIGENCE SYSTEM START TO FINISH

The global financial crisis has triggered a collapse in global trade which executives and professionals have not experienced for some time. To survive in such an environment requires fundamental knowledge of markets and competition. As markets and competitive landscape shift vigilance is of essence, combined with a high degree of professionalism, to be able to recognize important shifts, assess potential impacts and to formulate appropriate responses.

*The Competitive Intelligence Foundation* published a comprehensive publication with the title: Starting a Competitive Intelligence Function. This publication takes one to the beginning of the competitive intelligence (CI) process, where one has the first opportunity to define and implement an effective CI function for a company. **To order this publication contact: [SCIP](#)**

### ALACRA FEELS THE PULSE OF BUSINESS EVENTS

*Alacra Pulse* has been designed to identify, aggregate and present business events (such as rumors of upcoming mergers or acquisitions, bankruptcy filings, layoff announcements or analyst comments). At launch the service will be tracking 2000 mainstream and alternative media sources which have been selected by the Alacra team for their quality and influence on the marketplace. Pulse was built using Alacra's proprietary Knowledge Extraction Technology, a semantic engine. Additional applications currently in development include Deal Pulse (focused on M&A transactions), Weak Pulse (focused on companies in a state of distress), Credit Pulse (comments on credit ratings) and Legal Pulse (tracking mentions of law firms).

The new Pulse service demonstrates Alacra's real understanding of the needs of users in the markets which it serves, namely financial services. That's evident in the range of content options the company already offers (subscription services, or a chance to buy one off reports from the Alacra Store), but Pulse takes it a step further with an acknowledgement that the way in which investors and finance professionals obtain information about companies is evolving. Pulse essentially mimics and then expands the water cooler nature of the industry, and the emphasis on only allowing sources which have been pre-approved by Alacra's editors is vital. In any industry there are only a limited number of real opinion drivers - enabling easy access to those voices is a vital first step. Street Pulse clearly plans to build further on this - sources can be rated and stories commented upon, and Alacra's semantic technology will no doubt be used at a later stage to flag up the real market influencers, with the potential to do this at a niche level. **Source: [Outsell Inc.](#)**

### MICROSOFT'S MSN BLACKLISTED LISTED FOR PROVIDING LEWD CONTENT

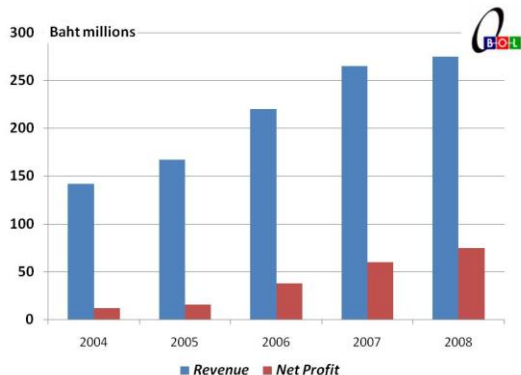
China continued its nationwide crackdown on Internet pornography Thursday by releasing a second list of web portals violating the country's Internet regulations. China Internet Illegal Information Reporting Center (CIIRC) said in a statement that all 14 portals named on the list contain content which either go against public morality or harm children's psychological health. The new list included Microsoft's MSN China. The CIIRC said the portal's movie and community sections contain a large number of lewd pictures.

Authorities said in Thursday's statement that Google has cleaned up most of the unhealthy content in its search results, although more work still needs to be done. While Baidu, the most popular search engine for Chinese, was criticized by the CIIRC for taking sluggish measures to filter porn pictures from its search results and blogs.

**Source: [Xinhua](#)**

## MEMBER NEWS

### BOL – BUSINESS ONLINE THAILAND REVENUES FOR 2008 ARE UP 3.2%

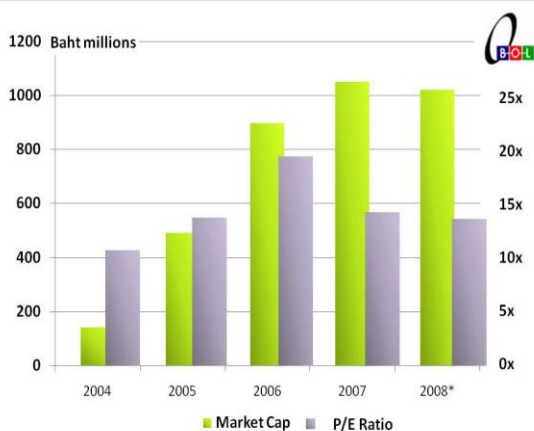


Source: BOL Press Release

1 US Dollar = 36.2151

*Bangkok, 20<sup>th</sup> February:* Bangkok-listed business information provider, [Business Online](#) (BOL) announced full-year results this week. Revenues were US\$7.3 million, up 3.2% year-on-year. The company's management attributed the increase to an 8.3% growth in its core business which provides online financial information on Thai companies. The service is provided in cooperation with the Department of Business Development at the Ministry of Commerce in Thailand.

Net income in 2008 was US\$2.1 million, a rise of almost 25% compared with 2007. BOL's cost of service decreased by 7.1% to US\$3.3 million which was responsible for some of the growth in the company's net income. *Source: [BOL announcement](#)*



Source: BOL Press Release

As of 2009/03/03

1 US Dollar = 36.2151

### BOL RECEIVES BAI PHO BUSINESS REWARD BY SASIN

Siam Commercial Bank has joined forces with the Sasin Graduate Institute Of Business Administration to launch the "Bai Pho Business Awards by Sasin" in a bid to promote Thai SME competitiveness in the world business arena. The award aims to recognize local companies that have demonstrated continued success and excellence among peers.

*This year the evaluation panel selected 5 Thai companies for the first "Bai Pho Business Awards by Sasin":* General Hospital Products Public Company Limited, Officemate Company Limited, Bathroom Design Company Limited, Rukluke Ecutex Company Limited, and ***Business Online Public Company Limited***.

Siam Commercial Bank is confident that the awards will serve as a benchmark for SME businesses in Thailand seeking to **upgrade their standards to be on a par with those of international players**. Mr. Anand Panyarachun, Siam Commercial Bank Board Chairman **was the guest of honor presenting awards to winners**.

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For example *Business Online Thailand* does!

## MEMBER NEWS

### WAND EXPANDS INTO BANKING, FINANCE, AND INVESTMENT TAXONOMY

WAND expanded its library with a new Banking, Finance, and Investment Industry Taxonomy.

This new taxonomy covers all the important topics in the financial world including asset types, financial intermediaries, markets and exchanges, regulations and regulating bodies, financial crimes, and benchmarks and analysis tools. It is an ideal structure for organizing any financial based information or enhancing search results and findability of financial documents. The taxonomy is organized in a multi-level hierarchy with broader terms, narrower terms, related terms, and synonyms. This taxonomy is compatible with Vivisimo, Concept Searching, Sharepart XXL, Synaptica, Mondeca, ForestRim, Exalead, and any search technology that can import taxonomies.

Contact Mark Leher at (303) 623-1200 x267 or email him at [mleher@wandinc.com](mailto:mleher@wandinc.com)

### D&B INDIA ANNOUNCES BANKING AWARD 2009

**Mumbai, February 18, 2009:** Dun & Bradstreet, announced the '*Dun & Bradstreet – Banking Awards 2009*'. The Awards seek to recognize the growth and resilience of the Indian banking industry. Dun & Bradstreet India also launched the third edition of its publication, "*India's Top Banks 2009*", which captures the developments in the banking sector in India during FY08. The publication profiles 74 scheduled commercial banks (SCBs). The study also contains an Insights section, for which D&B has included all 77 SCBs in India, consisting of 27 Public Sector Banks (PSBs), 22 Private Sector Banks and 28 Foreign Banks.

Speaking at the awards, **Dr. Manoj Vaish, President & CEO – India, Dun & Bradstreet** said, "The Indian banking industry has remained largely unaffected and has been an island of calm amidst the turmoil that the global financial sector has seen in the recent past. The Reserve Bank of India has introduced and implemented a variety of prudent monetary initiatives that have helped the domestic banking & financial industry, cope with the uncertainty that has plagued the banking sector worldwide."

"Riding on the back of a growing economy, banks in India have grown rapidly over the last 4 to 5 years. The total assets of the 77 scheduled commercial banks have more than doubled between FY04 and FY08. The rapid expansion of the economy has also meant that the appetite for credit during FY08 was huge. Going forward, as the economy goes through a period of slowdown, the Indian banking system will have to continue to find innovative ways to counter potential risks," he added. **Source: D&B India**

### FAIR ISAAC AWARDED EIGHT NEW PATENTS

February 23, 2009 (Minneapolis, Minnesota, USA) - Fair Isaac Corporation (NYSE: FIC), the leading provider of analytics and decision management technology, today announced that it was awarded eight new patents in the last four months for inventions in fraud detection, search technology, rules management and bioanalytics.

Fair Isaac now holds 80 patents, nearly double the portfolio of two years ago. The company filed for 10 more patents in the past four months, and currently has 160 patent applications pending in the U.S. and other countries. **Source Fair Isaac**

To read the full story go to: [http://www.biaa.com/industry\\_news.php](http://www.biaa.com/industry_news.php)



## INDUSTRY NEWS

### EXPERIAN PROVIDES TOOL FOR PUBLIC SECTOR ORGANISATIONS TO LINK DISPARATE CITIZEN DATA RECORDS

London, UK, 24th February 2009 - Experian<sup>®</sup>, launched new software providing public sector organizations with a vital new tool to locate and link disparate citizen data records for single citizen view projects. Powered by Experian's data and analytics, **QAS Identify** has been adopted by Birmingham City Council, the largest local authority in Europe, to improve its customer service delivery.

**A single citizen view** provides an accurate and up-to-date view on all of a person's interactions with government. Each year, 7.8 million people in the UK move house and hundreds of thousands of people change their name. As a result, one of the greatest challenges for a single citizen view project is identifying and linking up citizen records, particularly when records often use numerous formats and different spellings. **Source: Experian**

### EXPERIAN INCREASES COLLECTIONS INSIGHT WITH NEW DATA ENHANCEMENT SERVICE

Nottingham, UK, 18 February 2009 – Experian<sup>®</sup>, launched a new data enhancement service for the UK collections market. Powered by Experian's data and analytics, the new service will help lenders and collection houses improve customer insight by scoring and appending a range of valuable information to customer files.

Representing the latest addition to Experian's Strategic Collections Platform, the data enhancement service enables collectors to better assess the propensity of each customer's ability to pay, maximize right-party contacts and more effectively priorities debt for collection.

**Source: Experian**

### FITCH 2008 Revenues down 21.2% (Fiscal October 1, 2007 to September 30, 2008)

**Fitch** consolidated revenue for fiscal 2008 amounted to €586.9 million versus €744.8 million the previous fiscal year, down 21.2% on a reported basis and 16.2% like-for-like\*. **Fitch Ratings** generated revenue of €484 million, representing a like-for-like decline of 20.3% which was in line with the company's guidance. **Algorithmics** reported revenue of €104.9 million, up 8.4% like-for-like.

Consolidated recurring operating profit for fiscal 2008 came in at €154 million compared to €149.1 million the previous fiscal year, representing an increase of 3.3% on a reported basis and 10% like-for-like. **Fitch Ratings'** contribution to recurring operating profit amounted to €178.2 million versus €193 million, down 7.7% on a reported basis and 3.1% like-for-like. As expected, **Algorithmics** turned a profit on earnings before interest, taxes, depreciation and amortization (EBITDA) basis. This year's positive EBITDA was €3.2 million compared to a loss of €12.5 million in fiscal 2007. Recurring operating loss for fiscal 2008 was €14.6 million compared to a €33.9 million loss the previous year, after deducting amortization of the intangible assets recognized at the time of the business combination with Fitch Group. \*Constant Exchange Rate

**Source: Fitch Press Release**

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## INDUSTRY NEWS

### THOMSON REUTERS Q4 GROWTH STALLS



Tom Glocer, CEO stated that the company expected US\$ 1bn in annualized cost savings from the Thomson Reuters merger. Thompson Reuters was well positioned against its rival Bloomberg because the latter was more exposed to harder hit financial services markets. Thomson Reuters reported a five percent rise in pro forma revenues for the fourth quarter (before currency effect). Profit margins rose by 6% in Q4 and 23% for the full year. Thomson Reuters professional services: Tax, legal and accounting, scientific and healthcare produced stronger tip-line growth and some steep margin improvements. Tom Glocer dismissed speculation that the corporation may be tempted to gobble up a distressed media company stating that he had little appetite for consumer media. The focus appears to be firmly on digital value added business information services. **Source: Thomson Reuters**

### ONLINE & SOFTWARE SOLUTIONS FOR THOMSON REUTERS, REED ELSEVIER AND WOLTERS KLUWER SHOW RESILIENCE

Full year results from Thomson Reuters, Reed Elsevier and Wolters Kluwer are now in, and show a remarkable similarity in messages about their performance in 2008, and their guidance for 2009. Thomson Reuters had the edge, with 8% growth in pro forma revenues (currency had no impact), while Reed Elsevier reported total growth of 7% at constant currencies, and Wolters Kluwer came in at 3% growth at constant currencies. Margins too remained strong,

The key growth area for all three enterprises was in online and software solutions, with WK highlighting acquisitions which had provided "further opportunities to embed our solutions in customers' workflow" and Reed Elsevier noting "strong growth in online information and workflow solutions in Elsevier and LexisNexis". Online information and workflow solutions now account for around half of all revenues earned by these two businesses, with WK reporting a rise to 49% digital revenues, up from 47% in 2007, and Reed Elsevier claiming over 50% of revenues from these sources. Looking ahead, none of the three were prepared to offer detailed full year guidance for 2009 because of the uncertainty of the current economic conditions. **Source: Outsell Insight March 10<sup>th</sup>, 2009**

## NEWS FROM INDIA COURTESY BUSINESS STRATEGIES GROUP [WWW.BSGASIA.COM](http://WWW.BSGASIA.COM)

### NETWORK18 REPORTS THIRD QUARTER LOSS

*Mumbai, 31<sup>st</sup> January.* Indian media group, [Network18](#), the largest shareowner of the Infomedia B2B group, announced its financial results for the quarter ended 31<sup>st</sup> December 2008. Revenues were US\$46 million, a 21% increase over the same quarter in 2007. The company claimed that all of its key businesses, including film, Internet, home-shopping, search, directories and newswires posted solid growth. Despite the growth, Network 18 recorded a net loss of just over US\$9 million compared with a net profit of US\$4 million in the same quarter in 2007. Raghav Bahl, Managing Director, said, "The October-December quarter saw the benefits of Network18's 'diversified media' strategy come into bold relief. Our entertainment operations... and the filmed entertainment business, saw a spectacular growth, bucking any trends of slowdown." **Sources:** [Network18 financial announcement](#), [Exchange4media article](#)

### BUSINESS STRATEGIES GROUP HONG KONG REPORTS ON CyberMedia

In the financial year ending March 31<sup>st</sup>, 2008, CyberMedia recorded revenues of US\$23 million and a net income of US\$1.1 million. The majority of revenues (almost 57%) are generated by the print properties. The Media Services division accounts for approximately 34% of overall revenues – this includes 16% from custom content services and 14% from CyberMedia's IDC market research franchise.

Established in 1982, CyberMedia describes itself as South Asia's largest specialty media house. The company's key businesses include print publications, websites, events, market research and outsourced publishing services. CyberMedia produces 16 publications, 12 websites and manages a portfolio of events covering the IT, telecom, consumer electronics and biotech segments. The company's other media businesses include IT-focused TV programmes, market research, content outsourcing and business process outsourcing. The company was listed on the Mumbai stock exchange in June 2005.

Print titles include *Dataquest*, *PCQuest*, *Voice&Data*, *BioSpectrum*, *Living Digital*, *DQ Channels*, *DQ Week*, *Global Services*, *DARE* and *Halsbury's Law*. The company also maintains a portfolio of 12 websites led by CIOL ([www.ciol.com](http://www.ciol.com)) which the company describes as India's largest technology site. CIOL sits at the centre of CyberMedia's network of 12 websites which serve technology users, vendors, solution providers and services companies across India. **Source:** *Special Report on CyberMedia – To obtain the full report contact: Kerry Wong Researcher [Kerry@bsgasia.com](mailto:Kerry@bsgasia.com)*

### CRISIL INDIA TO IMPROVE TRANSPARENCY

In a bid to improve the transparency in the Indian securitization market, rating agency Crisil has enhanced disclosure standards on securitization transactions' ratings. Accordingly, the new standards would incorporate a detailed scenario analysis impact on credit protection measure under different assumptions. Similarly, performance details and track record of various counterparties involved in the transactions and similar asset pools would be analyzed to facilitate comparisons.

"Recent global experience underscores the importance of improving both the quantity and quality of information available to investors. As a proactive step Crisil is implementing these measures in the domestic market, where the performance of securitization transactions has been far better and more stable than in global markets," said Prasad Koparkar, head-structured finance ratings, Crisil. **Source:** *Business Standard*

## BPO OUTSOURCING NEWS CONTRASTING VIEWS

### CREDIT CRUNCH HITS OUTSOURCING PROVIDERS

The deepening financial crisis is having a dramatic effect on the outsourcing market, according to new figures from **Compass Management Consulting**. An analysis of more than 100 outsourcing deals found that discounts usually offered in the early years of an outsourcing deal are no longer available.

**Outsourcing firms had begun to offer discounts to sweeten deals and encourage investment in their services.** The discounts offered in the first year of a contract are usually recovered in the later years, with charges sometimes pushed up to 30 per cent or more above a comparable internal market rate, according to Compass.

"Just as the credit boom transformed the outsourcing sector's ability to fund discounts based on an annuity stream from contracts, the shrinkage of credit will have a transformational effect on the sector," said Compass consulting director Andy Gallagher. "The economics of outsourcing, and the way deals are managed, is going to change radically in the months to come. Outsourcing is no longer a source of working capital for corporates, or a vehicle for financial engineering." With these upfront savings now removed from many deals, customers will have to work more closely with providers to gain value from outsourcing deals throughout the duration of their contracts, the report suggested. [Source: Infomatics](#)

### KPMG VENTURES TO FORECAST NEW BOOM IN IT OUTSOURCING

Locations in Europe, the Americas and Asia-Pacific could all benefit from a new boom in IT outsourcing as the credit crisis continues to bite, according to new research from consultancy **KPMG**. The report, **Exploring Global Frontiers** (PDF), highlights 31 cities across the globe that are rapidly emerging destinations and could replace traditional locations such as Bangalore, Chennai and Shanghai, which are reaching saturation point.

**Among those locations likely to benefit from what KPMG is calling "a new rush "for outsourcing services across the IT sector are Buenos Aires, Calgary, Brisbane, Penang, Belfast and Belgrade.**

Cities in the Americas are likely to benefit from large labor pools, scalability, a more mature service offering, proximity to the major client base and multiple language skills, the report noted. Asia-Pacific locations, meanwhile, benefit from lower costs, younger populations and government incentives while EMEA offers greater diversity, excellent infrastructure and niche specialization. [Source: Infomatics](#)

### GLOBAL IT SPENDING TO FALL IN 2009

Global IT spending in 2009 is expected to fall for the first time since 2002, according to a new report from Forrester Research. The analyst firm's **Global IT Market Outlook: 2009** forecasts that global IT spending will drop by around three per cent this year to \$1.66tn, and may fall even further. "For IT vendor market strategists, the global IT market outlook is gloomy for 2009, with prospects of improvement in 2010. Unlike in past years, there are no significant growth markets to offset the weak ones," wrote Forrester research vice president Andrew Bartels. "Indeed, the best market for vendors in 2009 and 2010, especially those selling next-generation technology like server virtualization, service-oriented architecture software and unified communications, may well be the US market." All sectors are going to find money hard to come by, and the services and outsourcing markets will also be affected, according to the report. [Source: Infomatics](#)

## ALLIANCES – JOINT VENTURES – M&A

### BATTERY VENTURES TAKES 10% STAKE IN HIGH MARK CREDIT

Delaware-based venture capital firm Battery Ventures has picked 10% stake in credit information company **High Mark Credit Information Services** for \$1 million (Rs 5 crore), VCCircle has learned. The deal values High Mark at around \$10 million (Rs 50 crore).

High Mark was founded by individuals Anil Pandya (exec chairman) and Anuj Desai with nominal capital. Battery will be the first significant investor in the start-up firm. Battery Ventures' General Partner Mark Sherman who represents the VC firm's investment in High Mark confirmed that Battery has invested in the Indian company but refused to share details. High Mark has applied for a license to operate a credit bureau in India which is currently under review by the Reserve Bank of India (RBI).

High Mark Credit has also entered into a partnership with Fair Isaacs to sell credit scoring services in India.

**Source: Mosaic Media Ventures Private Limited**

### NACM'S ASSET PROTECTION GROUP PARTNERS WITH VERIFRAUD


*Columbia, Maryland: February 4, 2009*—The National Association of Credit Management (NACM) is pleased to announce that NACM and Verifraud have reached an agreement whereby Verifraud will run the operations of NACM's Asset Protection Group. Partnering with Verifraud, an industry leader in fraud risk management, will allow NACM's APG to significantly expand the depth of its services while staying true to its original mission and history.

Verifraud will provide APG members with the resources necessary to combat the rising sophistication of credit fraud during economic times that demand innovative, bottom-line solutions. Verifraud is driven by member ROI—ensuring that APG member needs will be met through Verifraud's extensive knowledge, expertise and intellectual property. Both NACM and Verifraud welcome the opportunity to take APG to the next level. Verifraud is a leading provider of credit fraud solutions for business. More information can be found at [www.verifraud.com](http://www.verifraud.com).

The National Association of Credit Management (NACM), headquartered in Columbia, Maryland, supports approximately 19,000 business credit and financial professionals worldwide with premier industry services, tools and information. **Source: Verifraud Press Release**

## BIIA INDUSTRY DIRECTORY POWERED BY WAND

*Did you know BIIA has created an industry directory based on a standard taxonomy of product and services terms? <http://www.wand.com/bia/>*

- To view the product and services terms click on: <http://www.wand.com/bia/default.aspx>
- BIIA members are identified with the BIIA Logo: 
- Members can enhance their listings: [see examples](#)
- For information on enhanced listings click on: [Enhancements](#)



## NEWS FROM CHINA Courtesy Business Strategies Group Hong Kong [www.bsgasia.com](http://www.bsgasia.com)

### ALIBABA.COM TO LAUNCH NEW SERVICES

Hangzhou, 19<sup>th</sup> February: According to Pacific Epoch, [Alibaba.com](http://Alibaba.com) plans to release three new services in the next six months. The services include: a new mobile TrustPass service, website analysis and an updated version of "Winport." The mobile TrustPass service will distribute information from Alibaba.com to a subscribers' mobile phone via SMS. The service will be available free of charge for one year to new TrustPass subscribers. The company will also offer a monthly business analysis service which features traffic data and recommendations. An updated version of its e-commerce product "Winport" V 2.0 will include multiple display modes and password-protected private space. **Source:** [Pacific Epoch article](#)

### ECONOMIST GROUP RETREATS FROM ITS ASIAN CFO TITLES

SHANGHAI, March 5 (Reuters) - The London-based Economist Group, half owned by a unit of Pearson Plc, will this month close down its CFO magazine business in Asia, as the global financial crisis squeezes advertising revenue. The decision to shut the English-language CFO Asia and Chinese-language CFO China does not affect the separately run CFO businesses in America and Europe, the group said in an e-mailed statement.

CFO, a monthly publication that targets finance executives, employs 17 editorial staff in Asia. "Circulation and marketing the business has consistently failed to generate the returns required and looking forward the poor economic conditions made the outlook for the magazines unviable," Economist Group Asia Pacific managing director Tim Pinnegar said in the statement. **Source:** [Min Online](#)

### INTERNET DEVELOPS FASTER IN RURAL AREAS

At the end of 2008, the number of Internet users in rural areas reached 84.6 million households, up 60 percent from 2007. This is the first time that the speed of Internet development in rural areas has exceeded that of urban areas, Yang Xueshan, Vice Minister of Industry and Information Technology said in an online interview on February 23, 2009. **Source:** [People's Daily Online](#)

### GLOBAL SOURCES' SURVEY REVEALS OPTIMISM IN CHINA

Hong Kong, 18<sup>th</sup> February: Through its business magazine, [Chief Executive China](#) (CEC), [Global Sources](#) conducted a survey designed to measure the level of optimism amongst business executives in China. The results are based on a survey of 191 domestically-focused companies and 202 export-focused firms. Of those, 47% are expecting sales growth of 10% or more in 2009. Of the suppliers focused on domestic sales, 57% expect double digit sales increases, while 36% of exporters are anticipating sales growth of more than 10%.

Craig Pepples, COO, commented, "With China's retail sales still strong, it's no surprise that companies focused on the domestic market remain optimistic. What's surprising is that, despite the global economic downturn, China's exporters are generally projecting much higher sales ahead... This optimism is, in part, due to the fact that many have already adapted to the current global economic situation and have evolved new strategies to deal with the crisis." CEC is a Global Sources publication focused on general management issues. Launched in 1992, CEC has a [BPA](#) verified circulation of more than 195,000 subscribers and CEC's website has more than one million registered users. **Source:** [Global Sources press release](#)

## NEWS FROM CHINA Courtesy Business Strategies Group Hong Kong [www.bsgasia.com](http://www.bsgasia.com)

### ALIBABA GROUP PLANS TO SUPPORT E-COMMERCE RESEARCH

*Hangzhou, 25<sup>th</sup> February:* Pacific Epoch reports that the **Alibaba Group** has launched a plan to support e-commerce research in China. The company will offer funding and other forms of support to scholars under 35 years old who are researching the e-commerce field.

This Alibaba program will be called “Huo Shui” or “Running Water” and it will target professional researchers working at academic institutions, government bodies and in the private sector. Pacific Epoch reports that the Alibaba Group has asked scholars from China’s top universities such as Zhejiang University and Fudan University to act as advisors and consultants to the initiative. **Source:** [Pacific Epoch article](#)

### TRANSACTION VOLUME OF TAobao UP 131%

*Hangzhou, 9<sup>th</sup> February:* **Taobao**, Alibaba’s consumer focused e-commerce platform, announced its transaction volume increased by 131% year-on-year to US\$14.62 billion in 2008. According to the company’s management, Taobao is expected to post its first ever profit this year. In order to continue to drive growth Taobao’s parent company, the **Alibaba Group**, announced earlier this year that it would invest US\$733 million in Taobao’s business development over the next five years. Jonathan Lu, president of Taobao commented, “Taobao’s strong growth in 2008 was driven by the strong growth of Internet usage in China, the increasing penetration of domestic e-commerce and the investments made by Taobao.” Founded in 2003, Taobao has 98 million registered users of which half are between the ages of 25 and 32. The largest categories traded on Taobao continue to be mobile phones and apparel.

**Sources:** [Pacific Epoch article](#), [Reuters article](#)

### XFML REPORTS US\$285 MILLION LOSS

*Beijing, 24<sup>th</sup> February:* [Xinhua Finance Media](#) (XFML) released its full year results this week. Revenues for the year ending 31<sup>st</sup> December 2008 jumped 38% to US\$186 million compared with US\$135 million in 2007. Advertising services revenues accounted for more than US\$107 million or 58% of total revenues. XFML recorded a net loss of US\$285 million compared with a net profit of US\$28 million in 2007.

Fredy Bush, XFML’s CEO said, “The recent economic downturn has turned out to be much more severe than we had originally expected. 2008 was an eventful year in China, with the snow storms in Q1, earthquakes in Q2, Olympics in Q3 and the economic turmoil in Q4 all impacting the media sector. This seems to have set the stage for a challenging environment ahead in 2009. In anticipation of this, we are utilizing our resources more efficiently for cost containment and reduction of overhead expenses throughout this year.”

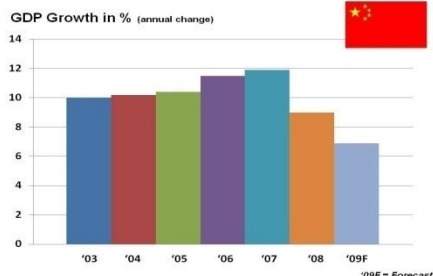
XFML simultaneously released its fourth quarter results this week. Revenues for the quarter increased slightly rising to US\$49 million from US\$48 million in 2007. Also in the fourth quarter, XFML recorded a net loss of US\$251 million compared with a net profit of US\$4.2 million in the same quarter last year.

**Source:** [XFMedia press release](#)

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## NEWS FROM CHINA

### CHINA TO FACE "SEVERE" SITUATION IN FOREIGN TRADE



Chinese Vice Minister of Commerce Zhong Shan said in Shanghai Sunday the nation would face a "severe" situation in foreign trade this year against the backdrop of the spreading global financial crisis. "The financial crisis has not bottomed out yet, which may reduce the country's international trade markedly,"

Zhong said at a forum held on the sideline of the 19th East China Fair that opened here Sunday. "In addition, trade protectionism of some countries might escalate. Therefore, China's foreign trade in 2009 will face a severe situation," he stated. **Source: Xinhua**

China's foreign trade topped 2.56 trillion U.S. dollars in value in 2008, but the year-on-year growth rate dropped below 20 percent for the first time in seven years, according to the General Administration of Customs. The total value was up 17.8 percent compared with 2007, but the growth rate was down 5.7 percentage points. The trade surplus stood at 295.47 billion U.S. dollars, up 12.5percent, according to the administration.

### CHINA FINANCE ONLINE REVENUES INCREASE 117%

*Beijing, 9<sup>th</sup> March:* NASDAQ-listed [China Finance Online](#) (CFO), a Chinese online financial information provider, released both its fourth quarter and full year results this week. CFO recorded revenues of US\$56 million, an increase of 117% over last year. Net income in 2008 was US\$19 million, compared to a loss of US\$4.1 in 2007. For the quarter ended 31<sup>st</sup> December 2008, revenues were US\$15 million. That is a 72% year-on-year increase. Net income in the fourth quarter was US\$6.2 million, compared to a loss of US\$8.4 million in the same quarter last year.

Most of the revenues were generated from subscription services fees, which accounted for US\$12 million or 80% of the total revenues. CFO's active paid individual subscriber base increased year-on-year by 107% rising from 56,000 to 116,200. Registered users rose from 9 million in the fourth quarter of 2007 to 11.3 million at the end of 2008, an increase of 26%. CFO forecasts first quarter 2009 revenues to be between US\$10.5 million and US\$11.5 million. The revenues in the first quarter 2008 were US\$11 million. **Source: CFO press release**

### AUDIT HINTS AT GRAFT AND FUDGING ACCOUNTS

About 500 of the more than 34,000 officials whose accounts were audited last year were suspected to be corrupt and referred to prosecution agencies for further investigation. Auditor-General Liu Jiayi said yesterday that the numbers were roughly the same as in the last two years. About 80,000 auditors audited the accounts of more than 120,000 projects and units across the country last year, helping to save 86 billion yuan (\$12.6 billion) of government funds.

The slowdown of the Chinese economy could make officials fudge accounts or misuse government funds to suit the demand of projects and/or gain the favor of their seniors. That's why auditors have been extra cautious this year and vowed to announce extravagance, big losses and waste in stimulus package spending, apart from the usual violations and crimes. **Source: ChinaDaily National**



## NEWS FROM CHINA

### INTERNET DEVELOPS FASTER IN RURAL AREAS

At the end of 2008, the number of Internet users in rural areas reached 84.6 million households, up 60 percent from 2007. This is the first time that the speed of Internet development in rural areas has exceeded that of urban areas, Yang Xueshan, Vice Minister of Industry and Information Technology said in an online interview on February 23, 2009. *Source: People's Daily Online*

### DEBT COLLECTORS SEE GOOD TIMES AMID CRISIS

While cornering many industries into a bleak winter, the global financial crisis has ushered in a business bonanza for debt collection service providers in the Southern China city of Guangzhou. According to a report in Guangzhou-based Information Times Thursday, the financial crisis has been a boon to local debt collectors, with many seeing a spike in business of 30 percent to 100 percent in recent months. Some of these companies have lawyers and accountants as well as other professionals and can provide such services as debt collection, corporate credit investigation and credit risk consulting, Shi said, adding that they generally charge 30 percent to 50 percent of a debt object. *Source: chinadaily.com.cn*

## COMPETITIVE IMPERATIVES

### CUSTOMER ANALYSIS AND DECISION SCIENCE A COMPETITIVE NECESSITY

Two trends have emerged within the last few years. Approximately 50% of companies surveyed by Hypatia Research prefer to create an internal center of excellence comprised of statisticians, analysts and database marketing experts that provide customer analysis services across the organization.

These companies use information service vendors for tactical services such as list enhancement, data hygiene and/or prospecting. Other organizations, preferring to focus on critical core competencies such as sourcing and producing products, tend to outsource most of the aforementioned capabilities by partnering with a full-service marketing and information services provider (MSP). The benefit of this approach is to gain key expertise in multiple disciplines without incurring the overhead and maintenance of hiring employees internally. This flexible approach is especially attractive to companies that provide seasonal products or services.

Expertise is easily sourced and available per project, per season or on an annual service basis. Customer-centric organizations that strive to deliver anything, anytime, anywhere to their own customers now demand this same granularity and knowledge from information and decision science vendors that service them.

*Source: Beye Network, 13 January 2009, based on an excerpt from "Decision Science & Customer Analysis: Competitive Advantage or Necessary to Compete?" by Leslie Ament*

[Global Intelligence Alliance](#)

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## PEOPLE ON THE MOVE

### EXPERIAN APPOINTS DEBT MANAGEMENT EXPERT TO LEAD COLLECTIONS BUSINESS

Experian® announced the appointment of Simon Waller as its Head of Collections, UK and Ireland. As Head of Collections, Simon Waller will be responsible for the sales, marketing and product development strategies for Experian's integrated debt management proposition. More than 90 per cent of the UK's leading banks, building societies and debt collections organizations, as well as many of the UK's largest utility and telecommunications companies, rely on Experian's collections capabilities. Simon Waller possesses over 20 years international senior management experience, having developed debt management products and consulting services for Fair Isaac and First Data International. Simon's new role will see him drawing on Experian's data and analytics portfolio to further strengthen its debt management leadership position in the marketplace.

*Source: Experian Press Release*

### S.R RAMANUJAM APPOINTED CEO OF CRISIL RISK AND INFRASTRUCTURE SOLUTIONS LTD.

CRISIL today announced the appointment of S.R Ramanujam (Ram) as CEO of CRISIL Risk & Infrastructure Solutions Ltd. (CRIS) from March 13, 2009 following the retirement of Hemant Joshi the current MD & CEO. CRIS is a subsidiary of CRISIL Ltd. and is engaged in providing infrastructure advisory services and risk solutions.

Other members of the CRIS leadership team include Shrikant Kulkarni (Director, Operations and Thought Leadership), Manish Aggarwal (Director, Infrastructure Advisory), Nitin Zamre (Director, Infrastructure Advisory), Pratyush Prashant (Director, Infrastructure Advisory) and Krishna Kumar. *Source: CRISIL Press Release*

### KROLL APPOINTS TIM WHIPPLE PRESIDENT OF CONSULTING SERVICES

**NEW YORK, February 25, 2009** - Kroll, the world's leading risk consulting company, today announced that it has appointed Tim Whipple as President of its Consulting Services Group. Whipple, 46, had previously been head of strategy for the group, which is the home of the company's world-renowned business intelligence and investigations services. Educated in the United States, the United Kingdom and Russia, Whipple has been with the firm since 2003. He was previously senior partner of Andersen's Prague practice and head of the firm's Central European corporate finance team.

In his role as president of Consulting Services, Whipple will work alongside leaders from Kroll's Background Screening and Legal Technologies divisions to provide clients with information that helps them reduce uncertainty and make better business decisions.

#### **About Kroll**

Kroll provides a broad range of investigative, intelligence, financial, security and technology services to help clients reduce risks, solve problems and capitalize on opportunities. Headquartered in New York with offices in more than 65 cities in over 33 countries, Kroll has a multidisciplinary team of more than 3,800 employees and serves a global clientele of law firms, financial institutions, corporations, non-profit institutions, government agencies, and individuals. Kroll is a subsidiary of Marsh & McLennan Companies, Inc. (NYSE: MMC), the global professional services firm.

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## FROM THE REGULATORY CORNER

### PROPOSED EU LAW ON SMALL BUSINESS ACCOUNTS FILING

**Situation:** The European Parliament and Council of ministers is now considering whether to pass new EU law abolishing the need for businesses under 1 million Euro turnover to file accounts at official registries. According to Internal market and Services Commissioner, this would relieve micro-businesses of administrative burden in tough economic times. Annual accounts are a valuable tool to banks, credit insurers, credit agencies in order to ascertain the financial solidity of a business. If these no longer exist, how will financial lenders, suppliers and insurers assess the risk of micro-businesses? Won't credit dry up even more? In a very uncertain economic world, what the EU seems to want to inject is more uncertainty. In order to get the banks lending to small businesses again, we need more information - not less.

If this becomes law across Europe, it is yet one more step on the road to getting rid of all statutory accounts at Companies house. If this carries on, CRAs in Britain will have to increase their collection of trade payment data from clients' sales ledgers just to fill the gap caused by the absence of financials at Companies registry. Does anyone really want to wave goodbye to statutory accounts? This could also lead to a stampede of private businesses (sole traders, partnerships etc) registering as incorporated companies at the CRO. - Private businesses have traditionally stayed private in the past because they didn't want to reveal their financial positions to all and sundry at Companies House. The downside of remaining private is that business owners have unlimited liability for debts. Under the proposed new law, small businesses will be able to register as limited liability companies, and still not reveal their accounts if their turnover is under 1 million Euros per annum. That would be a pretty attractive proposition for many.

**The above comment was posted on LinkedIn by Graydon (BIIA Member) with a request to post views: Subsequently the following comments were posted on LinkedIn**

"The proposed EU law would reduce transparency in credit transactions which will be detrimental for small businesses. Lack of transparency will force creditors to revert to subjective credit granting rather than an objective one. We in Asia are working very hard on improving transparency and the proposed EU law will be a poor role model and will not help to bring transparency into developing markets. A concerted effort by FEBIS, ICISA and BIIA should be undertaken."

**Posted by Joachim C. Bartels Managing Director; BIIA Business Information Industry Association Asia - Pacific - Middle East**

"The current exemptions on P&L details are bad enough. This proposal would be a gift to fraudsters and incompetents alike. This proposal must be resisted at all costs." **Posted by Joe Wheatley**

### VOLCKER SEES CRISIS LEADING TO GLOBAL REGULATION

Speaking to a number of experts Paul Volcker, a top economic adviser to President Barack Obama and former Chairman of the Federal Reserve Bank, cited not only the lack of understanding of the global financial meltdown but the "shocking" speed with which it had spread across the world. Volcker said he is concerned about the amount of power central banks, treasuries and regulatory agencies have acquired while trying to contain the meltdown. Volcker stressed the importance of international cooperation in creating a new regulatory framework, particularly for major banks that operate across national boundaries -- the reverse of what's happened in recent years.

## NOTEWORTHY MEA CULPAS SURROUNDING THE CREDIT CRUNCH

### THE DUMBEST IDEA OF THE WORLD

***“The dumbest idea of the world”:*** The most noteworthy *Mea Culpa* of this month came from Jack Welch, the former Chairman of General Electric. He stated in an interview to the Financial Times that the concept of shareholder value and focusing on consistent quarter results were “the dumbest idea of the world”. “Shareholder value is a result not a strategy”.

Jack Welch made the concept of shareholder value famous in a speech at the Pierre Hotel (NY City) in 1981, following that the short term goal of rewarding shareholders by increasing profits and dividends every quarter has become a mantra for companies around the world. The concept was quickly picked up by consultants and imposed on their clients. Businesses that did not fit that concept regardless of historical cyclicity or short term market weakness were disposed of, restructured or moved ‘off’ the balance sheet. GE became an exporter of financial talent (many companies hired GE trained CFOs) and its own financial arm GE Capital became the lead money maker and the largest unregulated bank of the world. This of course has all changed with GE Capital having become a toxic asset, thus GE is rethinking its position as an engineering company meaning lets go *back to the roots and everything else was ‘a dumb idea’*.

***About company directors:*** Russell Reynolds, the doyen of American headhunters, said directors will have to be both more selfless: ‘Gone are the days when directors played golf but did not understand the risk-reward ratio of the business.’

***About the largest fraud in history:*** Bernard Madoff, in pleading guilty to 11 counts of fraud, perjury and money laundering said he was deeply sorry that he had hurt so many people (investors). The amazing aspect of his Ponzi scheme was nothing more complex than depositing funds from his clients into a Chase Manhattan bank account hoping new investments would exceed withdrawals.

***About failed regulators:*** The answer why the SEC failed to act on Madoff came from the former S.E.C. Chairman Christopher Cox: “Our initial findings have been deeply troubling, the commission received “credible and specific allegations regarding Mr. Madoff’s financial wrongdoing,” but did not respond aggressively.”

***About exuberant lending:*** Alan Greenspan, the former Chairman of the Federal Reserve Bank, said in a hearing of the House Committee on Oversight and Government Reform, “Those of us who have looked to the self-interest of lending institutions to protect shareholders’ equity, myself included, are in a state of shocked disbelief.” Admitting that he was wrong in putting too much faith in the self-correcting power of free markets and had failed to anticipate the self-destructive power of wanton mortgage lending.

***Source: Financial Times and Intrepid Explorers, Inc. (IEI) commentary***

#### **Business Information Industry Association Asia Pacific – Middle East Ltd.**

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