BIIA NEWSLETTER

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

BIIA NEWSLETTER ISSUE 02 - II - 2011

FEBRUARY II - 2011 ISSUE:

Join BIIA at the most Exciting Information Industry Events this Year in Hong Kong

BIIA Business Information Forum 2011 and Online-Information Asia-Pacific

LATE BREAKING NEWS

Alibaba Falls Prey to Fraud

Alibaba employees allowed either intentionally or negligently the creation of fraudulent 'store-fronts' by letting over 2,000 suppliers evade authentication and verification measures with the consequence that some buyers were defrauded. Alibaba stated that this was an organized attack on the company's integrity for illegal gains. Approximately 100, out of a workforce of 14,000, which were involved in these scams were fired.

Two of Alibaba's top executives, Chief Executive David Wei, and Chief Operating Officer, Elvis Lee resigned although they were not implicated in the scam. That was a noble act under the circumstances, but the unfortunate aspect of this debacle is that Alibaba will be denuded of executive talent medium term. It also comes at a time when Chinese regulators are putting the online payment industry under close scrutiny. Alipay, a subsidiary of Alibaba.com is China's leading independent third party online payment platform.

Alibaba operates as an e-commerce platform to facilitate transactions between buyers and sellers predominantly in the SME space. To keep its service reliable it acts also as a custodian of supplier reliability by conducting supplier authentication and verification. It appears that Alibaba was slow in responding to increasing complaints from the buyer community and it took nine months to take serious actions. In essence it came short on corporate governance and compliance. This is a serious setback for a company which was highly successful in creating an e-commerce platform when many companies failed during the initial dot.com bust. ***Source: Alibaba and Press Reports***

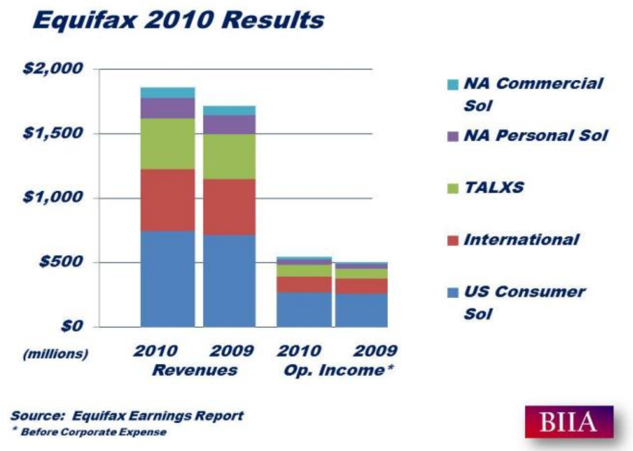
The Power of the Word and Digital Devices

A Survey conducted by Bain & Company across six countries and three continents (United States, Japan, Germany, France, United Kingdom and South Korea) shows that readers tend to read more when equipped with digital readers. In conclusion:

- The power of the word actually tends to increase
- Dedicated e-readers, multiple tablets and other digital devises could be in the hands of 15% to 20% of the developed world's population by 2015
- Authors, publishers, distributors and retailers all will need to rethink their business models and their relationships with one another. They will have to address several critical challenges: pricing policies that secure the industry's changing profit pools, redefined distribution networks that preserve format diversity and the reallocation of value among industry participants. Writers, in particular, may be able to carve out a new, direct role in consumer relationships.
- The newspaper and magazine industries continue to grapple with broader challenges. Most online press readers want to continue to get information for free, whether on digital tablets or not. They will pay only for premium content—such as financial information, local news and deep analysis. Digital reading devices are thus an additional distribution channel for an industry that still needs to redesign its business model.
- Creating long-term value will not come from simply reformatting print content into digital words. Rather, the greatest opportunity lies in experimenting with such new formats as nonlinear, hybrid, interactive and social content, electronic modes that add motion, sound and direct reader interactions through technologies we will discuss below. ***To read the entire paper click on the link: Bain& Company***

MEMBER NEWS

Equifax Q4 Results back to Double-Digit Growth. Full Year 2010 Results up 8%



Equifax Inc. (NYSE: EFX) announced financial results for the quarter ended December 31, 2010. The company reported revenue from continuing operations of $482 million in the fourth quarter of 2010, an 11 percent increase from the fourth quarter of 2009. Fourth quarter 2010 net income from continuing operations attributable to Equifax was $62.2 million, a 13 percent increase from the prior year. On a non-GAAP basis, adjusted EPS from continuing operations attributable to Equifax, excluding the impact of acquisition-related amortization expense, was $0.62.

For the full year 2010, revenue from continuing operations was $1.86 billion, an 8 percent increase from 2009. Full year 2010 net income from continuing operations attributable to Equifax was $235.2 million compared to $217.8 million in 2009, up 8 percent. Diluted EPS from continuing operations was $1.86 compared to $1.70 for the full year 2009.

- Revenue from USCIS was $743.0 million in 2010, up 4%.
- Revenue for International was $482.8 million in 2010, up 10% (AFX); 5% (BFX)
- Revenue for TALX was $395.6 million in 2010, a 14 percent increase over 2009.
- Revenue for NA Personal Solutions was $157.6 million in 2009, up 6%.
- Total revenue for NA Commercial Solutions was $80.5 million in 2010, up 15% (AFX) up 12% (BFX).

First Quarter 2011 Outlook: Based on the current level of domestic and international business activity and current foreign exchange rates, consolidated revenue from continuing operations for the first quarter of 2011 is expected to be up 6 to 8 percent from the year-ago quarter. First quarter 2011 adjusted EPS from continuing operations attributable to Equifax, which excludes the impact of acquisition-related amortization expense, is expected to be between $0.56 and $0.59, up 6 to 11 percent from 2010.

While management remains cautious concerning future prospects concerning the improvement of the credit climate, the company continues to make significant inroads in India with having brought on board over 100 data contributors. It continues to acquire unique data assets by creating special users groups. It created an information exchange for the telecom industry resulting in information on 140 million unique consumers with 1 billion data records. It is working on linking all its data assets, which it regards as a potential market disrupter. It is making significant progress in building its North American Personal Solutions business, which grew 28.1% in the last quarter. Same applies to its North American Commercial Solutions business which grew by 11% in the last quarter and 15% for the entire year. ***Source: Equifax Earnings Report***

MEMBER NEWS

Equifax Collections Solution Transforms Debt Recovery Process

Equifax Inc. (NYSE: EFX) announced at the 2011 Debt Buyers Association (DBA) International Annual Conference the launch of a breakthrough recovery scoring solution for the collections market.

Recovery Navigator(TM) is the industry's first solution to leverage both credit and income data to predict the likelihood that a charged-off account will make a payment within 12 months. Using this solution, collection entities and debt buyers can identify accounts with the highest propensity and ability to pay, improve recovery margins and enhance debt-buying decisions. Equifax developed Recovery Navigator by analyzing debt patterns and other variables across a number of industries, especially credit card portfolios. Based on its research, Equifax designed a highly predictive solution that combines its extensive credit data with proprietary debt-to-income analytics and custom modeled income data. Leveraging these differentiated data assets, Recovery Navigator calculates a numeric score to predict ability to pay and determine the collections potential of a debt portfolio under consideration for purchase. Scores range from 1 to 999, with higher scores representing a greater likelihood of collection.

The incorporation of Equifax's unique income data makes Recovery Navigator an effective solution across all market segments, especially the thin-file population. The solution also integrates seamlessly with existing collections products, enabling customers to correlate the probability of payment to the collection strategy. With this insight, businesses can improve the management of debt portfolios by refining treatment strategies and prioritizing collection spend based on key metrics, such as capture rate of paying accounts and dollars collected.

Recovery Navigator is part of Equifax's portfolio of collections solutions, which include skip-locate tools, portfolio monitoring, scoring and account review products. ***Source: Equifax Press Release***

Equifax: Unique Method to Help Mortgage Investors Measure Payment Hierarchy

Faced with high unemployment and strategic default rates, mortgage investors are more focused than ever before on achieving greater transparency into the collateral health of non-agency mortgage-backed securities. While there has been some preliminary research on payment and default hierarchy, Equifax Capital Markets has taken a unique approach to analyzing borrower behavior. In a recent study, Equifax defined a new metric - default distance - which provides strategic insight into default timing. Default distance is the number of months between the default of a revolving debt and the first occurrence of foreclosure (as reported by MBA status) in a non-agency securitized mortgage. A positive number means that a borrower defaulted on a revolving debt first while a negative number indicates that the borrower defaulted on their mortgage loan first. ***Source: Equifax Press Release***

ICRA 2010 Revenues Up 10%

For the nine months ended December 31, 2010 (9M, 2010-11), ICRA’s Total Income stood at Rs. 10,118.23 lakh as against Rs. 9,186.45 lakh over the corresponding previous, reflecting growth of 10%.

Over the same horizon, ICRA’s Profit after Tax shows a decline of 6% from Rs. 3,589.39 lakh to Rs. 3,365.76 lakh. ICRA's Total Income for the nine months ended December 31, 2009 (9M, 2009-10) included the figure of Rs. 861.53 lakh, arising from reversal in diminution in the carrying value of investments (as required under Accounting Standard 13). ICRA is an affiliate of Moody’s. ***Source: ICRA Press Release***

MEMBER NEWS

LexisNexis Releases New Comprehensive, Hosted Collections Platform

LexisNexis®, a provider of legal and risk management solutions, today announced the availability of LexisNexis® Collect Point, a new comprehensive hosted receivables management platform for facilitating the collections workflow. Accessed through the internet as Software-as-a-Service (SaaS), the new solution improves workflow and receivables management, while also helping reduce the cost of collecting outstanding debt. Collect Point is designed for any company performing collections, including retailers, government agencies, utility companies, collections agencies, debt buyers, and collection attorneys. Collect Point is customizable for specific business needs by implementing any or all of its three component modules, or by integrating other existing LexisNexis Solutions.

- ***Web Agent*** - A virtual payment portal featuring a customizable avatar that can be personalized based on business specifications.
- ***Web Collections Manager -*** Technology that helps organizations improve collection workflow through online receivables management and collection tools to process payments and improve client relations.
- ***Vendor Management*** - A file delivery and tracking capabilities platform that enables customers to send and receive data files with their outside partners/suppliers. ***Source: Euroinvestor***

Veda Advantage Acquires Specialist Information Systems Provider Mirus Data

Mirus operates Mirus Online one of Australia's premier online people search systems providing custom tools to search, cross-reference and verify individuals from over 130 million Australian records.

The move further strengthens and compliments Veda's suite of offerings in the collections industry including VedaSearch, DataExpress and Account Management Service (AMS) as Veda continues to expand in this market. Coupled with Veda's data sources and applied intelligence the acquisition also delivers a strong enhancement for VSG's ProspectPlus Universe and segmentation variables as well as for our IDMatrix identity verification service.

Source: Veda Advantage Press Release

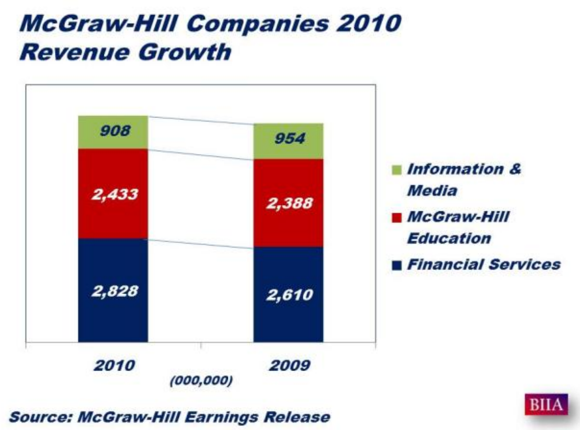
Outsell Releases Product Review: Capital IQ

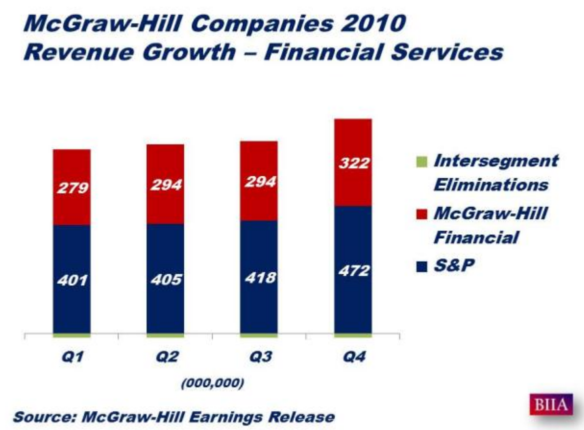
Capital IQ is a quantitative and qualitative research platform featuring in-depth profiles of public and private companies, investment firms, professionals, executives and board members. Global profiles consist of nearly 60,000 public companies, 2.2 million private companies, and 18,000 private equity firms. The database is geared toward professionals working in the institutional finance realm.

Capital IQ competes directly with the financial analytic tools from FactSet. Also considered in the competition are Thomson Reuters and its stable of products such as the Thomson One Investment Analyst tool that offers financial content and workflow solutions. Bloomberg is also a contender with news and analytical products geared towards the financial community across all industries. ***Source: Outsell Inc.***

Member News

McGraw-Hill: Back on the Growth Path





"Double-digit EPS growth and the maintenance of a rock-solid financial position were the hallmarks of our performance in 2010," said Harold McGraw III, Chairman, President and Chief Executive Officer of The McGraw-Hill Companies. "In the fourth quarter, the best performance of the year by Standard & Poor's Investment Services set the stage for the launch of our new segment, McGraw-Hill Financial. Double-digit growth at Standard & Poor's Credit Market Services and a fine performance in global energy markets by Platts also helped offset fourth quarter softness in education markets." For full year 2010, diluted earnings per share were $2.65 compared to $2.33 for 2009. On an adjusted basis, full year 2010 earnings were $2.69 compared to $2.37 in 2009. Full year 2010 results included dilution of $0.02 for acquisitions. Net income increased 13.4% to $828.1 million. On an adjusted basis, net income for 2010 increased 13.2% to $840.0 million compared to 2009. ***Revenue for 2010 grew by 3.6% to $6.2 billion.***

Financial Services Segment: Revenue for the segment increased by 13.0% to $778.5 million in the fourth quarter compared to the same period last year. Operating profit grew by 11.8% to $279.4 million compared to $250.0 million in the fourth quarter last year. Foreign exchange rates reduced revenue by $4.8 million, but did not have a material impact on operating profit.

For the full year 2010, revenue for Financial Services increased by 8.3% to $2.8 billion compared to $2.6 billion last year. Operating profit grew by 6.2% to $1.1 billion in 2010, compared to $1.0 billion in 2009. Adjusted operating profit grew by 4.1% to $1.1 billion in 2010 compared to $1.0 billion in 2009. Foreign exchange rates had an immaterial effect on revenue and operating profit in 2010.

Standard & Poor's Credit Market Services' revenue increased by 11.4% to $527.1 million in the fourth quarter and by 9.2% to $1.9 billion for the full year 2010 compared to 2009. Standard & Poor's Investment Services' revenue, including $12.7 million from the acquisition of TheMarkets.com, grew by 16.5% to $251.4 million in the fourth quarter and by 6.5% to $918.1 million for the full year 2010 compared to 2009. ***Source: McGraw-Hill Companies***

Member News

TransUnion Introduces New Recovery Scores Containing Updated Consumer Data and Newest Modeling Technology

TransUnion announced at the Debt Buyers Association Conference the introduction of two new recovery models -- Recovery Propensity Score and Recovery Yield Score. Both of these scores were developed using TransUnion's freshest consumer data set and advanced modeling technology, allowing customers to supplement their own internal data into the scores to better target those accounts most likely to pay while limiting resources expended on debtors unlikely to pay.

The TransUnion Recovery Propensity Score uses the most recent data available to reflect dynamic economic conditions and predicts the likelihood that an account will pay $50 or more within 12 months. The TransUnion Recovery Yield Score complements the Recovery Propensity Score by including components identifying debtors likely to pay more, enhancing recoveries in the most liquid populations.

More information about the new TransUnion Recovery Scores can be found at www.transunion.com/collections

FICO and TransUnion Introduce a New FICO Score for the Canadian Market

FICO (NYSE:FICO), the market leader and recognized standard in credit scoring, and TransUnion, a global leader in credit and information management, today announced they are bringing the newest FICO® Score service to Canada. Based on the FICO® 8 Score, the new service offers a highly predictive general risk score designed specifically for the Canadian market.

Validation tests are occurring now, and they indicate customers will receive three-to-five times the incremental improvement in risk prediction typically generated by an enhanced scoring model. The service will be available for full implementation in March 2011. Over the preceding two decades, FICO and TransUnion have partnered to deliver a unique combination of powerful analytics, agile service infrastructure and robust data to an extensive customer base in Canada, which includes leading national, regional and international lenders. ***Source: FICO Press Release***

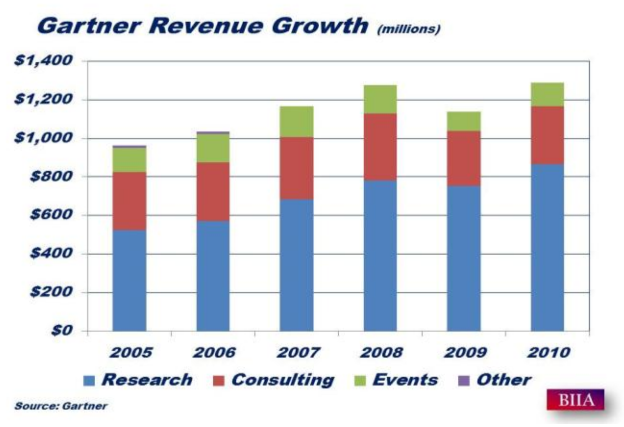
TransUnion: Credit Risk and Demand Drop at Conclusion of 2010

CHICAGO, IL--(Marketwire - February 09, 2011) - TransUnion's proprietary Credit Risk Index (CRI) declined for the fourth consecutive quarter indicating that U.S. consumers are less of a credit risk than in previous quarters. The CRI for the United States decreased 0.9 percent in the fourth quarter of 2010 and now stands at 125.61. At a national level the CRI dropped 118 basis points (125.61 from 126.79), pushing it to a risk level not witnessed in the U.S. since the fourth quarter of 2008.

Credit demand as measured by TransUnion's Total Inquiry Index (TII) decreased to 67.6 in the fourth quarter of 2010. This is significant because the decline in the demand for credit has slowed to 5.7 percent (between Q4 2009 and Q4 2010) after experiencing declines of 16.5 percent (between Q4 2007 and Q4 2008) and 19.3 percent (between Q4 2008 and Q4 2009). The TII is benchmarked to credit inquiry levels generated by consumers seeking credit in 2000. ***Source: TransUnion***

INDUSTRY NEWS

Gartner Q4 Revenues and Income are up Double-Digits



Gartner, Inc. (NYSE: IT) reports fourth quarter 2010 revenue was $382.3 million, up 17% year-over-year excluding the impact of foreign exchange and 16% as reported. Net income increased 43% and Normalized EBITDA increased 25% to $72.5 million. Diluted income per share was $0.37 compared to $0.26 per share for fourth quarter 2009.

For full year 2010, total revenue was $1,288.5 million, an increase of 13%, and net income was $96.3 million. Normalized EBITDA was $230.4 million, an increase of 20% over 2009.

Gene Hall, Gartner's chief executive officer, commented, "We achieved record levels of new business and contract value, our client and wallet retention metrics improved for the fifth consecutive quarter, and many of our other key business metrics continued to accelerate during the fourth quarter." ***Source: Gartner Press Release***

Value of Electronic News Services: AOL acquires Huffington Post

AOL has agreed to buy Huffington Post, one of the fastest-growing U.S. news site for $315 million. The price is more than five times the $60 million revenues of Huffington Post. Combined, the new AOL/Huffington Post claims 117 million unique visitors in the U.S. and 270 million worldwide; it's a scale play to participate in the Big Leagues of digital news media. ***Source: Outsell Inc. a co-founder member of BIIA***

Newcomer to the Rating Scene Creates Furor amongst Investors, Colleagues and Politicians

A newcomer to the bond rating scene has created a furor in the industry by forgetting one item that counts: transparency! Meredith Whitney emerged intact from the wreckage of the financial crisis by her warning about bank stocks in 2007! As a result she became a media heroine, even celebrated in a Fortune cover article and in frequent television appearances as a market seer.

All the glory seemed to have vanished ever since Ms. Whitney has entered the bond rating business. Now she finds herself pilloried in the news media and by colleagues for predicting a calamity in municipal bonds. Critics say the call is overstated, but it has alarmed investors in that usually sleepy market. Ms. Whitney is also drawing scrutiny from Washington, where a Congressional panel will examine the turmoil in the muni bond market, including whether Ms. Whitney's call has fed the volatility and allowed some investors to profit unfairly. Ms. Whitney has declined an invitation to appear before the panel of the House Oversight and Government Reform. It appears that Ms. Whitney has not learned the lessons from the recent financial crisis that transparency is a key element of keeping financial markets sound and working efficiently. ***Source: New York Times***

NEWS FROM CHINA

China Banks Outperforms the World Bank

The China Development Bank and the China Export Import Bank made loans of over $110 billion last year while the World Bank made loans of just over $100 billion. The nature of these loans has been interesting and illustrates the strategic needs of the Chinese. There were a number of loans based on access to oil from Venezuela, Brazil and Russia. There were loans to help develop infrastructure in nations that are seeking to expand production of everything from iron ore to electric power. There were also loans that were tied to expansion of Chinese exports. The volume of trade between China and Africa has increased by over 300% a year for the last five years in a row and much of that expansion has been fueled by this high level of Chinese investment.

Assessment: The investment from China is like all investment – designed to accomplish multiple goals. At the end of the day the effort is supposed to be profitable and China is not simply hurling money at states with no hope of a return. The cash is supposed to help these states develop their resources and to help them become a better market for Chinese goods. This is exactly the same motivation that has underscored the actions of the World Bank. In addition there is a more overt political goal. China has been aggressive in investing in nations which are hostile to the US and Europe to one degree or another. Venezuela's leader has been propped up to a significant degree by China and even should Chavez be some day removed from power, China has developed very close ties. China does not have the restrictions the World Bank works under. It is engaged with regimes who have been cut off by the World Bank to one degree or another and China's money as a rule comes with fewer strings attached - at least fewer political strings. ***Courtesy Dr. Chris Kuehl, Armada Corporate Development and a member of the BIIA Board of Directors***

Alibaba.com Bought 25% Stake In China Software Maker Sinosoft

BEIJING -(Dow Jones)- Alibaba.com Ltd. (1688.HK) bought a 25% stake in export services software maker Sinosoft Technology PLC for CNY170 million, Alibaba.com spokeswoman Linda Kozlowski said Monday.

Alibaba.com, which operates a platform for commerce between businesses, already has more than 2,000 customers who use Sinosoft's software, Kozlowski said. The company made the investment before the Lunar New Year holiday earlier this month, she said. Alibaba.com plans to increase revenue growth by encouraging customers to use value-added services on its websites. ***Source: Tradesonline.com***

Xinhua Finance Announces Resolution of Substantial Doubt About its Ability To Continue as a Going Concern

It appears that Xinhua Finance has become a casualty of the turmoil in the financial sector combined with an ill-advised strategy to enter the business of sports and entertainment news.

Xinhua Finance Limited announced that the Company has resolved substantial doubt about its ability to continue as a going concern (the "GC notes") for the consolidated fiscal year ended December 31, 2010. The Group has been continuing the repositioning of its business and moving ahead

Source: Xinhua Finance Press Release

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People on the Move

Veda Advantage Announces New CEO & Realignment of Executive Positions

The Board of Veda Advantage today announced that Ms Nerida Caesar will assume the CEO role, effective from February 2011. Current CEO Rory Matthews will continue at Veda Advantage as the Chief Operating Officer and Managing Director of Veda's International businesses. The intent being to focus on local core markets and to free up executive time for expansion of Veda Advantage's technology platforms in Asia and other emerging markets.

Ms Caesar was previously Group Managing Director, Telstra Enterprise and Government from May 2009 where she was responsible for the company's corporate, government and large business customers in Australia and Telstra's International sales division. Prior to this Ms Caesar was Executive Director, National Sales responsible for managing products, services and customer relationships for Telstra Enterprise and Government throughout Australia. ***Source:*** ***VedaAdvantage Press Release***

Moody's Corporation Names Salli Schwartz Interim Vice President, Investor Relations

Moody's Corporation announced that Salli Schwartz has been named interim Vice President - Investor Relations. In this position, Ms. Schwartz will be responsible for outreach to Moody's current and prospective shareholders and will manage Moody's Investor Relations team. Ms. Schwartz, who joined Moody's in 2007, previously served as Vice President — Corporate Development, where she was responsible for various corporate development and strategic planning initiatives, including acquisitions, joint ventures and strategic alliances. She succeeds Liz Zale, who will be leaving Moody's to pursue another opportunity.

Prior to joining Moody's, Ms. Schwartz held positions in corporate strategy, corporate treasury and planning and analysis for investment research with Citigroup. She has also held investment banking and merchant banking positions with Legg Mason, Inc. Ms. Schwartz has a Master of Business Administration from Cornell University and a Bachelor of Arts from the University of Pennsylvania, both with distinction. ***Source: Moody's Press Release***

See you at the BIIA Business Information Forum 2011
March 24th 2011 at the Hong Kong Convention Centre
To Register Click here

Business Information Industry Association Asia Pacific – Middle East Ltd.
1101 Wilson House, 19-27 Wyndham Street, Central, Hong Kong
Telephone: +852 2525 6120; Fax: +852 2525 6171; E-mail: biiainfo@biia.com Home Page: www.biia.com
Certificate of Incorporation: 979425