

SATYAM COMPUTER SERVICES



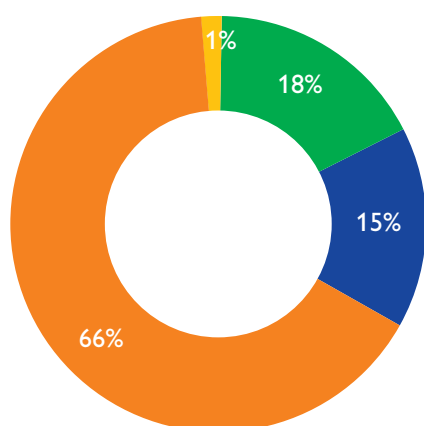
What Business Demands.

Company Background

Satyam Computer Services was incorporated in 1987. It is an information technology (IT) services company and provides a broad range of IT services such as software development, application integration, consulting and enterprise business solutions, engineering design support, e-commerce and consulting.

Satyam is headquartered in Secunderabad, India and has software development centres in the US, the UK, Middle East, Singapore, Japan and Australia. It has offices in 55 countries with nearly 30,000 employees working in 21 development centres around the world. It is the first IT company in India to be recommended for a company-wide BS 7799-1999 standard certification.

Satyam: Geography-wise Revenue Break-up (2005-06)



Source: Company Annual Report

For the financial year ending March 2006, the company generated revenues of EUR 933.2 million, which is an increase of 42 per cent over the previous year. The company has more than 469 clients, with export business contributing almost 97 per cent to its revenues.

Satyam Computer Services in the EU

Satyam entered Europe in 1997 with the setting up of a development centre in Basingstoke, UK. Satyam currently has 126 customers and gets its business from 13 locations across Europe. It operates from 10 offices and 32 customer locations in Europe. Presently, it has nearly 500 employees working in Europe. Currently, revenues from the EU account for 17.6 per cent of its total revenues and have grown at a CAGR of 7.6 per cent over the past four quarters. This growth is expected to accelerate due to the increased flow of outsourcing work from this region.

Satyam Computer Services in the UK

In April 2005, Satyam acquired Citisoft, a privately-owned UK consulting firm focused in the management sector. Citisoft is a specialist consulting firm that focuses mainly on investment management. It has a client base of more than 75 per cent of the top 50 global asset managers.

The consideration for the acquisition consists of a guaranteed payment of EUR 18.2 million payable over a 3-year period and an additional performance based payment of up to EUR 12.2 million, to be

paid over a 3-year period. This deal is expected to enhance the brand, network and expertise of Satyam in the EU market.

Satyam Computer Services in Other EU Countries

Satyam Computer Services has a development centre in Hungary and sales offices in France, Ireland, Italy, The Netherlands, Spain, Sweden and Switzerland.

Satyam has also formed many alliances in the EU; following are some of the major alliances formed by the company:

- In July 2006, Satyam formed an alliance with EPiServer, a Swedish content management and portal management company. This move will enhance the company's ability to implement, maintain and provide training services for EPiServer-based solutions. According to G.B Prabhat, director Consulting and Enterprise Solutions, "This alliance will enable Satyam to garner more clients by combining our proven consulting and delivery capabilities with EPiServer's exceptional reputation and market presence in the Nordic countries."
- Satyam has entered into a strategic alliance with NNIT, a Denmark-based IT consultancy firm for the implementation of new SAP solutions, and providing support and development of existing solutions. The two companies are already successfully working together on projects for pharmaceutical companies. According to Rune Toft, head of NNIT's SAP solutions, "IT solutions for pharmaceutical companies make high demands on our competencies. And it is crucial that we deliver on time and at competitive prices. Therefore, our partnership with Satyam is important for NNIT's continued growth."
- Satyam and Miebach Logistics Group, Frankfurt, a Germany-based logistics solutions provider

entered into a services and technology collaboration to offer supply chain solutions to customers in the Asia Pacific region across industry verticals.

Factors for Success

Alliance with Leading Technology Providers

Satyam possesses a large base for providing expert solutions in the EU for several industry segments such as banking and finance, insurance, manufacturing, pharmaceuticals and healthcare, automotive, transportation and logistics, telecom, retail, energy and utilities, etc. This has been made possible by creating alliances with leading technology providers. For instance, Satyam has alliances with companies such as Adobe, Microsoft, Oracle, etc.

Acquisition of Citisoft

Satyam strengthened its presence in the EU by acquiring Citisoft. The acquisition not only adds to the brand, expertise of the company, but also complements its global delivery capacity. Satyam also decided to retain the brand of Citisoft – a powerful brand in the investment management domain. This acquisition has helped the company to establish a foothold in the EU.

Future Plans

Satyam is targeting two to three deals worth EUR 82.8 million and above in the near future, for which it has formed a Strategic Deals Group to help it close these large deals. It plans to aggressively tap open the EU market through these deals and is negotiating with companies in the banking, financial services and insurance (BFSI) and healthcare sectors. Satyam expects such strategic deals to account for 10 per cent of its annual revenues by next year.

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