



PRESS CONTACTS:

Todd Miller
Market Communications, TPI
+1 480.235.7018
todd.miller@tpi.net

Laura Bower, Peppercom
+1 212.931.6127
lbower@peppercom.com

TPI Index Reveals Softness in Outsourcing Contract Awards; Characteristic of Previous Third Quarters

Number, Values of Outsourcing Contract Awards for
2008 Still Expected to Exceed 2007 Levels

Softness in Demand for Outsourcing in the Financial Services Industry Continued

Houston, October 15, 2008 — TPI, the largest sourcing data and advisory firm in the world and a unit of Information Services Group, Inc. (ISG) (NASDAQ:III, IIIIU, IIIIW), an industry-leading, information-based service company, today announced a diminished level of worldwide outsourcing contract awards for the third quarter of 2008. These results, reflecting commercial outsourcing contracts valued greater than \$25 million, and reported via the latest TPI Index, follow three consecutive quarters of exceptionally high contract award value.

Historically the TPI Index data indicates the third quarter of any given year is typically the weakest quarter. This was also the case for the third quarter of 2008, as it exhibited a quarter-on-quarter decline in the number, total contract value (TCV) and annualized contract value (ACV), or the value of a contract divided by its duration, in comparison to the first two quarters of the year.

According to TPI's analysis, several factors impacted the quarter. Only one mega deal (contracts with TCV greater than \$1 billion) was signed, there was a paucity of mega relationships (contracts in which the ACV is \$100 million or greater), performance in Europe, the Middle East and Africa (EMEA) declined significantly in TCV levels compared with recent quarters, and there was a dramatic drop in information technology outsourcing (ITO) contract value compared with the first two quarters of the year.

In spite of softness in the third quarter of this year, the 2008 year-to-date numbers and values of outsourcing contract awards are exceeding metrics of 2007. Compared with last year at this point, the number of contracts awarded has risen almost 5 percent. TCV

of those contracts has grown nearly 19 percent, and their ACV has climbed 27 percent. The full year 2008 looks to be on course for a strong overall result.

The softness in demand for outsourcing in the global Financial Services industry – which began this time last year – continued through the third quarter of 2008.

“What we are seeing in the third quarter and year-to-date metrics represents the results of outsourcing initiatives begun in more stable times – compared to the anxiety of recent weeks,” stated Brian Smith, Partner and Managing Director, Financial Services Operations, TPI North America. “The continued softness of those numbers reflects early recessionary indicators seen in the beginning of the year. But the uncertainty and unrest of today’s global economic climate has yet to fully affect the outsourcing industry that serves the Financial Services sector.”

In the third quarter, 128 outsourcing contracts valued at \$14.4 billion in TCV and \$2.8 billion in ACV were signed in the broader market. Compared to the second quarter of 2008, the number of contracts dropped 22 percent. The TCV and ACV both dropped 50 percent quarter-on-quarter. While third quarters are typically the weakest quarter of a year, the third quarter of 2008 was lower than historical average by almost 20 percent.

Further examining the reasons behind the softness of the third quarter, TPI reported that after three consecutive quarters of more than \$9 billion each in mega-deal TCV, this quarter saw only one mega-deal awarded, valued at just over \$1 billion — the last time the industry had one or fewer mega deals in a quarter was in 1996.

For this quarter, there were only four mega relationships valued in aggregate at roughly \$500 million. Both the number of mega relationships and their combined ACV declined precipitously quarter-over-quarter.

Earlier this year, strength in the broader market was driven primarily by activity in EMEA; this was not true for the third quarter. In EMEA, 56 contracts valued at roughly \$5.5 billion were signed in the third quarter, compared with the 75 contracts worth about \$18.5 billion during the second quarter. Additionally, there were 25 percent fewer contracts signed in EMEA – and those were of smaller average contract value.

Finally, ITO TCV fell nearly 56 percent from more than \$20 billion signed in the second quarter of 2008.

“It is unlikely that one soft quarter will dampen the overall industry trajectory, as fourth quarters are typically strong by comparison,” said Peter Allen, Partner and Managing Director, TPI. “A recent announcement of a mega deal provides early momentum for the fourth quarter, and we see substantial activity that should allow 2008 to exceed 2007’s total performance of \$85 billion.” Transactions involving the transfer of certain back-office operations as part of an outsourcing arrangement are expected to increase in the coming quarters.

The full-year of 2008 looks to be on course for a strong overall result, as year-to-date numbers and values of outsourcing contract awards are exceeding those metrics for 2007. Compared with last year at this point, the number of contracts awarded has risen almost 5 percent. TCV of those contracts has grown nearly 19 percent and their ACV has climbed 27 percent.

While TPI anticipates strong fourth quarter award values, the company believes that current unrest and realignment in the global financial services industry, and related impact on other industry segments, is likely to introduce softness in outsourcing contract awards entering 2009. “We still believe that outsourcing relationships will be called upon to achieve near-term cost reductions, facilitate restructuring of the industry and ultimately provide for growth at the back end of the downturn,” concluded Allen.

For more insight into what the future holds for outsourcing within today’s economic climate, visit TPI’s blog at: www.considerthesourceblog.com.

About TPI

TPI, a unit of Information Services Group, Inc. (ISG) (NASDAQ:III, IIIIU, IIIIW), is the founder and innovator of the sourcing advisory industry, and the largest sourcing data and advisory firm in the world. We are expert at a broad range of business support functions and related research methodologies. Utilizing deep functional domain expertise and extensive practical experience, TPI’s accomplished industry experts collaborate with organizations to help them advance their business operations through the best combination of business process improvement, shared services, outsourcing and offshoring. In addition, TPI Momentum, a business unit of TPI, provides information and insights to outsourcing and offshoring service providers to help them provide enhanced services to their sourcing clients. For additional information, visit www.tpi.net.

About Information Services Group, Inc.

Information Services Group, Inc. (ISG) (NASDAQ:III, IIIIU, IIIIW) was founded in 2006 to build an industry-leading, high-growth, information-based services company by acquiring and growing businesses in advisory, data, business and media information services. In November 2007, the company acquired TPI, the largest independent sourcing advisory firm in the world. Based in Stamford, Conn., ISG has a proven leadership team with global experience in information-based services and a track record of creating significant value for shareowners, clients and employees. For more, visit www.informationsg.com.

###