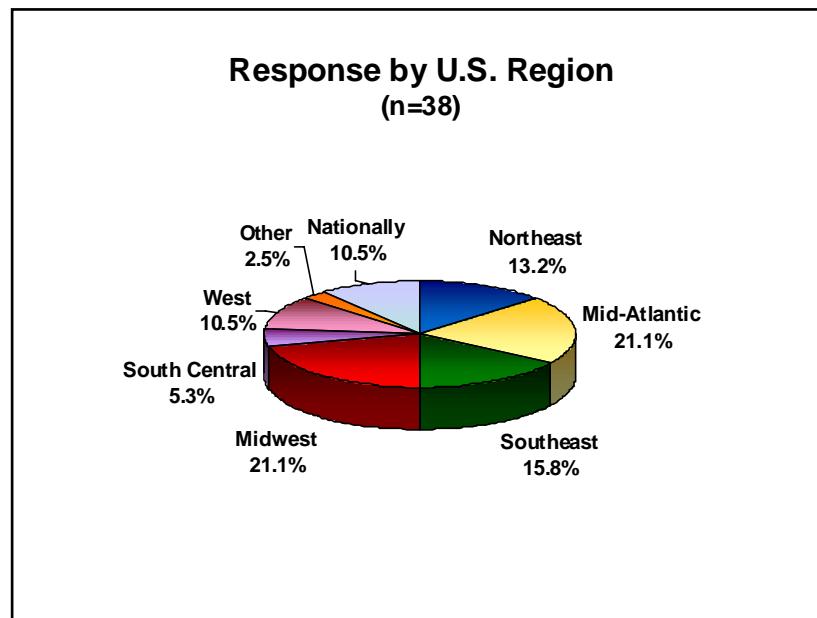


IT SERVICES BUSINESS TRENDS REPORT DECEMBER 2011

2011 RESULTS AND PROJECTIONS FOR Q1, 2012, ARE GENERALLY POSITIVE. THE ECONOMY WEIGHED HEAVILY ON Q4 PROJECTIONS, BUT RESULTS OVERRULED CONJECTURE. FIRMS ARE PROJECTING MODEST INCREASES IN BILLING RATES, BUT MARGINS WILL CONTINUE TO REMAIN STABLE. HOURLY DEMAND IS EXPECTED TO GROW MODESTLY, AS WELL AS TEMP-TO-PERM POSITIONS. SEVERAL FIRMS EXPERIENCED DOUBLE-DIGIT GROWTH IN 2011 AND ANTICIPATE DOUBLE-DIGIT GROWTH IN 2012. THE IT SERVICES CONFIDENCE INDEX IS AT 41.1, A SIGNIFICANT INCREASE FROM Q3 AND IN LINE WITH THE FIRST 6 MONTHS OF 2011.

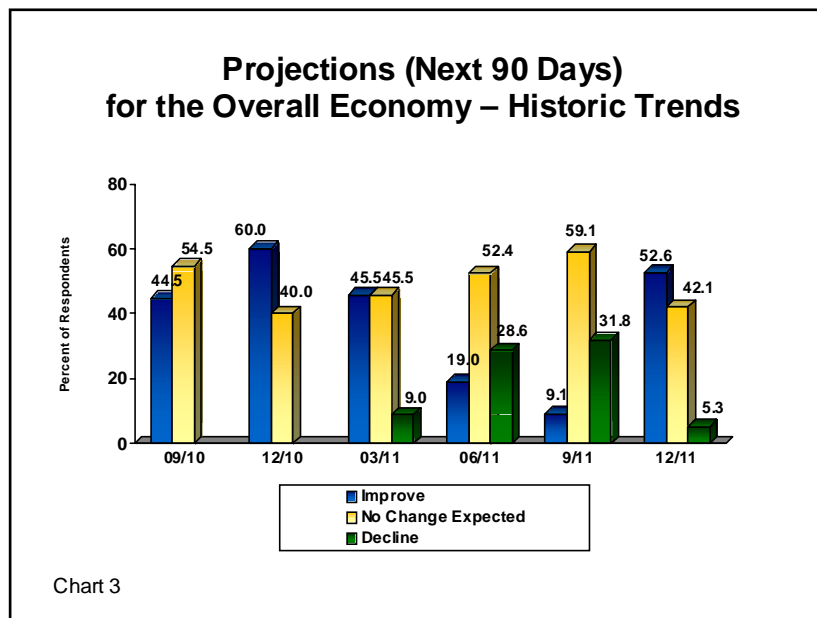
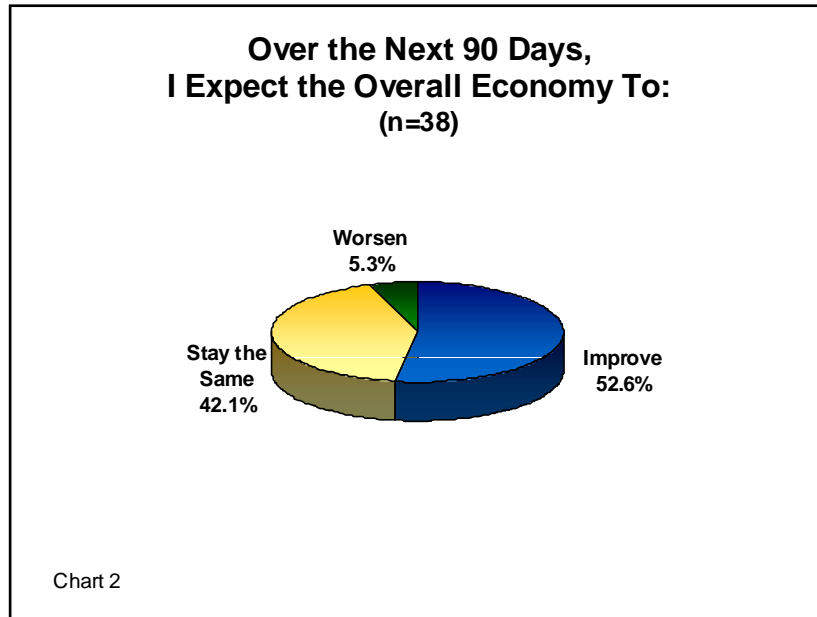
This is still year 10 of quarterly, nationwide IT Services trend surveys conducted by Specifics, Inc. and Fairmount Partners. These surveys are designed to tap into several key, high-level IT Services metrics and track them on a regular basis in order to help you plan and forecast your business activities. The number of respondents to this survey is 38 firms. 47% are reporting double-digit growth in 2011 and projecting similar results in 2012.

The data for this survey were collected between December 20, 2011, and January 6, 2012. The sample was similar to those companies responding in the past quarter. The respondents, from most regions of the United States (see Chart 1) represent a broad range of firms of various sizes from very large to small. Respondents include providers of a full range of IT services, and represent an estimated 20% of total U.S. IT Staffing Services industry revenue.

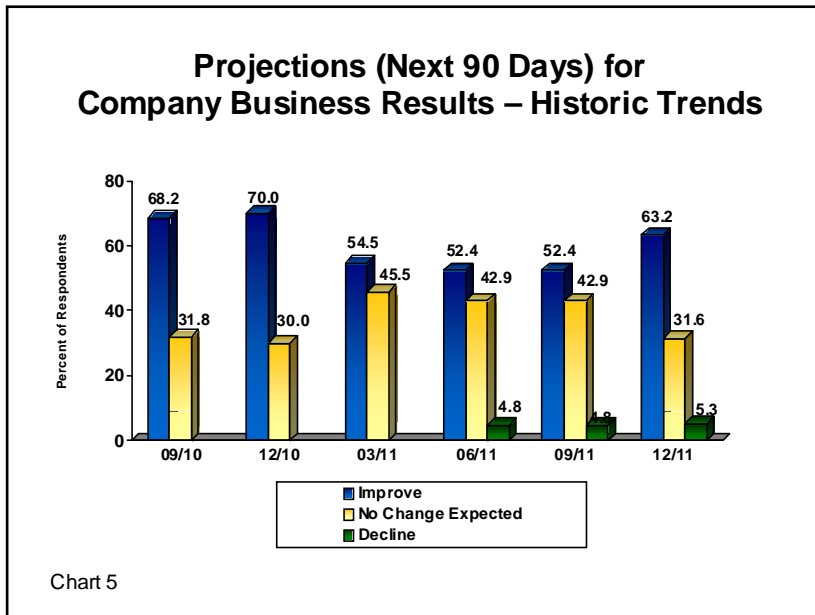
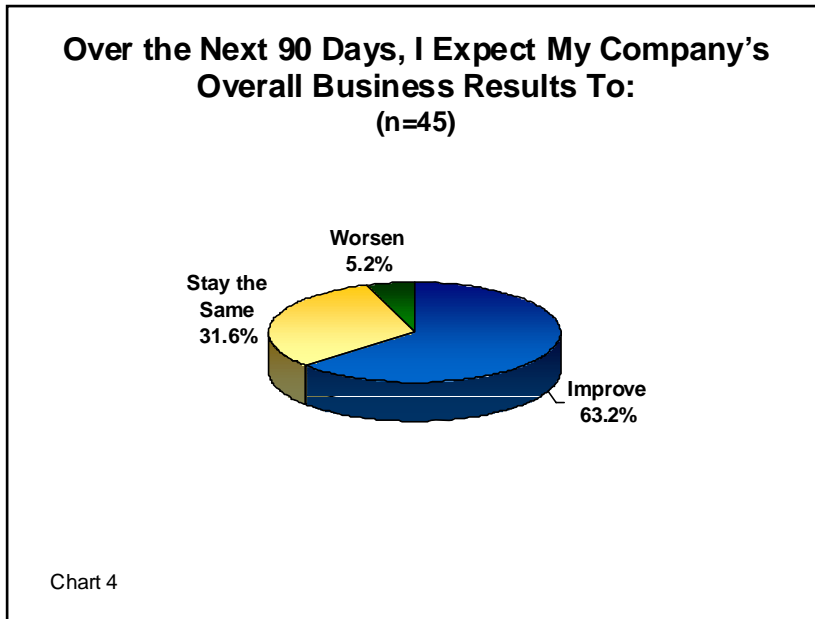


THE ECONOMY

This quarter, 52.6% of respondents believe that economic conditions will improve over the next 90 days, and only 5.3% of respondents see a worsening economy. This is a dramatic change from Q3 where the majority of firms were concerned about the economy and its impact on their businesses. Companies still project better billing rates, but no margin flexibility. Once again, noted in this report, the Industry Sector leaders remain a major source of revenue in 2012, and all segments of the country continue to see some improvement there. Billing rates have absolutely bottomed, and there is the potential for a slight increase, but these are minimal increases correlated to modest increases in compensation.

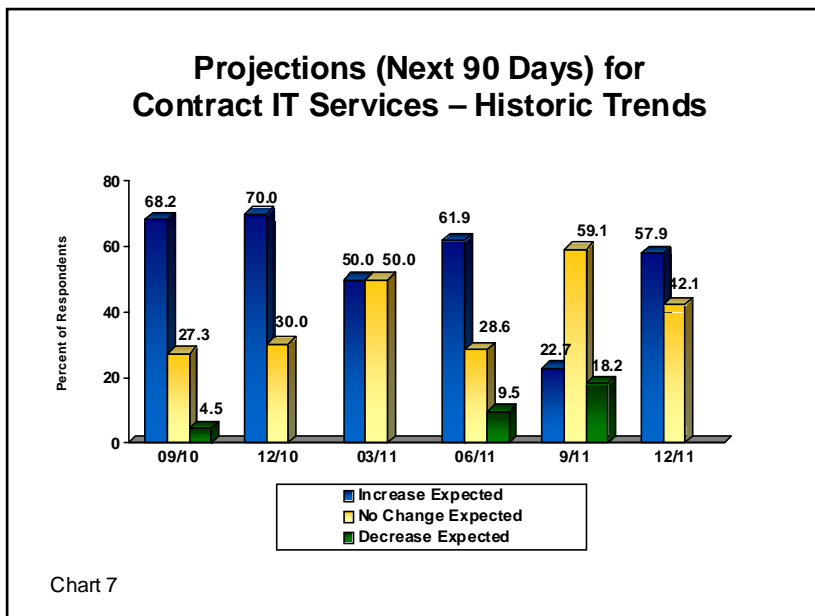
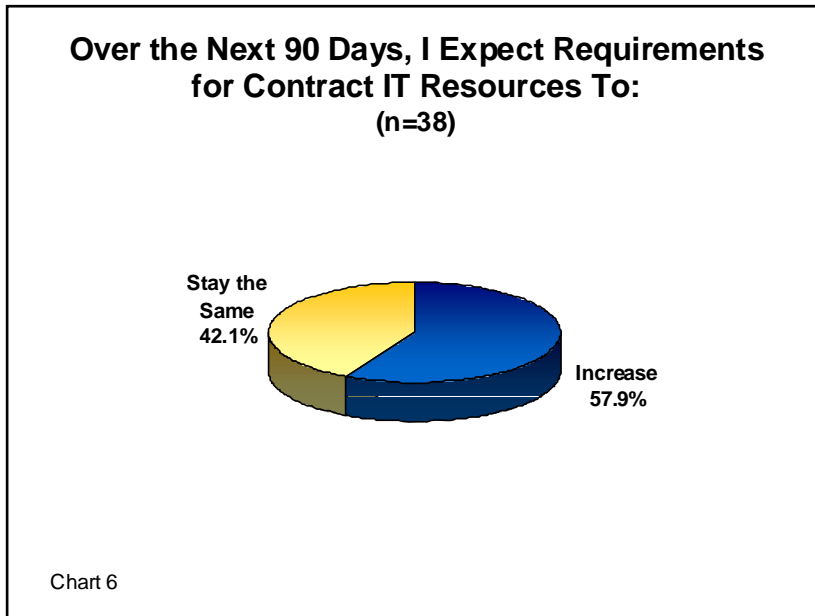


Projections for individual company results usually track projections for the economy as a whole, and this quarter's results follow that formula. 63.2% of respondents this quarter believe that their companies' results will improve in Q1, and another 31.6% believe results will remain the same. Only 5.2% of firms believe their company results will worsen. Companies believe that IT services will ride the overall improvement in the economy.

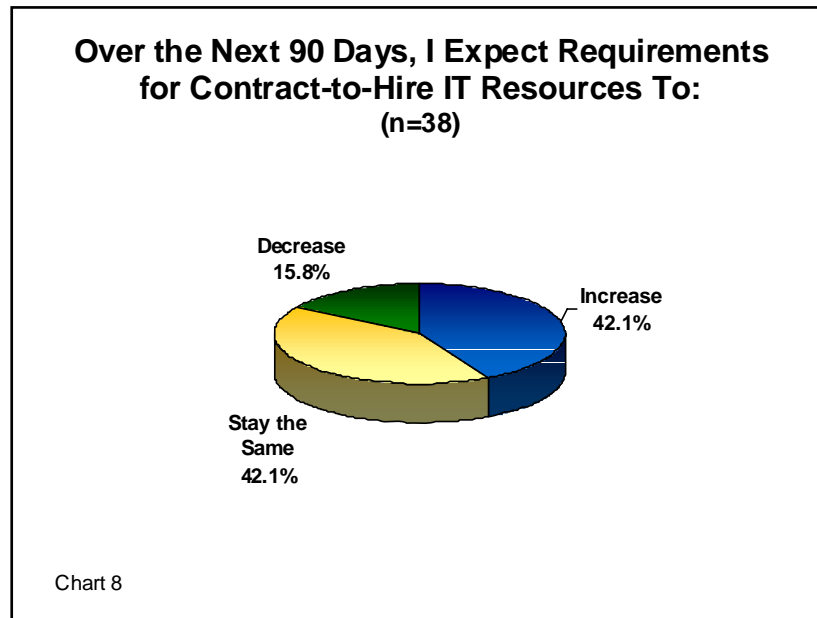


Demand for IT Resources

Projections of near-term hourly demand have reversed trend. This quarter only 57.9% of firms say contract demand will increase ... more than double those reporting last quarter. Significantly, no firms forecast a decrease in demand for contractors. Demand to fill new positions is likely to increase in 2012. Although the survey numbers are small, it appears that demand will be from healthcare and finance, with a surge in banking and modest growth from the pharma sector.



Demand for direct hires and contract-to-hire are projected to increase in Q1 of 1012. 42.1% of firms now forecast an increase, and only 15.8% project a decrease in this category over the next 90 days. The overriding theme is that businesses are hiring in all categories.



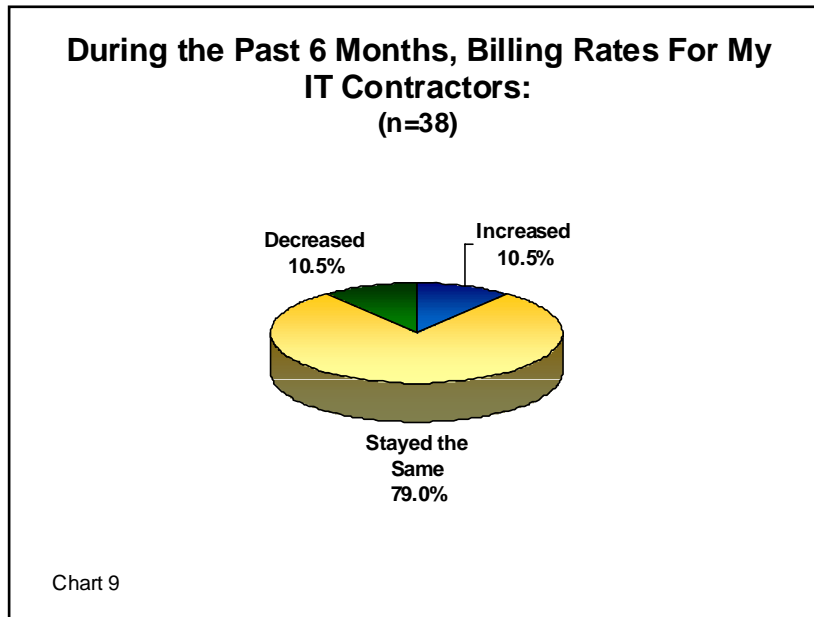
This data tends to support Specifics' contention that in the future many more jobs will be contract jobs, not permanent positions. The current climate in Washington concerning corporate taxes and the potential increases in healthcare costs will prevent many companies from hiring full-time employees and they will favor contract workers, not just in IT, but in all jobs and job levels. The difficult issue for IT services companies is that the talent pool is the same, recruiting tools are the same, and the billing and compensation rates will be the same. The market is mature, and differentiation will continue to be very, very difficult.

BILLING RATES MOVE WITH COMP RATES

Contractor billing rates in 2011 increased ever so slightly, but the majority of respondents kept rates the same, and their margins remained stable. The market will only accept increases in margins when the demand becomes stronger, however even marginal increases will have a big impact on the bottom-line of IT staffing firms.

Specifics' Compensation and Billing Rate Surveys for 2011 show that compensation has remained stable for the past 3 years, but now have started to move up. Most companies traditionally do not have a good ability to forecast increases in billing rates, or they have unbridled optimism that they can eek out a margin increase, but the upward move may finally be a reality. Specifics will continue to track the firms that report an increase and monitor the trends.

As illustrated in Chart 9, only 10.5% of the respondents saw their billing rates increase in the past 6 months. 10.5% saw a decrease, and 79.0% say rates stayed the same. This is essentially the same as reported in Q3 and Q4. Rates in the next 6 months will likely remain at the same. **Specifics' Compensation and Billing Rate Studies** indicate that the trend in compensation and billing rates overall, and especially in some geographic markets, is up.

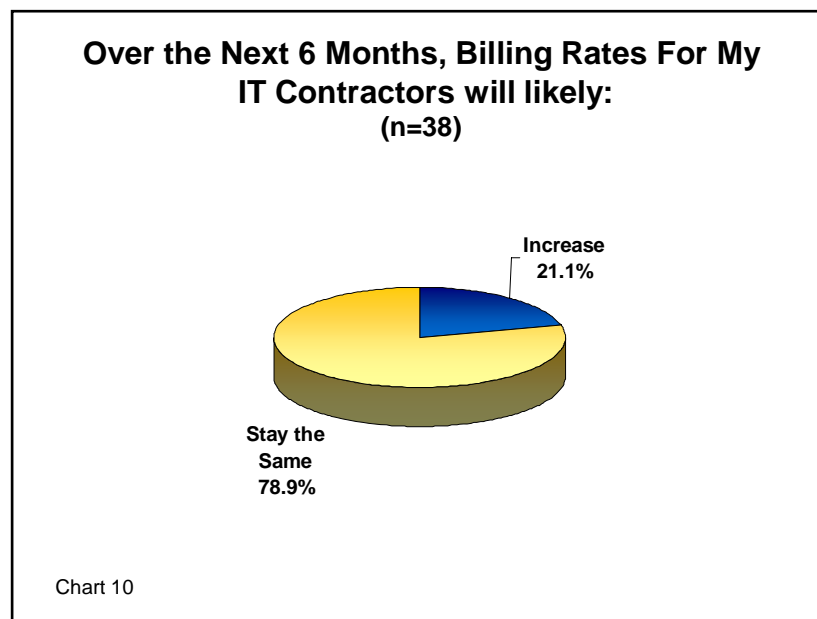


GROSS MARGIN

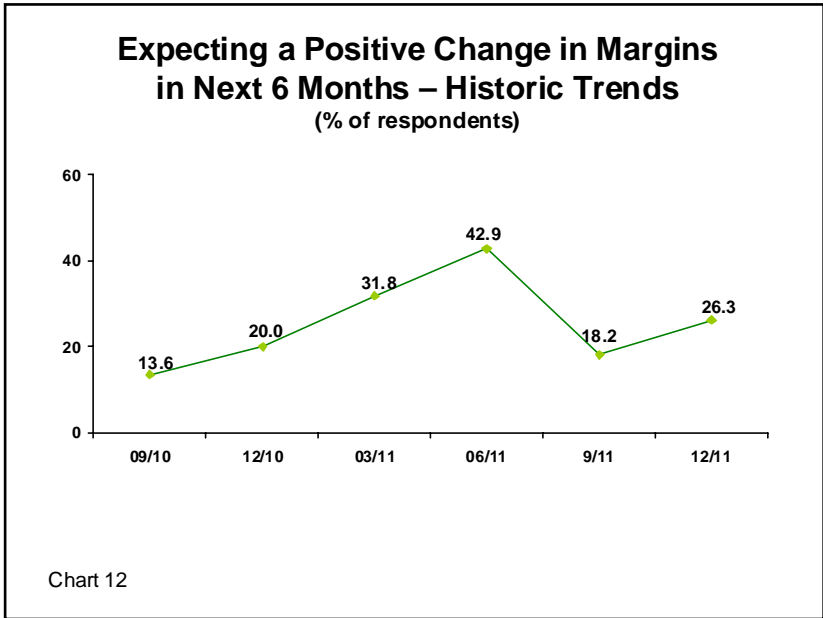
Chart 10 shows that more respondents (about 1 in 4) expect to increase billing rates in the next 6 months. The data for companies projecting changes in gross margins, which are depicted in Chart 11, show that a similar percentage sees a corresponding increase in margins. Only 10% of respondents still project a decrease in margins. Most firms (2 in 3) still say that margins will remain the same.

Leverage in most firms is increasing as the number of sales positions is decreased and the number of recruiter positions increases. **Specifics 2011 Sales and Recruiter Compensation and Headcount Report** (published in September) now shows that the ratio of recruiter to sales positions is almost 2:1 and comp plans are being adjusted to deal with the reality of fewer sales positions and more recruiters.

Current 2011 compensation rates for technical skills are reflected in **Specifics 2011 Technical Compensation and Billing Rate Survey** (www.specifcs.com).



In **Specifics 2011 Financial and Operating Metrics Study**, the 24% gross margin has remained stable. This survey report is available through the Website (www.specifcs.com) or by calling 770-391-0013. The 2012 survey will be conducted at the end of January.

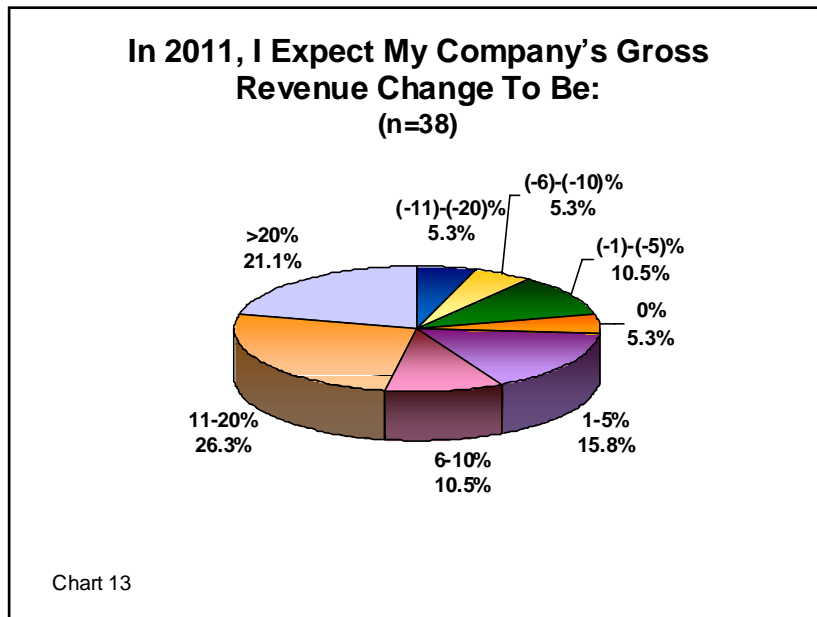


Although IT unemployment is still projected to remain at 9%, the Department of Labor projects IT jobs to increase substantially over the next five years. Any economic optimism in this report would lead one to believe that market conditions for resources would tighten, and there is a slowly growing increase in demand. In the next year, churn in positions will continue to put pressure on firms to maintain their market position with clients.

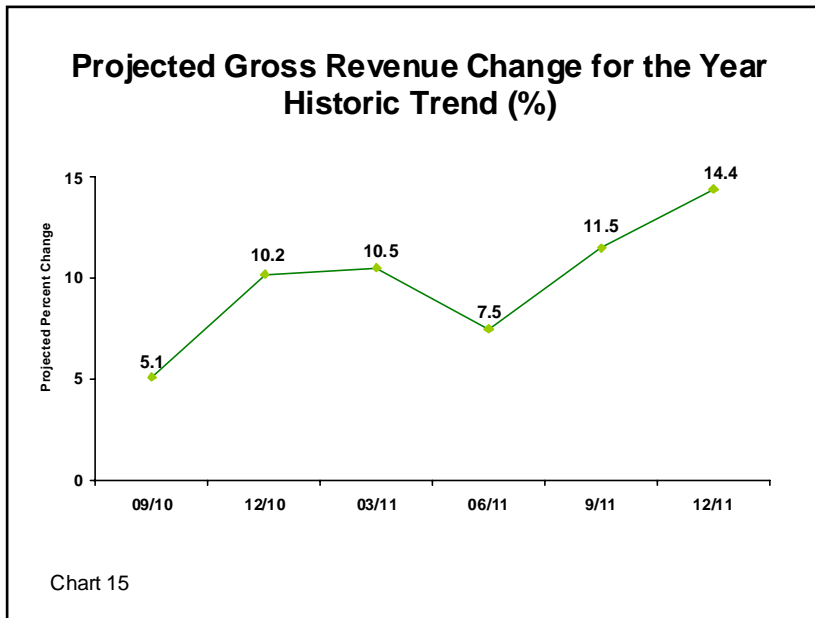
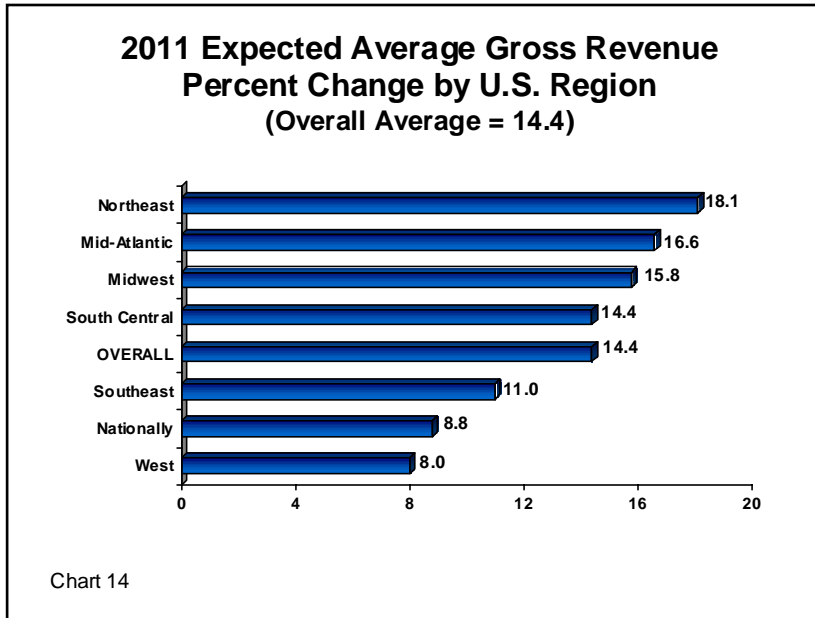
REVENUE PROJECTED TO INCREASE IN 2011

Chart 13 illustrates that the average 2011 revenue change projection is up to 14.4%, which is even more than the last quarter, but once again this may be a function of the sample of companies in the respective reports. Single-digit growth is projected by 26.3% of the sample, and 47.4% see double-digit increases. 21.1% see decreases in revenue, and one firm reports no change.

Specifics 2011 Sales and Recruiter Compensation and Headcount Report will provide details on company headcount redistribution and new operating metrics. It is available through our Website (www.specifics.com) or by calling 770-391-0013.



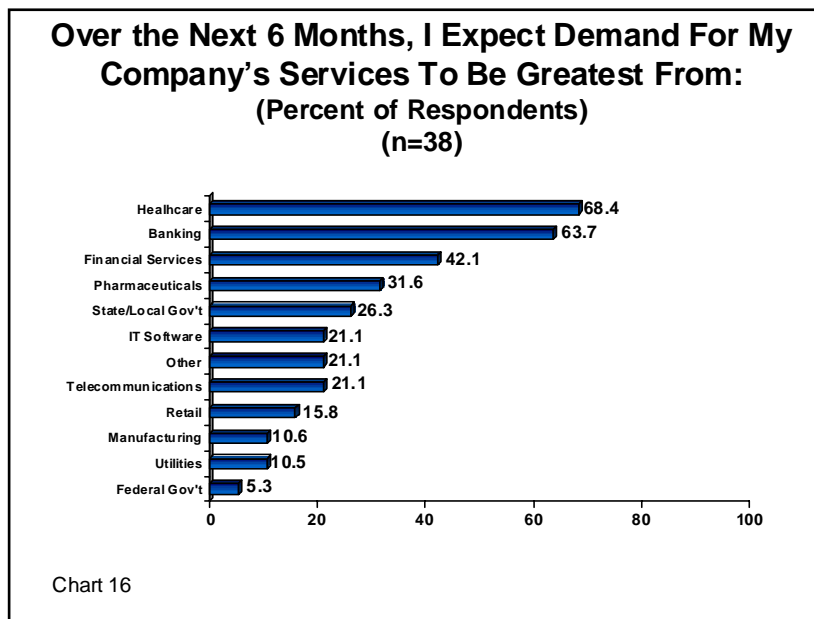
From a regional perspective, Chart 14 illustrates that projected revenue change for 2011 varies somewhat from region to region. These are very small sample sizes, and these are average values, so these results are merely indicators. The significant finding in this chart is the upward trend. Revenue growth is evident in all regions, but smaller companies report the strongest revenue growth. Large national companies report lesser annual revenue growth. Large firms have a much greater challenge to move the needle.



HEALTHCARE SECTOR DEMAND REMAINS IN THE #1 POSITION. THE BANKING SECTOR SURGED THIS QUARTER AND THE FINANCIAL MARKET CONTINUES TO BE STRONG. SOFTWARE INDUSTRY DEMAND IS STABLE. FEDERAL, STATE AND LOCAL GOVERNMENT MARKETS CONTINUE TO FALTER, WHILE TELECOMM HAS INCREASED.

Demand projections for the various market sectors are illustrated in Chart 16. Much of the demand for IT services in the near-term is expected to come from Healthcare and Banking. The changes from Q1 projections may also be the result of changes in the respondent sample. With NE and Mid-Atlantic companies we see a preponderance of financial and banking opportunities. Healthcare remains strong in all regions.

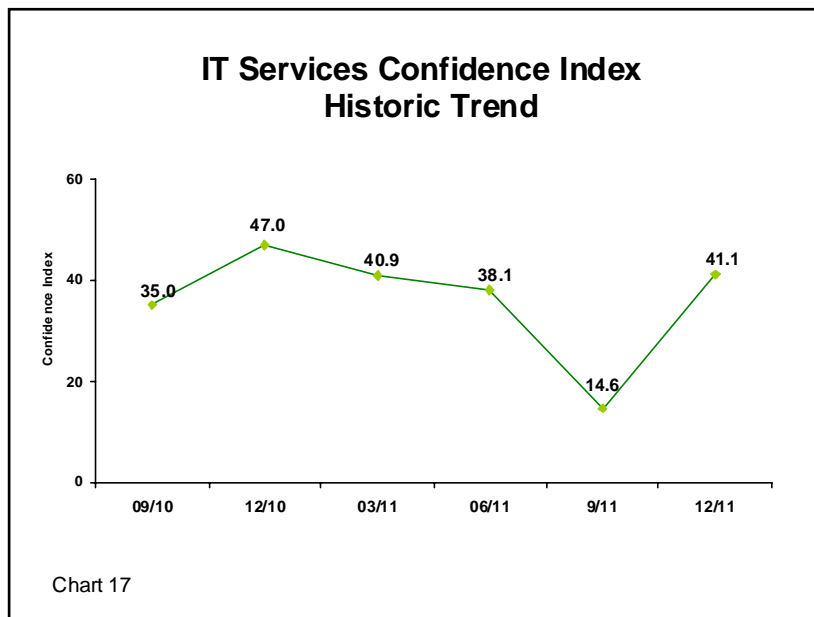
These results are only indicators of where companies plan to find business. The increased percentage of potential business in the **Other** category cannot be defined. IT software is often strong in the South Central and West, but those regions were under-reported in this sample.



SUMMARY – CONFIDENCE INDEX REMAINS POSITIVE

The Specifics IT Services **Confidence Index** is now at **41.1**, which is a dramatic increase from Q3. The Q4 Index was impacted strongly by concern for the economy. The market for IT services is mature, and for the most part, the business has been commoditized. The next year or two could be promising if there is continued, if small, growth in the economy; but margins will still remain around 25% on average. The downside risk is from another financial crisis triggered by the rising U.S. debt structure or from Europe.

This index, which is a function of respondents' projections regarding the economy and their companies' business, is still driven primarily by the economy in past two years. An index value of **-0-** would be completely neutral. With IT unemployment decreasing slightly, there may be opportunities move margins, but VMS standards are prevailing. Index values calculated for the past 18 months are depicted in Chart 19. This index said 2011 was slightly down, and except for Q3, the trend is flat. The **Index** optimism for the next year is positive, but it will remain a challenging business environment.



This **Confidence Index** will continue to provide a barometer for period-to-period comparisons, and will indicate the expected near-term direction of the IT Services industry. Given the current economy, it is looking like the industry will have double-digit CAGR for 2 years prior and after 2011. Worldwide political and economic stability and unusual events that impact the economy will definitely be factors. Participate in future studies and watch for potential swings driven by business growth and employment.

Please feel free to distribute this report to any interested parties within your company. The next survey will be conducted in March 2012. For further information regarding this survey and/or the findings contained herein, or to participate in future IT Services Business Trends surveys, please contact Joe Blumberg at Specifics, Inc. Phone 770-391-0013, e-mail jblumberg@specifics.com, or go to www.specifics.com.

Specifics, Inc. (<http://www.specifics.com>) – is an independent market research firm serving the IT industry. Specifics is the leading provider of client and employee satisfaction studies to IT services firms, and publisher of the most comprehensive set of IT Services compensation studies and operating company benchmarks available:

- ✓ **IT Services Benchmarking Studies** – to compare performance based on revenue and mix of services:
 - **2011 Financial & Operating Metrics (\$595)**
 - **2011 Sales and Recruiter Compensation and Turnover Trends (\$595)**
- ✓ **2011 IT Services Executive and Management Compensation Study** – comparing base salary and incentives for staffing and solutions firms. (\$595)
- ✓ **2011 IT Technical Compensation and Billing Practices for 60 skill sets.** (\$350 per location- you must provide your data to purchase reports.)

Fairmount Partners (www.fairmountpartners.com) – provides a unique blend of merger and acquisition, private placement, recapitalization, buyout, and strategic-advisory services to fuel the growth of IT and business services firms. Our bankers include former IT services industry entrepreneurs, giving us unique insight into our clients' businesses. Our clients are typically emerging growth companies ranging from \$5 million to \$300 million.

Headquartered in Philadelphia, Fairmount Partners is one of the largest investment banking groups in the region. Our team has global experience, having closed transactions in North America, Europe, and the Middle East. In addition to IT services, Fairmount also serves clients in the software, communications, and healthcare fields. The principals of Fairmount have successfully completed more than 60 engagements in the past three years.

Fairmount's growth-advisory services are specifically geared to help the leaders of IT services firms substantially increase their firm's value. Our services help company leaders prepare and execute strategic plans in order to achieve short- and long-range goals for creating wealth.

Fairmount Partners' clients who have already benefited from this service include public and privately-held companies ranging in enterprise value from \$20 million to \$300 million. A number of these clients have private equity and venture capital investors who want to maximize the value of their position.

Fairmount Partners and Dick Thatcher can be contacted by calling 610-260-6238, or by e-mail to dick.thatcher@fairmountpartners.com.