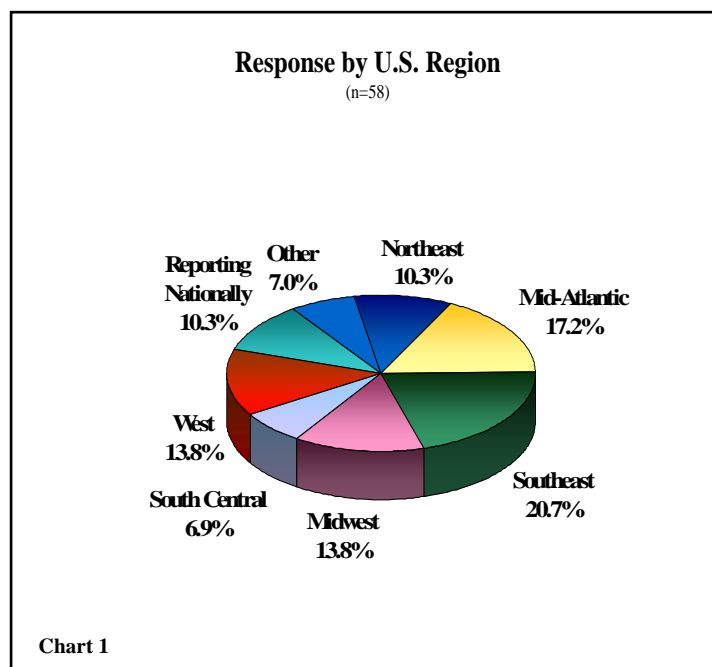


IT SERVICES BUSINESS TRENDS REPORT SEPTEMBER 2009

PROJECTIONS FOR Q4, AND 2009, HAVE TAKEN ON A NOTE OF REALITY. RESPONDENTS THAT MAY HAVE HAD MIXED FEELINGS IN Q3 ARE NOW PROJECTING THEIR 2009 LOSSES WITH CLARITY. THE INDUSTRY IS NOW PROJECTED TO CONTRACT ABOUT 7% IN 2009. DEMAND AND GROWTH IS EXPECTED TO INCREASE IN THE NEAR TERM, BUT NEW BUSINESS WILL NOT BE EASY AS BILLING RATES ARE STILL DECLINING. ONLY 30% OF FIRMS STILL ANTICIPATE ANY GROWTH IN 2009. THE IT SERVICES CONFIDENCE INDEX SHOWS IMPROVEMENT AND IS ONCE AGAIN POSITIVE TERRITORY AT 13.5.

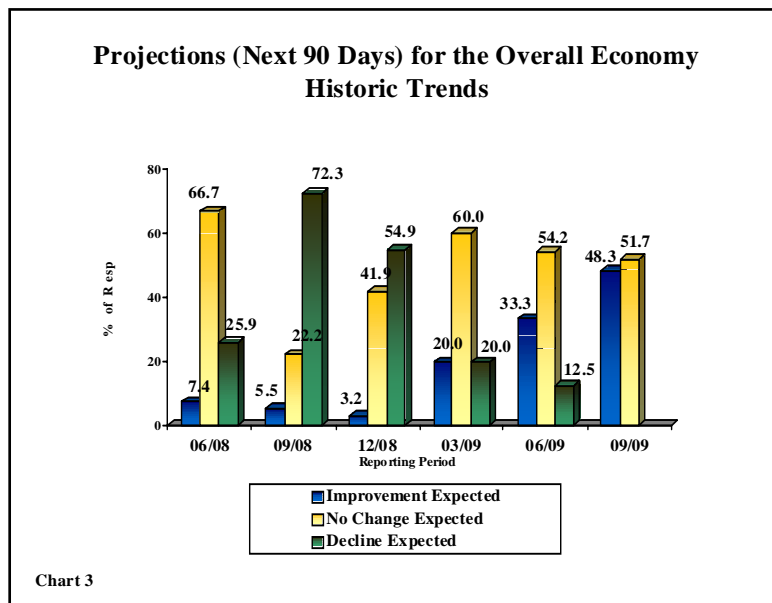
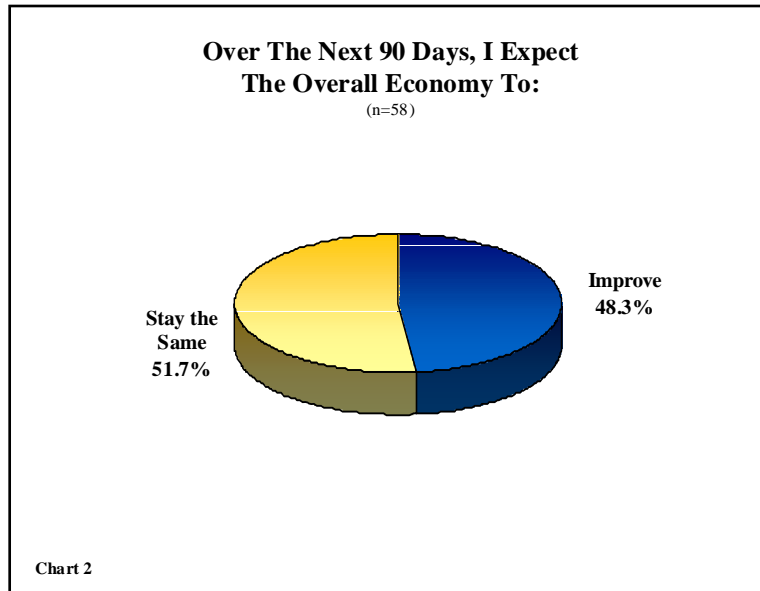
This is the end of year 9 of periodic, nationwide IT Services trend surveys conducted by Specifics, Inc. and Fairmount Partners. These surveys are designed to tap into several key, high-level IT Services metrics and track them on a regular basis in order to help you plan and forecast your business activities. The number of firms responding to this survey continues to be in the range of 40 - 60 firms.

The data for this survey were collected between September 18 and September 30, 2009. The 58 respondents, from all regions of the United States (see Chart 1) represent companies from all areas of the U.S. Respondents include providers of all types of IT services, and represent an estimated 15% of total U.S. IT Staffing Services industry revenue. Once again, real concerns dominate the mindset of the respondents. Projected overall revenue growth rates in 2009 are primarily negative.

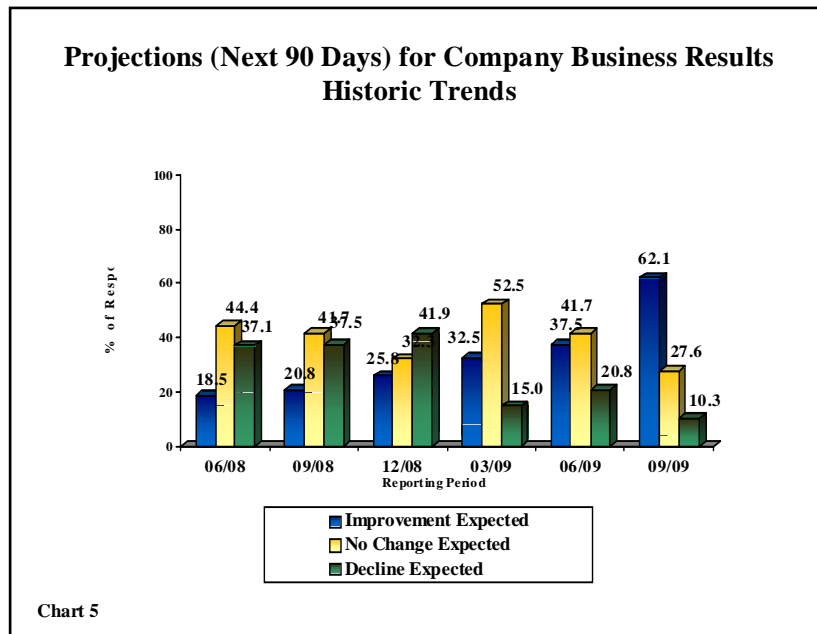
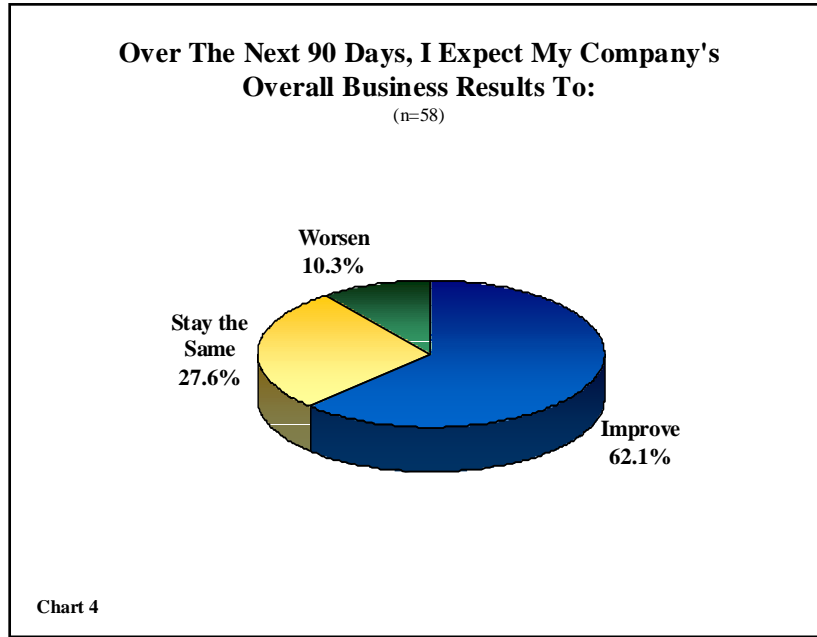


THE ECONOMY

About one-half (51.7%) of Q4 respondents project that economic conditions will stay the same over the next 90 days. The remainder sees economic improvement, and no respondents see a worsening economy. The shift in Q4 to a more positive sentiment is a further indication that we are headed to better times. This is a long way from an optimistic projection. One change noted in this report is a lessened concern for the Financial Services Industry as a source of revenue in 2009, and all segments of the country see some improvement there. The positive is that things are not getting worse. Billing rates will continue to decline, but so will compensation.

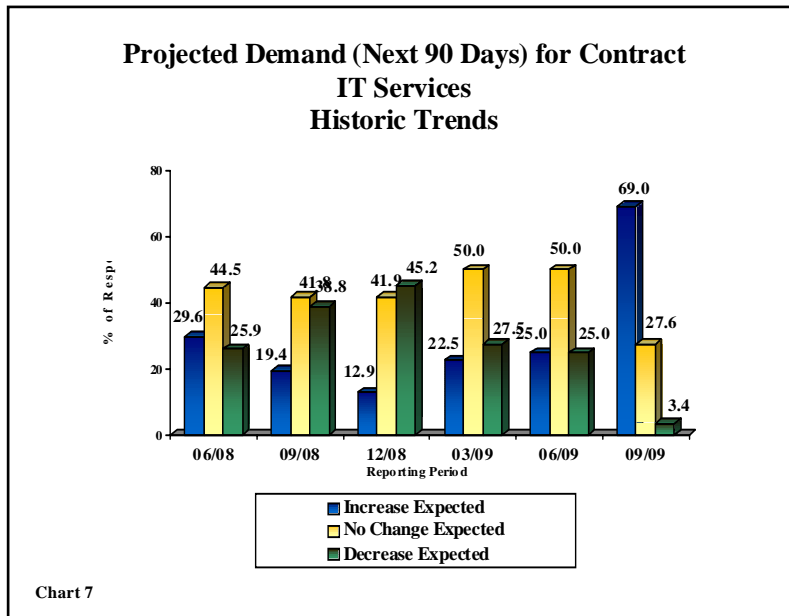
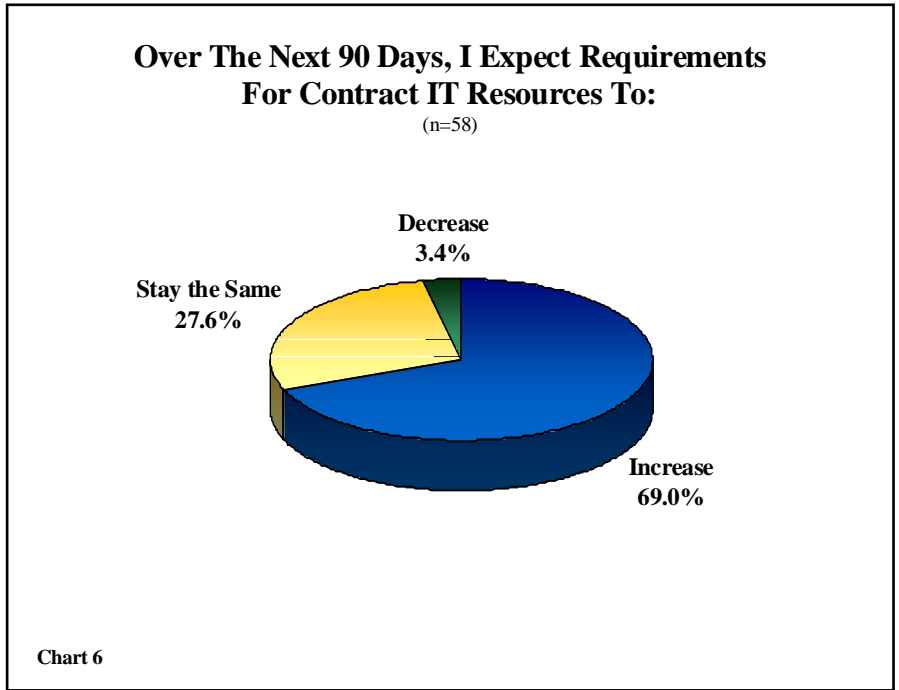


Projections for individual company results usually track projections for the economy as a whole, and this quarter's results show somewhat similar results. Many more respondents this quarter believe that their companies' results will improve in Q4, but it will not be easy growth. Only 10.3 % believe their company results will worsen. The balance believes their results will stay the same in Q3.

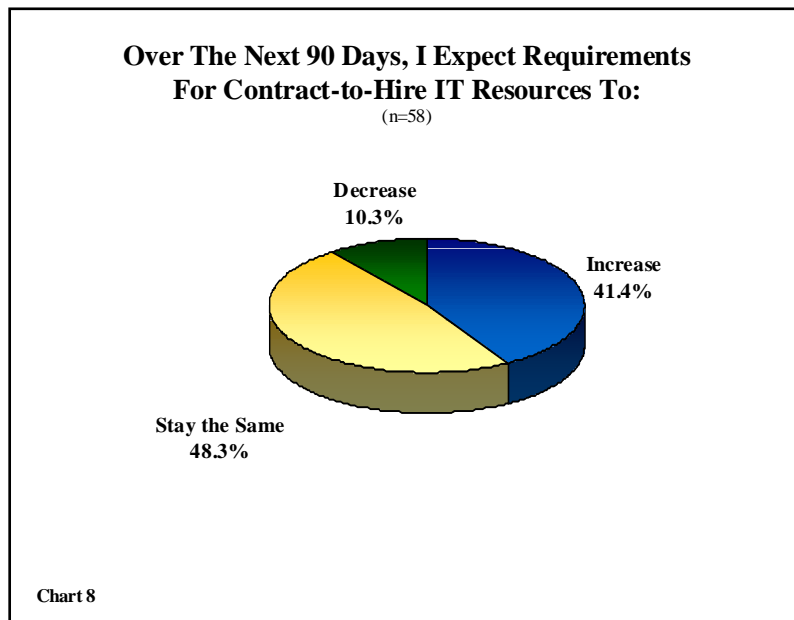


Demand for IT Resources

Projections of near-term demand show significant improvement. This quarter 69.0% of firms say contract demand will increase, and only 3.4% forecast a decrease in demand for contractors over the next 90 days. Demand to fill new positions across the board is expected to increase, and companies are optimistic about demand even in light of the pressure on rates and margins.

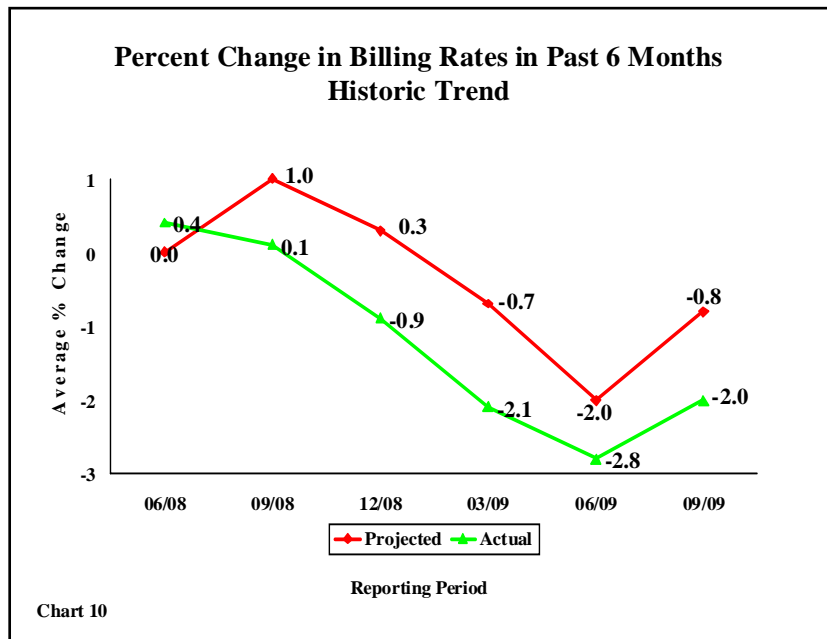
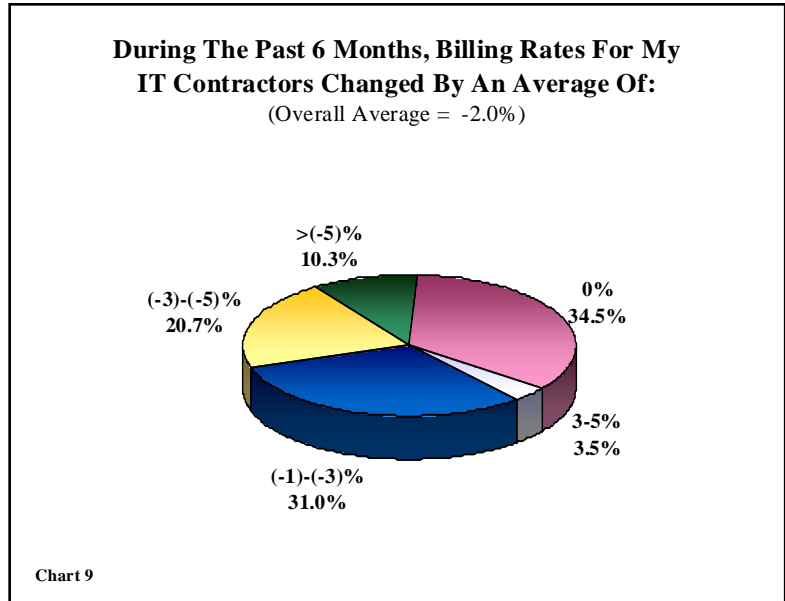


Demand for direct hires and contract-to-hire are projected to increase as well. For the first time in three quarters this measure is positive. Only 10.3% of firms project a decrease in this category over the next 90 days than in Q2, and fewer firms believe things will stay the same. Demand for new positions was off by more than 20% from Q3 2008.



BILLING RATES PRESSURED MORE

Contractor billing rates in the past 6 months have decreased 2%. While a 2.0% decline was projected for the past 6 months, this was in addition to a 2% reduction in the first 6 months of the year. No firms now reported a 6 month increase in billing rates in Q3 and only 3.5% report an increase today. Most firms reported decreases of 3% to 6%. All of the gains in billing rates in the two years prior to 2008 have been dashed by the economy and they are now down 6% or more from the highs of last year. The positive is that billing rate declines were not quite as bad as originally projected

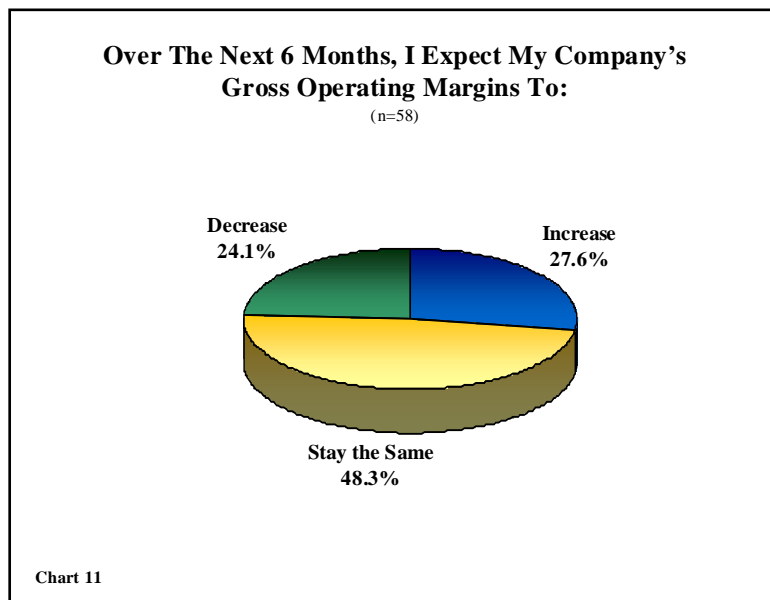


GROSS MARGIN

The data for projected gross margins, which are depicted in Chart 11, show a very conservative projection that is slightly more positive than in the prior quarter, with 27.6% of respondents expecting an increase in the next 6 months and 24.1% expecting a decrease.

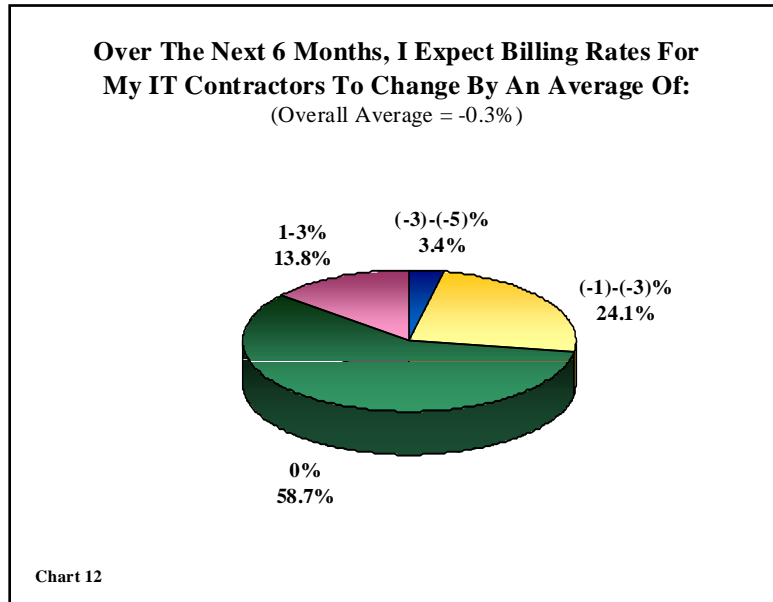
Executive and management compensation dramatically decreased in 2009, as did compensation for sales professionals. **Specifics 2009 Sales and Recruiter Compensation and Headcount Report** showing the declines was just released and is available through www.specifcs.com. Sales and Recruiter headcount has been rebalanced to 2003 levels.

Compensation decreases for technical skills are reflected in **Specifics 2009 Technical Compensation and Billing Rate Survey** (www.specifcs.com). To inquire, send an e-mail to jblumberg@specifcs.com or call 770-391-0013.



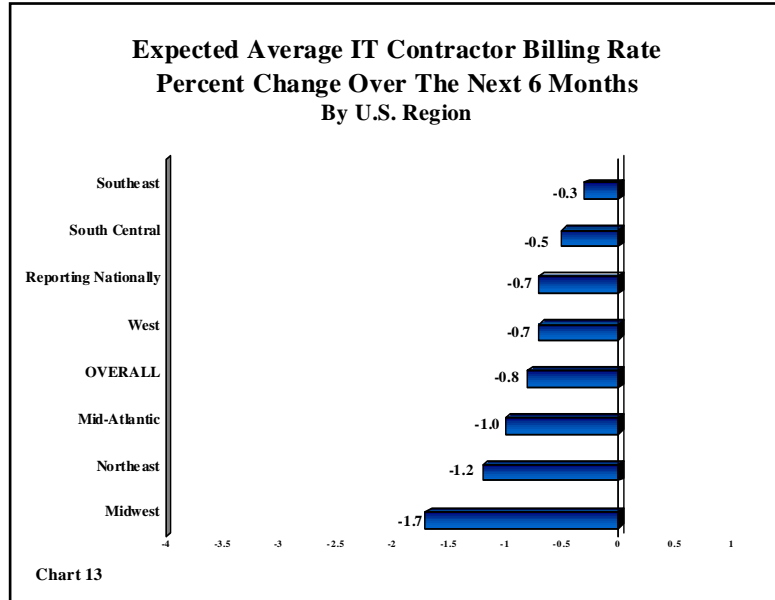
In **Specifics 2009 Financial and Operating Metrics Study**, we see that companies were able to maintain gross margins of 24% on average, primarily by aggressive cutting of certain expenses and reductions of full-time staff. **This survey report was published mid April.**

As illustrated in Chart 12, only 13.8% of the respondents in Q4 expect their billing rates to increase in the next 6 months, and only 1 to 2%; but 58.6% see no further erosion in their billing rates. While rates in the next 6 months will likely not go much lower, they have dropped in excess of 6% in the past 6 months.

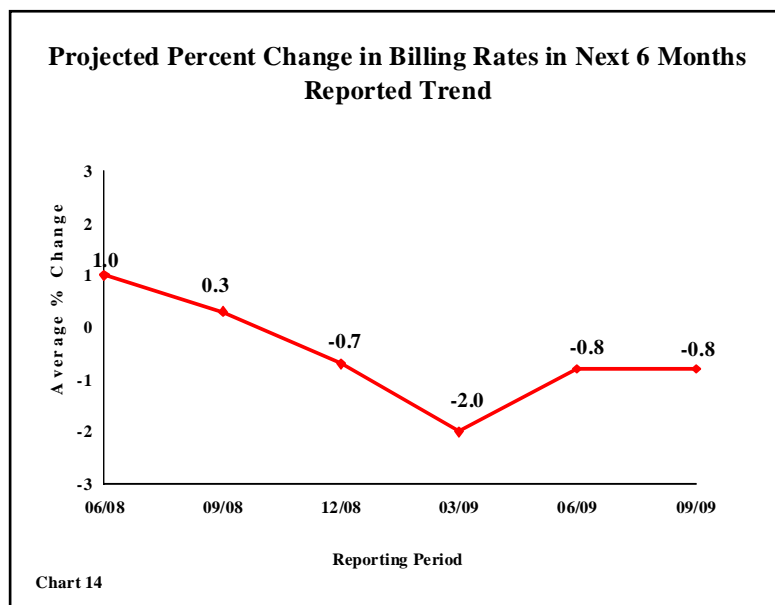


Although IT unemployment is now projected to go as high as 6.5 or 7%, the Department of Labor still projects IT jobs to increase substantially over the next five years. The economic optimism in this report would lead one to believe that market conditions would tighten, but there is still low overall demand. The DOL has not yet factored in the latest quarter results. In the short run, the economy will improve, but unemployment will continue to increase, putting more IT resources in the labor market and potentially decreasing the time to fill – a silver lining in a very dark cloud.

The sample sizes for Chart 13 are very small and the results vary greatly. Chart 13 shows that, over the next six months, contractor billing rates are expected to continue the decline another 0.8% overall, the same as Q3. All regions project modest declines. Companies Reporting Nationally project an average decrease of 0.7% in contractor billing rates, and the biggest drop is once again expected in the Midwest Region.



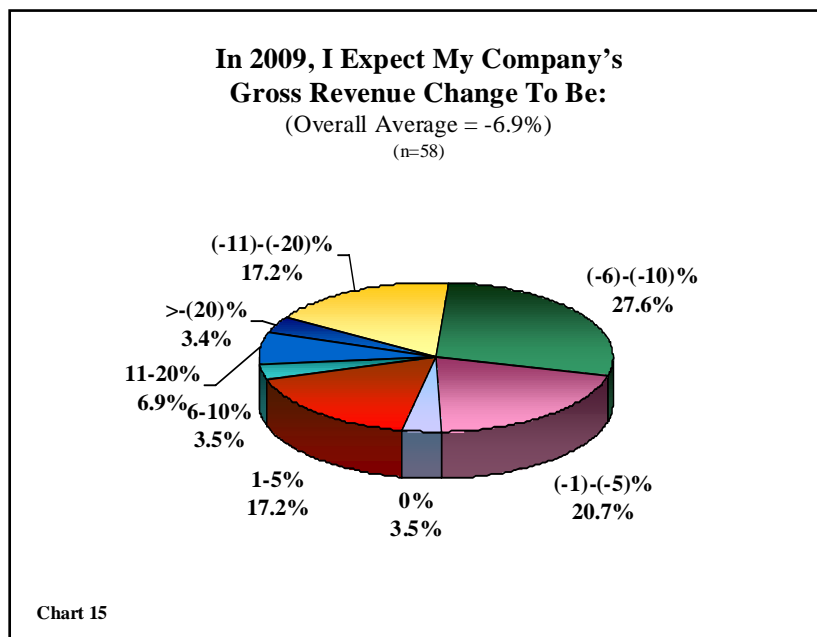
The historic trend for projected changes in billing rates is illustrated in Chart 14. The 2.0% decrease projected in Q2 was less than actually experienced. The lingering impact of decreased rates could last three or more years. It will be very hard to raise rates in this market. Most respondents still see erosion. The declines in billing rates will most likely be reflected in further compensation rate reductions as companies struggle to maintain margins.



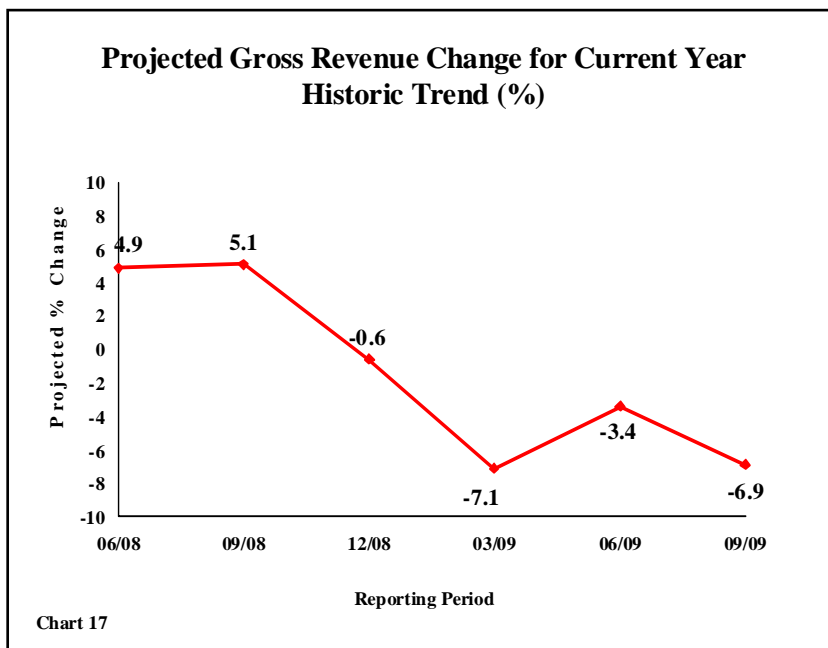
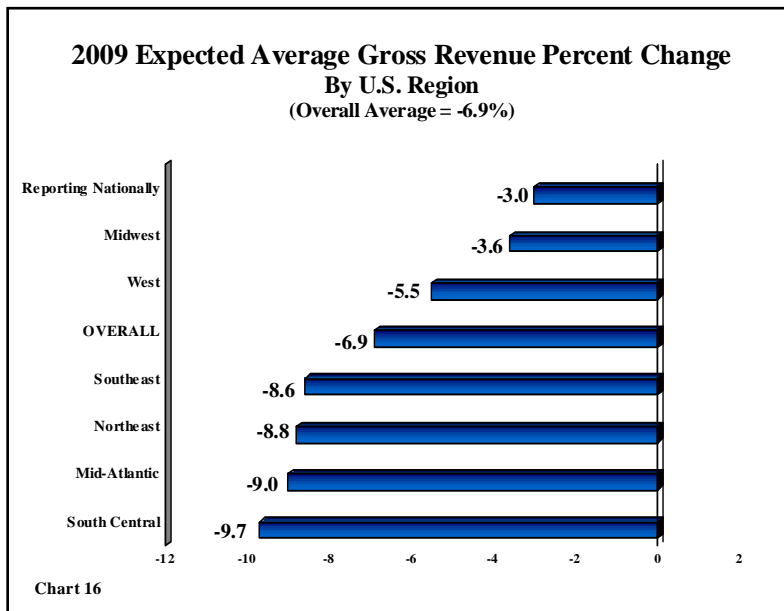
REVENUE PROJECTED TO DECREASE IN 2009

Chart 15 illustrates that the average 2009 revenue change projection is -6.9%, which is very close to the -7.1% projected at the end of Q1. Companies reported in Q3 that the projections might be less, but they now have better clarity for 2009. Mid single-digit growth is now projected by only 20.7% of the sample for 2009, but 68.9% project decreased revenue and 20.6% see double-digit decreases in revenue. Only 20.8% of respondents see no change.

Specifics 2009 Sales and Recruiter Compensation and Headcount Report provides details on company headcount redistribution and new operating metrics. It is available through our Website (www.specifics.com) or by calling 770-391-0013.



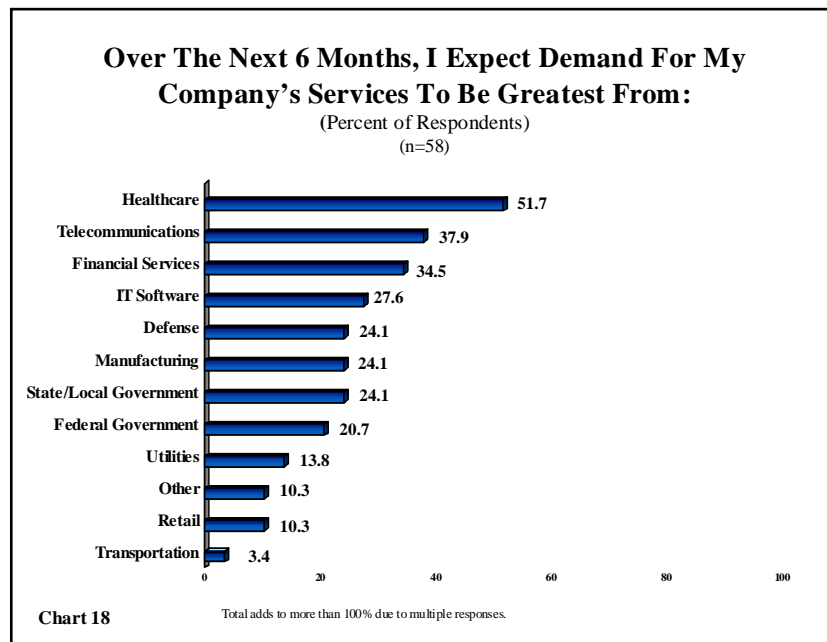
From a regional perspective, Chart 16 illustrates that projected revenue change for 2009 varies somewhat from region to region. These are small sample sizes, and these are average values, so these results are merely indicators. Several regions report average declines of 5% or more. The overall average decline of 6.9% shows continual industry-wide contraction at the level reported in Q2.



HEALTHCARE REMAINS STRONG. FINANCIAL SERVICES AND TELECOMM SHOW SOME IMPROVEMENT. DEMAND FROM THE FEDERAL GOVERNMENT SECTORS IMPROVES SLIGHTLY, AND THE STATE AND LOCAL GOVERNMENT MARKET DEMAND STILL REMAINS STABLE. UTILITY AND MANUFACTURING DEMAND JUMPS UP, BUT IT IS STILL AT LOW LEVELS. SOFTWARE INDUSTRY DEMAND IS PROJECTED TO FALL.

Demand projections for the various market sectors are illustrated in Chart 18. Much of the demand for IT services in the near-term is expected to come from Healthcare, Government, and Financial.

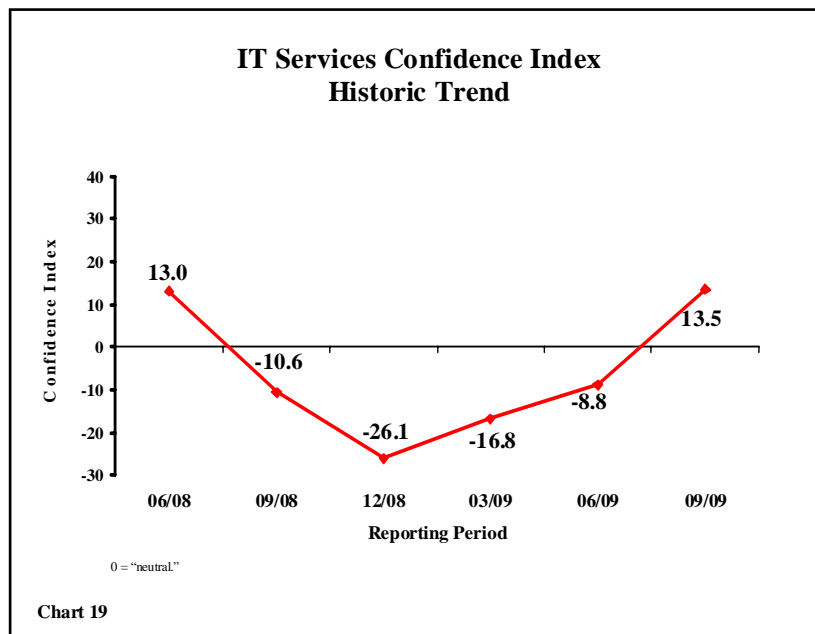
Transportation Industry demand remains low. These results are only indicators of where companies plan to find business, but this may be simply a function of the sample of companies reporting in this survey. The percentage of potential business in the **Other** category is difficult to define, but this appears to be focused on the Media and Entertainment industry.



SUMMARY – CONFIDENCE INDEX CONTINUES TO SLIDE

The Specifics IT Services Confidence Index is once again positive at **13.5**, which is up to Q2, 2008 levels. The trend is clearly positive and results stem from the change in perspective about the economy. Pessimism about rates overall and lower growth projections hold the index down. The market for IT services has matured, gross margins have stabilized, and without a significant event to move the needle upward, the next year or two will be a tough business environment to navigate.

This index, which is a function of respondents' projections regarding the economy and their companies' business, was driven primarily by the economy in past 30 days and more in the past two weeks. An index value of **-0-** would be completely neutral. With unemployment growing there may be opportunities for the market to loosen and reduce the time to fill any open positions. Index values calculated for the past 18 months are depicted in Chart 19. It forewarned us back in June of last year, and it now says we have reached the bottom.



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 impossible to predict a CAGR for the next few years. Worldwide political stability and more unusual events that impact the economy will definitely be factors. Participate in future studies and watch for potential swings driven by instability, national security, unemployment and interest rate changes.

Please feel free to distribute this report to any interested parties within your company. The next survey will be conducted in December 2009 – our first look at 2010. 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:
 - **2009 Financial & Operating Metrics (\$595)**
 - **2009 Sales and Recruiter Compensation and Turnover Trends (\$595)**
- ✓ **2009 IT Services Executive and Management Compensation Study** – comparing base salary and incentives for staffing and solutions firms. (\$595)
- ✓ **2009 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.