

BIIA NEWSLETTER

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

BIIA NEWSLETTER ISSUE 02 - 09

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EVENTS

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CHICAGO
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International Conference &
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Sheraton
Chicago Hotel & Towers
Chicago, Ill. 60611

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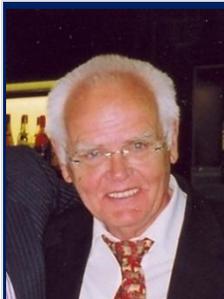


The Association for
Finance, Credit and
International Business
holds its annual Export
Credit & Trade Finance
Summit in Spain

BIIA Board Member
Dr. Hans Belcsak will be a
Key Note Speaker

BIIA Member Graydon
International will Exhibit

MAY 17-19, 2009,
BARCELONA, SPAIN

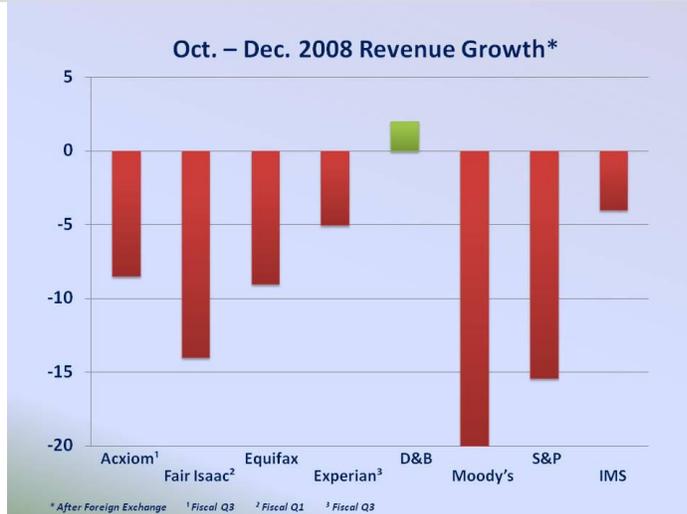


***BIIA congratulates BIIA Affiliate PASSWORD
"Redaktionsbüro Dr. Willi Bredemeier" to its
25th Anniversary
BIIA wishes Dr. Bredemeier lots of success,
health and happiness.***

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LATE BREAKING NEWS

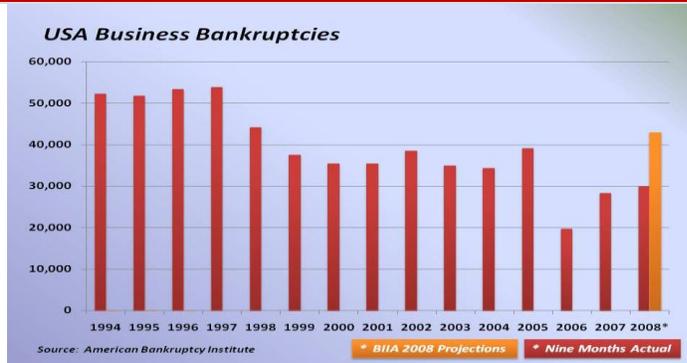
Q4 RESULTS OF MAJOR B2C AND B2B INFORMATION COMPANIES



The credit crunch is now in motion for 18 months and based on fourth quarter financial results it may provide an indication of the shape of things to come for the remainder of 2009:

Growth has stalled and many core information products continue to show declining revenues. Post September 15th (Lehman Brothers bankruptcy) the credit crunch has become a credit freeze and the situation has gone from bad to worse. Information executives are extremely cautious to provide guidance beyond the first quarter or refuse to provide any guidance at all.

WHY ASIAN EXPORTS ARE DECLINING: USA CONSUMERS STOPPED BUYING



In the BIIA Newsletter [November/December 2008 Issue](#) we wrote "WHY ARE ASIAN EXPORTS DECLINING? Long before the economic crisis hit U.S.A. consumer confidence and spending began slowing as early as Spring of 2007, according to a recent analysis, based on data from Experian® SimmonsSM and Experian Hitwise®, which found that from Spring 2007 to Summer 2008, the percentage of U.S. adults who felt they would be financially better off in the next year dropped considerably from 46 percent to 37 percent."

Subsequently consumers cut back dramatically on consumption.

After a dismal Christmas season consumers appear to return to the stores lured by steep discounts, but from what we could observe from people buying children's clothes they were buying for the school season beginning in September. This does not bode well for consumption in textiles later in the year.

Repair services in the USA are booming, because rather than buying new shoes, appliances or cars, consumers extend the life cycle of products.

The **economic damage** to the USA appears to be largely concentrated in six states: **California, Nevada, Arizona, Florida, Michigan and Ohio.** Perhaps if the economic stimulus package would be concentrated on these six states, the economy in the rest of the US would correct itself. Unfortunately the stimulus package is not focused enough to put the manufacturing heartland of America back to work.

Bankruptcies are on the rise!

LATE BREAKING NEWS

BANKRUPTCY REGIMES FALLING SHORT IN ASIA

Bankruptcy regimes vary greatly across the Asia Pacific region depending on the origins of laws, the stage of development of the legal system as well as external factors such as political stability and cultural attitudes towards bankruptcy. Blame it on the colonial past for the lack of uniformity. UK laws in India and Dutch laws in Indonesia.

This will be a major concern in the future as the number of bankruptcies is expected to rise as a result of the global financial crisis.

Bankruptcies are up in Japan by 18% since 2005. Vietnam saw a surge of from 2005 to 2007. Thailand's bankruptcies have increased by 12% in the first 10 months of 2008.

In light of these rising numbers bankers are concerned about the efficiency of bankruptcy proceedings: They are taking the longest in India and the Philippines. Singapore and Japan have the highest recovery rates in the region. India and Indonesia have the lowest. China is inefficient, but has undertaken reforms to improve bankruptcy regime and to strengthen the position of local and foreign creditors. **Source: *The Asian Banker***

BASEL II: NEW GUIDELINES

The Basel Committee on Banking Supervision a package of consultative documents to strengthen the Basel II capital framework. These enhancements are part of a broader effort the Committee has undertaken to strengthen the regulation and supervision of internationally active banks in light of weaknesses revealed by the financial markets crisis. The Committee is also proposing standards to promote more rigorous supervision and risk management of risk concentrations, off-balance sheet exposures, securitizations and related reputation risks. **Source: *BIS***

USA RETAIL INDUSTRY IN PERIL

Retail Layoffs Expected to Crest in Coming Month: The announcement by Macy's that it was laying off some 7,000 workers is just the latest sign that the recession is hitting the retail sector very hard. The majority of the retail sector is poised to follow suit in the next few weeks as they have all had to contend with a sharply reduced demand for their core offerings. The slump in retail is costly to the economy as a whole given the dependence that exists on consumer behavior. The manufacturing sector obviously needs that demand but most of the apparel making is now overseas so that makes the distributors in the US all the more vulnerable.

Transportation providers are hit hard by retail slowdowns as this has long been a mainstay for the trucking industry. From an employment perspective the retail sector is key as this has been a place for relatively unskilled workers to find positions. The retail sector can't recover without improved consumer confidence but consumers are unlikely to gain their enthusiasm when retail is cutting inventory, jobs and outlets.

In addition to the layoffs bankruptcies are on the increase. **Source: *Armada Corporate Intelligence***

PRICING STRATEGIES

Which pricing strategies address falling demand in an economic downturn?

The pundits generally say 'wake up, pay closer attention to customers, and be more targeted in your pricing.' Good ideas certainly, but what should you do specifically? Which price initiatives do, or do not, work?

To read the full story go to: [Five Pricing Strategies for Economic Downturn](#)

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LATE BREAKING NEWS

CHANGING CONSULTING LANDSCAPE

Demand for consulting services has dropped dramatically and experts believe that revenues will shrink in 2009. The current global market for consulting services is estimated to be US\$300 billion.

A sharp downturn in equity deals has cut deep into the work of consulting firms. Large long-term IT contracts have been shelved. Some companies have announced that they intend to do without consulting advice for the foreseeable future and will rely more on internal resources.

Notwithstanding the above demand for specialty services appear to be still in demand. The financial services industry is in such turmoil that many companies in this sector are compelled to work with outside specialists, primarily in risk management, restructuring compensation plans and the reallocation of capital. *Source: Financial Times*

REGULATIONS OF HEDGE FUNDS SUGGESTED BY FRANCE

France is pressing other nations for tighter controls at the G7 nation meeting. Under discussion would be to call for tighter regulation and compel banks who lend to hedge funds to increase their capital requirements and to require hedge funds to be more transparent. But who will regulate the regulator? *Source: Financial Times*

REGULATING THE REGULATORS: SEC INEPTITUDE AND ILLITERACY

The \$50 billion Madoff scandal has exposed serious flaws at the Securities and Exchange commission. An expert commented at a recent congressional hearing: "The SEC securities lawyers, if only through their investigative ineptitude and financial illiteracy, colluded to maintain large frauds such as the one to which Madoff later confessed."

The SEC allowed arrangers of collateralized debt instruments to seek ratings without proper due diligence on the underlying risk. It is now a well known fact that mortgage originators mis-sold products and securities were improperly packaged and sold to investors. The SEC was also overwhelmed by the growth in financial services. The SEC has only 425 staff members for the task of examining 11,300 investment advisors. *Source: Financial Times*

INTEL INVESTS US\$ 7 BILLION IN THE USA

WASHINGTON, DC, Feb. 10, 2009 – Intel President and CEO Paul Otellini announced the company would spend \$7 billion over the next two years to build advanced manufacturing facilities in the United States.

The investment funds deployment of Intel's industry-leading 32 nanometer (nm) manufacturing technology that will be used to build faster, smaller chips that consume less energy. The commitment represents Intel's largest-ever investment for a new manufacturing process.

An investment in manufacturing in the USA at a time when almost all manufacturing has moved off shore is a welcome development for the US economy. Perhaps there is light at the "end of the tunnel" (the US economy).

Source: Intel Press Release

GERMANY: SCANDALS AND ACCIDENTS ROCK 'LIST' INDUSTRY

Since September of 2008 the German Direct Marketing industry has been under severe and misplaced assault as a series of scandals of criminal nature and just plain accidents have been disclosed in the press. That this could happen in Germany, which was one of the first nations that introduced strict privacy and data protection laws, is surprising.

Privacy advocates used these scandals to whip up public sentiments to simply punish the Direct Marketing industry. Legislators reacted promptly, and in addition to imposing higher penalties proposed the elimination of the 'list privilege' (compilation of consumer lists). Protests by the Mail Order and Direct Marketing industry were ignored.

In December a law was formulated and introduced in parliament and is expected to pass without a hearing! Implications: Personal data may not be transferred to anyone for marketing purposes, whether another marketer of the mail order house, without express consent. The industry calls it the 'mail order Armageddon'. *Source: Industry Commentary*

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LATE BREAKING NEWS

MOODY'S ANALYTICS ENHANCES STRUCTURED FINANCE WORKSTATION

Moody's Analytics announced that it has enhanced its Structured Finance Workstation (SFW) platform by integrating macroeconomic forecast data from Moody's Economy.com and credit risk modeling from Moody's Mortgage Metrics with the platform's existing cash flow analytics tools. The enhanced platform is available to investors starting today.

"Investors can now access integrated economic forecasts, credit risk modeling and securities valuation through a single platform," said Jacob Grotta, Managing Director of Moody's Analytics. "The combination of these services gives investors a powerful and flexible tool with industry-leading analytical capabilities."

The enhanced SFW platform integrates macroeconomic forecasts from Moody's Economy.com within the Moody's Mortgage Metrics model to generate constant prepayment rates (CPR) and constant default rates (CDR) based on individual loan characteristics. The corresponding CPR curves and CDR curves feed directly into SFW, which combines the waterfall with loan-level data to generate cash flows and valuations for the entire capital structure or a single tranche. *Source: Moody's Press Release*

EQUIFAX AFFIRMS TO SELL FICO SCORES – EXPERIAN DROPS FICO

ATLANTA (AP) -- Credit reporting agency Equifax said Friday Feb. 6th that it will continue selling FICO scores to consumers. The announcement came as another credit bureau, **Experian**, prepares to stop making its FICO scores available for purchase to consumers.

FICO scores are used by lenders to assess applicants' credit risk. Scores can affect the amount and terms of loans. Even though consumers will no longer be able to see their scores from Experian, the scores will still be used by lenders. Consumers have three FICO scores, which are calculated based on data from the nation's three major credit bureaus.

"We remain committed to empowering consumers to take charge of their credit by continuing to deliver innovative products -- including the FICO score -- that enable consumers to understand their personal credit information, protect their identity, and maximize their financial well-being," Steve Ely, president of Equifax's Personal Information Solutions subsidiary, said in a statement. *Source: Yahoo Finance*

XINHUA FINANCE MEDIA DIVESTS HYPERLINK

Shanghai, 23rd January: NASDAQ-listed [Xinhua Finance Media](#) (XFML) announced that the company has agreed to sell its wholly-owned subsidiary, Shanghai Hyperlink Market Research to [INTAGE](#), a market research firm based in Tokyo. INTAGE will pay XFML US\$11.86 million.

XFML CEO Ms. Fredy Bush commented, "While Hyperlink has continued to build on its reputation as a leading market research company in China, we have decided to focus our resources on our high margin broadcast business with a particular focus on sports. We believe this transaction provides the best environment for both XFMedia and Hyperlink to achieve a new level of success." Hyperlink was established in 1997 and currently employs a staff of 140 in three offices in Shanghai, Beijing and Guangzhou. XFML acquired the firm in 2006. *Source: XFML press release*

MEMBER NEWS

TRANSUNION INTRODUCES PORTFOLIO VALUATION SOLUTIONS

LAS VEGAS, Feb. 4 /PRNewswire/ -- To help mitigate risk associated with debt buying, TransUnion today announced its Portfolio Valuation solution at the 2009 DBA International Annual Conference, enabling debt buyers and sellers to price and bid on portfolios more accurately. By using these tools, collection executives are able to make informed, analytical and objective decisions while improving the likelihood of increased returns on investment.

The Portfolio Valuation solution seamlessly integrates TransUnion offerings to create depersonalized, aggregated reports which help assess the potential ROI of a debt portfolio. For instance, the solution utilizes the TransUnion Collection Prioritization Engine, which conducts a thorough analysis of debt portfolio characteristics and provides key valuation assessments in a comprehensive report. The solution assesses several characteristics, such as the number of bankruptcies, deceased indicators and fraud alerts. Furthermore, the TransUnion Recovery Model is used to evaluate portfolio collectability. <http://www.transunion.com/collections>

Source: TransUnion

TRANSUNION NAMES NEW VP OF HEALTHCARE INFORMATION SOLUTIONS

CHICAGO, Jan. 6 /PRNewswire/ -- TransUnion has named Jim Bohnsack vice president of healthcare information solutions, a role in which he will be responsible for market penetration in the Western region of the United States. He will report directly to Rod Bazzani, executive vice president of healthcare for TransUnion.

Bohnsack has more than 12 years of healthcare financial management experience focused on the sale and delivery of professional services, accounts receivable management and technology solutions. Prior to joining TransUnion, Bohnsack served as a senior director, business development at Connance, Inc. His responsibilities included the development of national go-to-market strategies for the healthcare industry's provider sector. His previous work experience also includes various leadership positions with Interpoint Partners, Encore Capital Group, Deloitte Consulting, Cap Gemini Ernst & Young and Arthur Andersen -- Business Consulting.

Source: TransUnion

WAND IN TECHNOLOGY PARTNERSHIP WITH VIVISIMO

Vivisimo (vivisimo.com), a leader in enterprise search, has signed a technology partnership with taxonomy specialist WAND, Inc. The agreement enables Vivisimo to offer WAND taxonomies to customers, expanding the conceptual search capabilities of Vivisimo's recently introduced Velocity Search Platform™ 7.0.

Since 1995, WAND has developed structured multi-lingual vocabularies with related tools and services to power precision search and classification applications on the internet. WAND's Taxonomy library contains more than 40 domain specific taxonomies including 33 different industry vertical packages, jobs, travel, retail, medical, and general enterprise search topics with more domains being added on a regular basis. Although based in Denver, Colorado, WAND's taxonomies are available in 11 global languages.

WAND is a BIIA member. For details click on: [Wand](#)

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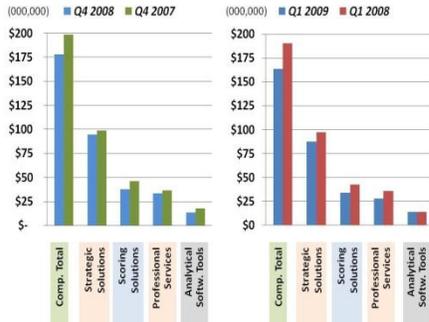
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MEMBER NEWS

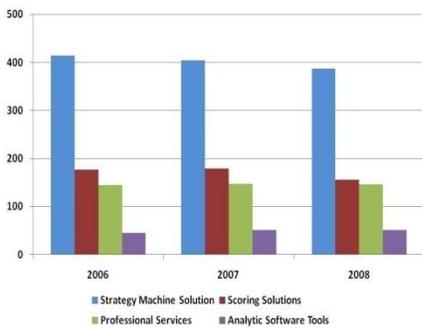
FAIR ISAAC Q1 FINANCIAL RESULTS

Fair Isaac Fiscal Q4, 2008 & Fiscal Q1, 2009 (Fiscal Year Ends September 30th)



Source: Fair Isaac

Fair Isaac Product Line Performance (Fiscal Year Ends: September 30th)



Source: Fair Isaac Annual Report

Outlook:

Fair Isaac stated in its press release: "In light of the continuing uncertainty in the global financial markets and the continued lack of visibility into our clients' spending intentions, we are not providing guidance at this time."

The company reported first quarter revenues of \$163.5 million in fiscal 2009 versus \$190.1 million reported in the prior year period. Income from continuing operations for the first quarter of fiscal 2009 totaled \$12.1 million, or \$0.25 per diluted share, versus \$20.8 million, or \$0.41 per diluted share, reported in the prior year period. As previously announced, first quarter results included a \$5.7 million after-tax restructuring charge for workforce and facility reductions, or \$0.12 cents per diluted share.

First Quarter Fiscal 2009 Revenue Highlights Revenues for first quarter fiscal 2009 across each of the company's four operating segments were as follows:

Strategy Machine® Solutions revenues were \$87.6 million in the first quarter compared to \$97.4 million in the prior year quarter, or a decrease of 10%, primarily due to a decline associated with fraud, marketing solutions and collections and recovery, partially offset by an increase in revenues derived from consumer products.

Scoring Solutions revenues were \$34.1 million in the first quarter compared to \$42.7 million in the prior year quarter, or a decrease of 20%, primarily due to a decrease in revenues derived from our credit bureau risk scores. **Professional Services** revenues were \$27.8 million in the first quarter compared to \$36.0 million in the prior year quarter, or a decrease of 23%, primarily due to a decline associated with customized analytic implementation services, collections and recovery services and customer management services partially offset by an increase in revenues derived from tools services.

Analytic Software Tools revenues increased to \$14.0 million in the first quarter compared to \$13.9 million in the prior year quarter, essentially flat with the prior year period.

Bookings Highlights from Continuing Operations: The bookings for the first quarter were \$52.5 million compared to \$92.7 million in the same period last year. The company defines a "new booking" as estimated future contractual revenues, including agreements with perpetual, multi-year and annual terms. Management regards the volume of new bookings achieved as one indicator of future revenues, but they are not comparable to, nor should they be substituted for, an analysis of the company's revenues.

Source: [Fair Isaac](#)

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INDUSTRY NEWS

ACXIOM FISCAL Q3 RESULTS (QUARTER ENDING DEC. 31, 2008)

John Meyer, Acxiom Corporation's Chief Executive Officer and President, stated, "Despite the challenging economic environment, our performance was strong during the quarter. In particular, I was pleased with our cash flow generation and operating results, before unusual charges. Credit for these results is largely due to the efforts of Acxiom associates worldwide who have contributed to a more efficient organization while continuing to provide outstanding service to our clients." Acxiom reported revenue of \$321.1 million, compared to \$350.8 million in the third quarter a year ago and a loss from operations of \$8.6 million, compared to income from operations of \$97.4 million in the third quarter last year. Loss from operations for the current quarter included unusual loss items of \$43.2 million. The prior-year quarter included \$63.5 million of unusual gain items.

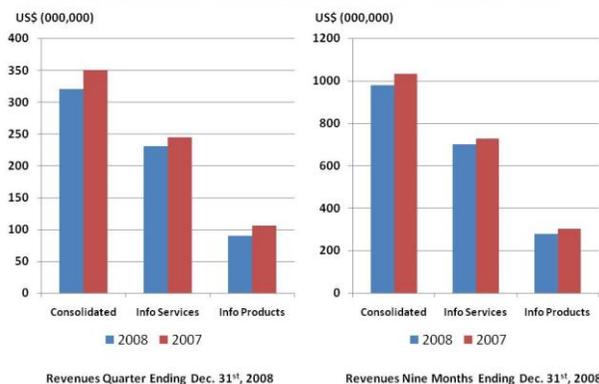
Operating cash flow of \$78.9 million, compared to \$122.3 million in the third quarter a year ago. Operating cash flow for the prior-year quarter includes the proceeds of a \$65 million payment received as a result of the termination of the agreement to acquire Acxiom.

Operational Highlights: **Information Services** revenue for the quarter was \$231.1 million, compared to \$244.6 million in the third quarter of the previous year. Income from operations for the quarter was \$43.4 million, compared to \$42.7 million in the third quarter of fiscal 2008. **Information Products** revenue for the quarter was \$90.0 million, compared to \$106.1 million in the third quarter of the previous year. Income from operations for the quarter was \$9.6 million, compared to \$12.0 million in the third quarter of the previous year.

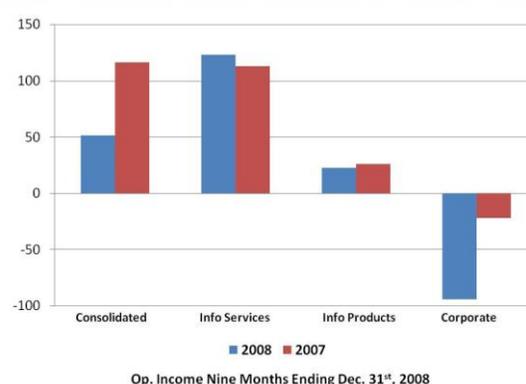
Outlook for 2009: Based on actual results and review of current expectations, the company is updating its fiscal year 2009 estimates as follows: Revenue is expected to be in the range of \$1.28 billion to \$1.3 billion. Earnings per diluted share, excluding unusual items, are expected to be in the range of \$0.73 to \$0.75. Free cash flow to equity, which is a non-GAAP measure, is expected to be in the range of \$105 million to \$115 million.

Source: [Acxiom Press Release](#)

ACXIOM Corporation Financial Results 2008 (Fiscal Year April – March)



ACXIOM Corporation Financial Results 2008 (Fiscal Year April – March)



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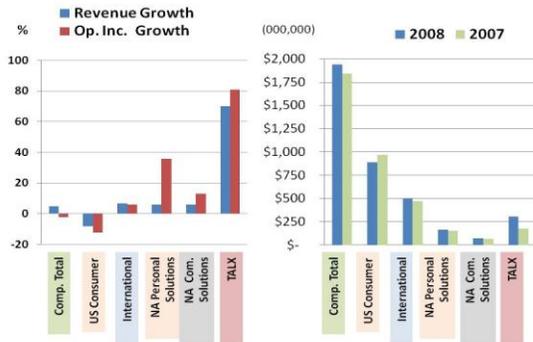
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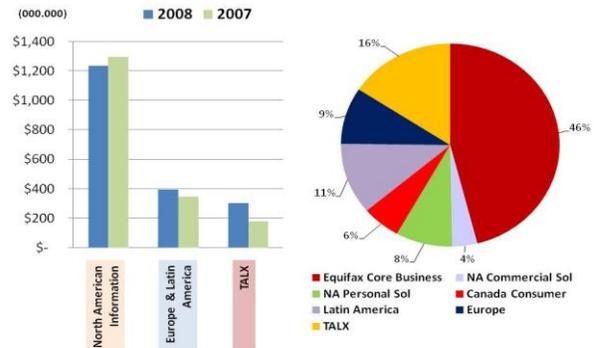
INDUSTRY NEWS

EQUIFAX FINANCIAL RESULTS 2008

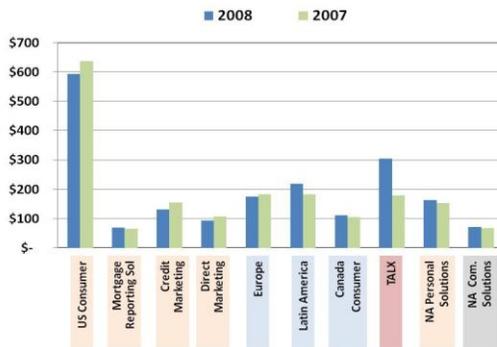
Equifax Financial Results 2008



Equifax Financial Results 2008



Equifax Revenues by Product Lines / Geography 2008



Source: Equifax Press Release

Equifax reported 4th quarter consolidated revenues were down by 4%. Revenues of the US core business declined by 9%. Full year revenue was up 5%, EPS increased 4%, and operating margin was 26.4%.

Richard F. Smith, CEO opened the Q4 Earnings Call with the statement **“Our customers are hurting”**. He continued: “2008 was one of the most challenging business environments we have ever faced. Although economic conditions deteriorated throughout the year, we concentrated our efforts on key revenue initiatives to help our clients meet their information and risk management needs in this difficult environment and to better position each of our business units for long-term growth.”

“In 2008, new product innovation delivered over \$70 million of revenue. We also launched four new business initiatives addressing opportunities in Capital Markets, Collections, Identity Management and Government. Settlement Services, our largest new business initiative grew four-fold in 2008, offsetting double digit declines in core Mortgage Reporting revenue. We continue to realize revenue synergies with The Work Number as we have closed sixty new deals in 2008,” said Richard F. Smith. “We reallocated our resources and took the actions needed to reduce operating expenses and maintain strong operating margins. Our business model is resilient, our balance sheet remains strong, and we believe we are well positioned to deliver on our long-term growth objectives. Many challenges remain as we enter 2009. However, we have a diversified business portfolio and solid momentum with our new product initiatives that we expect will continue to deliver solid financial performance.” Equifax declined in providing guidance beyond Q1, 2009.

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INDUSTRY NEWS

EXPERIAN Q3 FINANCIAL RESULTS (FINANCIAL YEAR APRIL TO MARCH)

In the three months to 31 December 2008, revenue from continuing activities at Experian increased by 6% at constant exchange rates. Group organic revenue growth was 5% year-on-year, with growth across all four regions and all four principal activities. By principal activity, organic revenue growth was 3% at Credit Services, 2% at Decision Analytics and 1% at Marketing Services, and there was strong growth at Interactive of 14%, driven by Consumer Direct. Acquisitions contributed 1% to revenue growth. During the quarter, Experian disposed of its transaction processing activities in France and made two acquisitions, KreditInform (South Africa) and SearchAmerica (USA). Disposal inflows, less acquisition outflows (including deferred payments) and transaction expenses, totaled approximately US\$70m.

North America: Revenue in North America increased by 3% in total. Organic revenue growth was 3%. SearchAmerica (acquired in December 2008) made a small contribution in the period. Organic revenue at Credit Services was down by 4%. A pick-up in consumer refinancing activity led to increased demand for acquisition profiles and this helped to offset ongoing weakness in pre-screen revenues. Decision Analytics delivered organic revenue growth of 2%, reflecting good performance by countercyclical products. There was a modest decline in organic revenue at Marketing Services of 3%, reflecting weak conditions across the retail market. New media activities performed well in the quarter, but this was offset by weakness in more traditional marketing activities. Interactive returned to double-digit organic revenue growth, at 11%, as Consumer Direct again delivered an excellent performance.

Latin America: Revenue for Latin America increased by 15% at constant exchange rates. Organic revenue growth was 15%. Organic revenue at Credit Services rose by 14%. Business information continued to perform strongly in the quarter, driven in part by new business wins and strong growth in acquisition profiles. Consumer information delivered good growth, against somewhat tighter credit lending conditions in Brazil. There were very strong performances at both Decision Analytics and Marketing Services, with organic revenue growth of 38% and 44% respectively.

UK and Ireland: Revenue in UK and Ireland from continuing activities increased by 5% at constant exchange rates. Organic revenue growth was 5%. Credit Services returned to growth in the quarter, up 2%, helped by a strong performance in the UK public sector vertical. As expected, there was some adverse phasing at Decision Analytics, where organic revenue growth was 2%. In underlying terms, demand for account management and collections software has continued to be strong. Marketing Services saw good performances across new media and, helped by a weaker comparable, delivered organic revenue growth of 1%. Interactive performed very strongly, with organic revenue growth of 50%, reflecting further market penetration of CreditExpert.

EMEA/Asia Pacific: At constant exchange rates, revenue in EMEA/Asia Pacific increased by 14%. Organic revenue growth was 3%, with acquisitions, mainly KreditInform in South Africa (acquired in December 2008) and Sinotrust in China (uplift in stake to majority control in March 2008), contributing the balance. Organic revenue growth at Credit Services was 4%. There was good progress across the region, despite tighter credit conditions in some markets. As expected, the performance at Decision Analytics was affected by a large prior-year one-off win and organic revenue declined by 2%. Marketing Services continued to perform strongly, up 10%, with further progress in email services, contact data management and internet marketing intelligence (Hitwise).

Continued next page

INDUSTRY NEWS

EXPERIAN Q3 FINANCIAL RESULTS (Continued from previous page)

Commenting on the performance of Experian, **Don Robert, Chief Executive Officer**, said: "Experian performed well in the third quarter, delivering good growth in organic revenue, helped by strong execution on countercyclical initiatives, an excellent performance at Consumer Direct, improvement at UK Credit Services and higher levels of consumer refinancing activity in the US. At constant exchange rates, total revenue growth for the third quarter was 6%, with organic revenue growth of 5%. However, with the external environment expected to remain challenging for some time, we are likely to see some moderation in the rate of organic revenue growth in the fourth quarter. "We continue to adapt our business to the current market environment. Our cost efficiency program is progressing well and for the full year we are on track to achieve our objectives of broadly maintaining margins, growing profits and delivering strong cash flow conversion."

Source: [Experian Press Release](#)

Continuing activities only ¹	Total growth % At actual exchange rates ²	Total growth % At constant exchange rates	Organic growth % At constant exchange rates
North America	3	3	3
Latin America	(9)	15	15
UK and Ireland	(23)	5	5
EMEA/Asia Pacific	0	14	3
Experian	(5)	6	5

¹Continuing activities exclude the contributions of the transaction processing activities in France, UK account processing, Loyalty Solutions and other smaller discontinuing activities

²Experian is reporting in US dollars

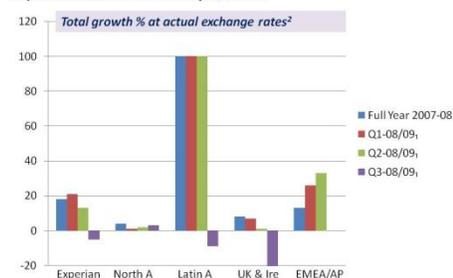
Experian Share Price Development on the London Stock Exchange



Experian's stock fell sharply in October 2008 in conjunction with the financial meltdown, however its share price had recovered by December. Following the January 15th earnings announcement, Experian's stock price improved further.

Source: [Experian Website: Shareholder Relations](#)

Experian Revenue Growth by Quarter



¹ Financial Year April 2008 to March 2009. ² Experian is reporting in US dollars

Source: [Experian Press Releases](#)

Based on actual exchange rates Q3 results for Latin America and the UK/Ireland were negatively impacted by exchange rates. Overall revenues declined by 5%

INDUSTRY NEWS

HSBC IMPLEMENTS STRATEGY MANAGEMENT FROM EXPERIAN

HSBC, one of the world's largest banking and financial services organisations, has implemented the software Strategy Management from Experian, the global information services company, in Turkey. The bank chose to rely on Experian's expertise to strengthen its application processing for cards, loans, and mortgages and enhance its customer services.

Strategy Management provides the business user with the ability to deploy timely and consistent decisions across the enterprise at every stage of the customer relationship. The scalable and robust solution receives, validates and processes applications from multiple channels, accessing relevant data sources before applying complex business rules and strategies to make appropriate lending decisions. Once an applicant has been accepted, Strategy Management enables proactive and reactive customer management for risk, promotional activities for growth through to debt management activities such as collections and recovery. *Source: [Experian Press Release](#)*

EXPERIAN, APACS AND CREDIT CARD PROVIDERS ANNOUNCE ENHANCED DATA SHARING INITIATIVE

Experian UK announced enhancements to its established data sharing processes designed to enable lenders to more closely monitor consumers' use of credit and store cards for signs of over-indebtedness. To make this initiative possible, Experian has worked closely with credit card providers and APACS, the UK payments association. The initiative will help improve lending decisions across the financial industry by enhancing the amount of data available to lenders via Experian's credit account information sharing (CAIS) service. This will enable lenders to identify, at an earlier stage, those customers at risk of being financially over-committed. New information shared includes: How much a customer has paid against their last statement; if such payments were equivalent to the minimum requested amount; the number and value of cash advances within the month; whether there have been any changes to a customer's credit limit

Sandra Quinn, Director of Communications at APACS, comments: "This initiative, developed by the credit industry, is an important component of the industry's broader commitment to responsible lending. Not only will lending decisions be more tailored to the individual customer's needs, but it will also help lenders to spot and assist, at an earlier stage, those who are showing signs of experiencing debt stress."

Source: [Experian Press Release](#)

BROADBAND WORLD FORUM ASIA CANCELLED

Hong Kong, 30th January: [Broadband World Forum Asia](#) (BWF), which was scheduled to be held in Hong Kong in May, has been cancelled. The organiser, the [International Engineering Consortium](#), cited the challenging economic conditions and corporate travel restrictions as the key reasons for the cancellation.

An IEC spokesperson did note that the organisation is considering hosting an online conference to cover Asian ICT issues, but this has yet to be confirmed. In the previous two years, BWF Asia has been held both in Hong Kong and Beijing. U.S. and European editions of the Broadband World Forum are scheduled to be held March and September, respectively. *Source: [TelecomAsia article](#) Courtesy: [Business Strategies Group Hong Kong](#)*

INDUSTRY NEWS

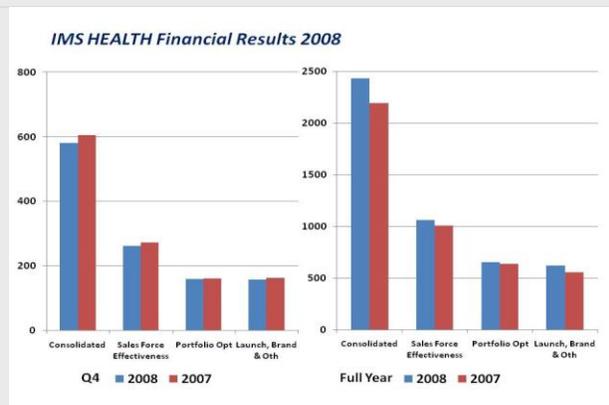
IMS FINANCIAL RESULTS

NORWALK, Conn.--(BUSINESS WIRE)-- IMS Health (NYSE: RX), announced fourth-quarter 2008 net income of \$98.5 million and diluted earnings per share of \$0.54, compared with net income of \$18.0 million and EPS of \$0.09 in the fourth quarter of 2007. After adjusting for a 2007 restructuring charge and certain other items, net income on a non-GAAP basis for the fourth quarter of 2008 rose 9 percent and EPS on a non-GAAP basis was up 16 percent year over year (See below and Note c to the financial tables). Total revenue for the fourth quarter of 2008 was \$580.9 million, a 4 percent decrease or flat constant dollar from the fourth quarter of 2007.

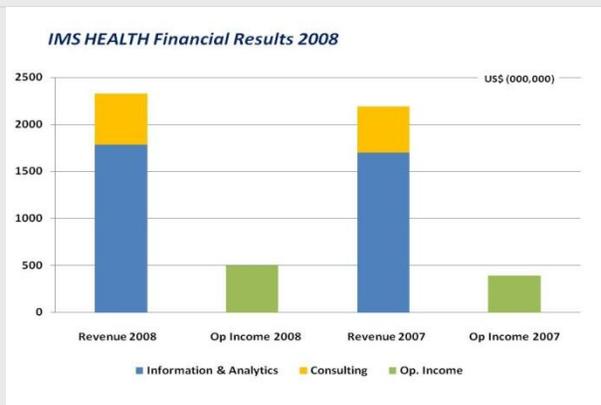
For the 2008 full year, revenues were \$2,329.5 million, up 6 percent or 3 percent constant dollar, compared with revenue of \$2,192.6 million in 2007. Operating income for 2008 was \$498.3 million, compared with \$393.3 million in the year-earlier period, up 27 percent and 18 percent constant dollar. After adjusting for a 2008 charge related to the company's Government Solutions subsidiary and 2008 non-cash asset write-downs, operating income on a non-GAAP basis for the 2008 full year was \$511.5 million, up 6 percent or flat on a constant-dollar basis compared with operating income on a non-GAAP basis of \$482.0 million in 2007, which reflects an adjustment for the 2007 restructuring charge (See Note c to the financial tables).

For the 2008 full year, diluted earnings per share on a GAAP basis was \$1.70, compared with \$1.18 a year earlier. After adjusting for certain items, earnings per share for 2008 on a non-GAAP basis was \$1.70, \$0.17 above diluted earnings per share on a non-GAAP basis of \$1.53 in 2007 (See Note c to the financial tables). Net income on a GAAP basis was \$311.3 million, compared with \$234.0 million in 2007. When adjusted for certain items, net income for 2008 on a non-GAAP basis was \$311.7 million, compared with \$304.3 million in the year-earlier period (See Note c to the financial tables).

The company also announced its financial guidance for the 2009 full year. Constant-dollar revenue growth is expected to be flat to 3 percent this year, and diluted earnings per share is expected to be in the \$1.70 – \$1.77 range.



Source: IMS Press Release



ALLIANCES – JOINT VENTURES – M&A

EXPERIAN ACQUIRES *SearchAmerica*

Experian announced that it has completed the acquisition of *SearchAmerica*, a leading provider of payment prediction data and analytics to the US healthcare industry. The purchase price is approximately \$90m and will be funded from Experian's existing cash resources. *SearchAmerica* was acquired from its founding shareholders and will form part of Experian's North America Credit Services activities.

Founded in 1994, *SearchAmerica* is a leading provider of data, scoring and analytical software tools to the US healthcare industry. *SearchAmerica* provides payment prediction services, collections software and address verification data. Its services are used by healthcare providers to predict likelihood of payment, reduce bad debt and verify patient eligibility for financial aid. The business has nearly 200 clients across over 500 hospital facilities, including many of the largest healthcare systems in the US.

SearchAmerica has an attractive financial model, with high levels of recurring revenue. Compound annual revenue growth over the past three years has been in excess of 20%, driven by new business wins, upselling and cross-selling to existing clients and new product innovation. In the year to 31 March 2010, Experian expects revenue for *SearchAmerica* to be in excess of \$20m. EBIT (before amortization of acquisition intangibles) is expected to be US\$8-9m, before integration costs.

Source: [Experian Press Release](#)

EXPERIAN AND PREDICTIVEMETRICS™, INC. LAUNCH PRIORITYSCORE FOR COLLECTIONSSM

New blended scoring models combine current data and tailored approaches to increase collection recoveries and help consumers improve payment records:

Experian®, and PredictiveMetrics™, Incorporated (PMI), a statistical decision modeling and analytical solutions provider, today announced the launch of PriorityScore for CollectionsSM. PriorityScore for CollectionsSM comprises a suite of collection scoring models blending Experian's credit reporting agency data with client-supplied data that produces an accurate ranking and predictive forecast of consumer repayment amounts.

PriorityScore for Collections provides creditors, collection agencies and debt buyers with the advantage of predicting two outcomes — dollars to be collected and expected payers. By having the ability to predict expected dollars to be paid in addition to the traditional payer score, organizations can prioritize collection actions based on cost, effort and impact optimizing collection yields. The algorithms that drive these scores are derived from models segmented by account balances along with the debt type and age of debt. Clients will be able to score and make decisions on more accounts since the models leverage client data.

Founded in 1995, PredictiveMetrics™, Inc. (PMI) is the leading provider of predictive scoring and analytical decision solutions using advanced statistical techniques. PMI is a privately-held corporation that is self-funded through the profits of the company and headquartered in Tinton Falls, NJ. For more information, visit www.predictivemetrics.com Source: [Experian Press Release](#)

ACXIOM ACQUIRES QUINETIX, LLC

During the last quarter of 2008 Acxiom completed the acquisition of Quinetix, LLC, a Rochester, N.Y.-based provider of **analytics and predictive modeling** for large and medium-size businesses in retail banking, hospitality, media and other industries, for a purchase price of \$2.7 million. The acquisition gives Acxiom additional consumer insight capabilities that enable clients to more effectively retain and grow their customer base and optimize pricing. Source: [Acxiom Press Release](#)

ALLIANCES – JOINT VENTURES – M&A

ACQUISITIONS BY QBE

QBE finalized the acquisition of **Exporters Insurance Company's underwriting platform** on 21st of November 2008. Under the existing terms of the agreement, QBE has acquired Exporter's renewal rights and existing underwriting platform. The insurance group has now taken over the responsibility for the administering of the run-off Exporters' existing portfolio.

On 17th of December 2008, the company gave notice that the acquisition of PMI Asia, which was announced on 23rd of October 2008, was finalized. **Source: ICISA**

EDIPRESSE ASIA IN JOINT VENTURE WITH MEDIASCOPE

Hong Kong, 4th February: [Edipresse Asia](#), a publisher of lifestyle and business titles, announced this week that the company will establish a joint venture with [Mediascope](#), an Indian media group. The new company, Edipresse India, plans to launch its first publication this year; however, specific titles have yet to be confirmed.

Edipresse Asia CEO Barry Goodridge commented, "Having a presence in India is a critical part of our core objective of growing our business in Asia. Through the joint venture with Marzban Patel, we have a unique opportunity to become a powerful and important player in high-end lifestyle publishing." Edipresse Asia publishes titles such as [Tatler](#), [Home Journal](#) and [Hong Kong Business](#) and has offices around Asia.

Source: [Marketing-Interactive.com article](#) Courtesy: Business Strategies Group Hong Kong [www.bsgasia.com](#)

ALIBABA IN ALLIANCE WITH BANKS FACILITATING LENDING TO SMEs

Hong Kong, 2nd February: Hangzhou-based [Alibaba.com](#), in cooperation with eight mainland banks, plans to expand its lending scheme to Chinese small and medium-sized enterprises (SMEs). The scheme was launched in June 2007. Last year, over 600 SMEs in Zhejiang province obtained loans worth US\$145 million. The loan scheme will now have access to US\$880 million in funds and it will be extended to SMEs based in Guangdong, Jiangsu, Shandong and Shanghai.

The scheme aims to assist Chinese SMEs with limited assets or a short credit history. Alibaba.com allows the banks to collect the company's sales and performance-related data in order to assist with the establishment of a credit score largely based on the applicants' track record on Alibaba.com. SMEs can apply for a loan up to a maximum of US\$293,000 (RMB 2 million).

Alibaba Group founder, Jack Ma described the loan scheme as a "first step in creating an entirely new financing environment built around e-commerce."

Sources: [SCMP article](#), [ChinaTechNews article](#) Courtesy: Business Strategies Group Hong Kong [www.bsgasia.com](#)

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PEOPLE ON THE MOVE

D&B ANNOUNCES LEADERSHIP CHANGES

Sara Mathew, President and Chief Operating Officer, assumes direct leadership of D&B's US Customer Segments. In this role, Ms. Mathew will leverage her experience with D&B's US businesses to increase sales pipeline and new customer acquisition as well as improve internal processes and execution.

Byron C. Vielehr, President, Integration Solutions, will focus primarily on D&B's Sales & Marketing Solutions business, specifically its short- and long-term strategic customer value propositions and integration growth opportunities. Mr. Vielehr will transition his additional Chief Quality Officer responsibilities to James Burke. From 2005 to 2008, Mr. Vielehr held the role of Chief Information Officer at D&B.

James P. Burke is appointed President, Global Information Services and Chief Quality Officer. In this role, Mr. Burke will be responsible for D&B's global data strategy, investments and operations, which are critical components of D&B's customer value propositions and growth strategy. Most recently, Mr. Burke was President, D&B US Customer Segments. **Source:** [D&B Press Release](#)

EXPERIAN APPOINTS COUNTRY MANAGER FOR RUSSIA

Experian® has appointed Daniel Zelenski as Country Manager, Russia & CIS, effective immediately. Until this appointment Daniel served as the Head of Experian's Decision Analytics division based in Moscow. In his new role, Daniel will lead the Decision Analytics, represent Experian interest in joint-venture Experian-Interfax credit bureau and will have responsibility for all Experian activities in Russia and CIS.

Experian Interfax is one of the leading Russian credit bureaus serving 200 financial institutions and companies. It was set up in October 2004 by Experian and Interfax Group, a leading provider of business information about Russia and emerging markets of Eurasia. **Source:** [Experian Press Release](#)

YAHOO APPOINTS SILICON VALLEY VETERAN CAROL BARTZ



Carol Bartz was appointed chief executive officer and a director of Yahoo!. Previously, Bartz served as executive chairman of the board of Autodesk, Inc. In April, 2006, she stepped down as chairman, president and CEO of Autodesk after 14 years with the company. During her tenure, the company diversified its product line and grew revenues from \$285 million to \$1.523 billion in FY06.

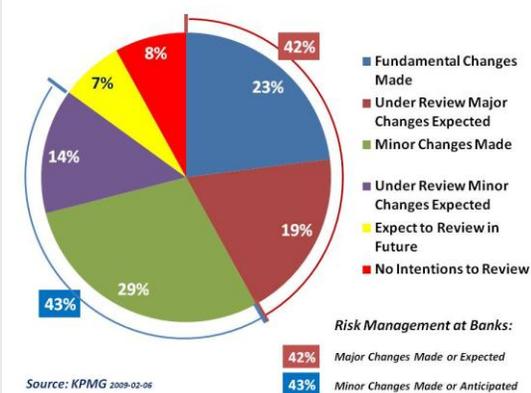
Bartz previously held positions at Sun Microsystems, most recently serving as vice president of worldwide field operations and an executive officer of the company. Before joining Sun, she held product line and sales management positions at Digital Equipment Corporation and 3M Corporation.

Bartz sits on the board of Intel Corp., ([INTC](#), [Fortune 500](#)) Cisco Systems ([CSCO](#), [Fortune 500](#)), NetApp ([NTAP](#)) and the Foundation for the National Medals of Science and Technology. President George Bush appointed her to his Council of Advisors on Science and Technology.

Source: [Yahoo](#)

FROM THE USER CORNER

RISK MANAGEMENT IN TUBULENT TIMES



As a consequence of the credit crunch banks are reviewing their risk management processes. The magnitude of change is not quite fully known. Based on a recent survey by KPMG 42% of banks are making or are expected to make fundamental changes in risk management. 43% will be making minor changes.

KPMG comments in a recent advertisement in the FT: "It's tempting to simply attribute the financial services meltdown to the heedless pursuit of exponential revenue growth in a world of easy credit. The reality is, of course, more complex, pointing to insufficient transparency, accountability and regulatory oversight." "Coming into focus are indications of significant failures on the part of some financial services organizations to effectively manage risk."

According to a survey by KPMG, 76% of respondents indicated that risk management was stigmatized as a support function at their banks. 48% said risk management was understood to be the responsibility of everyone in the organization. 45% said their boards lacked risk experience. Furthermore, 64% of respondents said that their Chief Risk Officer needs to hold greater influence over strategic development. *Source: KPMG Advertisement in the FT on 2009-02-06*

BIIA comment: Credit information companies and rating agencies will have to ask themselves how they will fit into this emerging new world of risk management.

FINANCIAL CRISIS: INFORMATION OR IRRESPONSIBLE LENDING

We said it all along and many others concurred: It was irresponsible lending and excessive risk taking which brought down the banking system.

Same words were used by a whistleblower at a recent UK parliamentary hearing: HBOS sacked and gagged a senior executive who warned the board of the bank four years ago that they were taking excessive risks, according to evidence announced in the UK Parliament. Mr Moore, a former KPMG financial services expert, said in a previous interview that HBOS had been chasing sales too aggressively and with little regard for risk as early as 2002. Subsequently the board of HBOS sacked Paul Moore, who then took his employers to an industrial tribunal and won the case. In his written submission to the UK Parliament Select Committee Mr Moore said: "I signed a gagging order at the time in our settlement agreement." *Source: Time of London*

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NEWS FROM INDIA

GREATER SCRUTINY OF INDIAN SERVICE PROVIDERS' GOVERNANCE AND FINANCIAL STATUS IS EXPECTED

The reported \$1 billion accounting fraud at Satyam Computer Services and the World Bank's ban on business with the outsourcing firm and two others, Megasoft Consultants and Wipro, for "improper benefits to bank staff" has damaged the Indian IT brand, but the industry remains in good shape to bounce back.

Analysts have estimated that a large chunk of Satyam's clients—possibly as much as one-third—will move to other service providers, particularly those that have high client overlap with the company such as Infosys, Tata Consultancy Services (TCS) and Wipro. However, many of Satyam's outsourcing contracts are large, long-term engagements that cannot easily be unwound, so an immediate mass exodus is unlikely to materialize.

Wipro may have more overlap clients than Infosys, but the World Bank ban on doing business with it for four years will probably make some companies think twice about using the firm. Nevertheless, Wipro predicts there will be industry consolidation and that it can benefit.

Gartner expects increased scrutiny of Indian service providers' governance and financial status. Together with the weakness in the banking and financial services sector, another large client market, the recent corporate governance concerns could not have come at a worse time for the Indian outsourcing industry. **Source: *The Asian Banker***

CYBER MEDIA ANNOUNCES LOSS

Mumbai, 23rd January: Last week, [Cyber Media](#) released its financial results for the quarter ended 31st December 2008. Revenues for the last nine months of 2008 were US\$ 20.1 million, a 16% increase over the same period in 2007. The company recorded a net loss of US\$460,000 in that period compared with a profit of US\$ 1.79 million in the same period of 2007.

Cyber Media's management attributed the loss to the U.S. recession which affected two acquisitions made by the company. The company also noted that in order to reduce dependence on print ads, CyberMedia will continue to expand its media services business. The company has also implemented cost control measures and organizational restructuring. **Source: [Cyber Media press release](#)**

CYBER MEDIA EXPANDS TITLES

Mumbai, 22nd January: Indian media group, [Cyber Media](#) announced that it plans to launch an Indian edition of the [Technology Review](#), a publication owned by the Massachusetts Institute of Technology. Cyber Media will also launch the [EmTech conference](#) in India, an emerging technologies conference associated with the magazine. *Technology Review* India will be published on a monthly basis beginning in June with an initial circulation of 15,000 copies. The Indian edition will feature 20% local content, but Cyber Media aims to increase local content to 40%. Pradeep Gupta commented, "*Technology Review* is at the crossroads of technology, its applications and its impact on business. It is about frontline technology in every space—be it information technology, bio tech, automotive or energy." **Source: [Cyber Media press release](#)**

NEWS FROM CHINA

10 PERCENT OF MIGRANT RURAL WORKERS HUNT FOR JOBS ONLINE

Ten percent of all migrant rural workers search for jobs using the Internet, Zhou Hongren, Executive Vice Minister of the Advisory Committee for State Informatization (ACSI), disclosed in his new book, "On Informatization." To date, in China, there are 120 million "floating" migrant rural workers who have traveled to other provinces in search of work. When taking into account spouses and children, a total of 500 million people might benefit from informatization. This group of people should not be without the use of information technology. Statistics show that employment, training, social insurance, maintenance of rights and interests, education of children, life and culture, land transfer and circulation, and participation in politics are the eight most difficult problems currently faced by migrant rural workers. These difficulties could be tackled to a great extent through the aid of informatization.

As reported by [People's Daily Online](#)

WEB SITES WARNED TO FILTER VULGAR CONTENT OR TO FACE SHUT-DOWN

China Internet Illegal Information Reporting Center (CIIRC) continues to warn web site operators to filter vulgar or porn content or face shut-down. It praised two Web sites who promptly filtered lewd contents after warnings to remove questionable content and reprimanded one Web site that failed to weed out vulgar content in a timely manner. The Beijing-based xilu.com has shut down its picture-posting section which contained vulgar content and the Shanghai-based blogbus.com has made a complete overhaul of its blog platform, according to a statement issued by the CIIRC. China has shut down up to 1,507 such Web sites since the anti-porn campaign was launched on Jan. 5. More than 70 Web sites, including major Internet portals such as Sina, MSN China and search engines Google, Baidu, have been given warnings to remove pornography, which is illegal in China.

Source: [Xinhua](#)

CHIEF OF NBS: CHINA'S STATISTICS ACCURATE AND RELIABLE

In the fourth quarter of last year, China released its GDP growth rate as 6.8 percent. Following its release, two points of view emerged in the international debate. One is that the official figure is higher than the actual growth rate. If China's power consumption registered a negative growth, how was it possible that the GDP growth rate was 6.8 percent? The other view is that the growth rate has been underestimated intentionally, saying that the Chinese government has under reported last year's growth rate in order to lay the foundation for achieving the target of a 8 percent growth rate in 2009. However, these projections are purely subjective and are unfounded.

Ma Jiantang, Director of China's National Bureau of Statistics, stated recently in an interview that the GDP statistics are reliable. GDP revision is an international practice. The collection of annual reports and financial data is completed step by step in all countries. The US makes five revisions to its annual GDP figure, Canada revises three times, and Germany makes four revisions.

Even though China's statistics system still needs to be perfected, it is still relatively sophisticated for the Asia-Pacific region. China's statistics system employs 100,000 staff workers and has investigation teams at the provincial and municipal levels under the direct jurisdiction of the National Statistic Bureau. Furthermore, China's statistics system is relatively comprehensive and its methods and standards are for the most part in line with the international community. Its ability to provide services for economic operations is also improving gradually.

Source: [People's Daily Online](#)

NEWS FROM CHINA

ACADEMY OF SCIENCES LAUNCHES INTELLECTUAL PROPERTY RIGHTS WEBSITE

The Chinese Academy of Sciences (CAS) launched an intellectual property rights website (<http://www.casip.ac.cn>) on January 21 in Beijing. The website collects the latest information on intellectual properties and scientific and technological achievements of the departments affiliated with CAS. The objectives of the website are to effectively integrate the intellectual property resources of CAS, to release information on intellectual property in a timely and unified way, as well as to promote the transfer and transformation of intellectual properties.

The main sections of the website include: the announcement of relevant achievements, the demands of enterprises, the intellectual property database of CAS and the CAS online intellectual property analysis system. To date, the website has integrated a total of more than 40,000 items on transferable and transformable scientific and technological achievement, statistics on intellectual property, data on scientific and technological achievements, as well as over 10,000 items on intellectual property development, relevant laws and regulations and online resources. *Source: People's Daily Online*

FREE LABOR ARBITRATION LEADS TO HUGE BACKLOG

High numbers of company closures and large-scale redundancies have led to a surge in labor arbitration cases here, a senior official said on Monday. Xie Yingjian, director of the arbitration office of the Guangzhou labor and social security bureau, said that by the end of last month, more than 60,000 applications had been made for arbitration in 2008. "There has been a sharp increase in the number of cases since May. About 60 percent are claims for back pay, with most of the rest being appeals for compensation from people who have been made redundant." In the past few months, the number of applications has been at least double the total for the same period of last year, he said. The global economic crisis has led to the closure of many firms, especially labor-intensive ones, and pushed dozens of others to the brink of bankruptcy. Downsizing and lay offs were inevitable.

Labor arbitration became a free service across the country on May 1, with the implementation of the labor dispute intermediation law. Because of the massive increase in demand for arbitration services, Guangzhou currently has a backlog of more than 9,600 cases, some of which might not be completely settled until next September.

Source: China Daily

BEIJING'S 4Q BUSINESS CLIMATE INDEX SEE FIVE-YEAR RECORD

Beijing's business climate index fell to 108.9, the lowest level since 2003 in the fourth quarter of 2008, as economic conditions deteriorated sharply, according to the Beijing Municipal Bureau of Statistics. The index ranges from zero to 200. A reading above 100 shows economic expansion, while a reading below 100 indicates contraction. The survey began in 1998. The index for industry was 92, down from 135.9 points in the second quarter. The index for the entrepreneurial confidence index sank to 85.5 points, the lowest in 10 years. The entrepreneurial confidence index will maintain a downward trend in the first quarter as both global and domestic economies are weakening. *Source: Xinhua*

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NEWS FROM CHINA

CHINESE ECONOMY COMING UNDER IMMENSE STRESS

The failure of China to develop a robust internal economy is starting to manifest itself in some very negative economic numbers. The almost total collapse of the world trading system has left China stranded and vulnerable and there are some signs of real crisis starting to emerge. The export sector in China is in disarray and competition has become savage. Exports dropped by 17.5% in January as compared to January of 2008. This marks the third month in a row that exports have declined but the important news was that the rate of decline was so much faster than in previous months. In December the decline was 2.8% from December of 2008.

The sense is that February will be as bad or worse than January and there is really no end in sight to this slide. Imports have been affected even more dramatically. In January the decline was over 43% as compared to a decline of 21.3% in December of last year. The Chinese need for raw materials has all but vanished and there is a corresponding collapse in the demand for imported consumer goods. Given the vital role that trade plays in the Chinese economy, these numbers signal some real crisis situations. In the short term the Chinese will engage in activity that will infuriate the other nations in the world but in the long run the biggest impact will be domestic.

Armada Corporate Intelligence Analysis: The initial reaction to these export numbers has been to bolster the sector as directly as possible. The government has done everything from provide subsidies to export sectors to continuing its current policy. The WTO has been concerned about Chinese activity and has launched some investigations to determine the extent to which China has violated policy. The Chinese have been belligerent in defense of its export moves and analysts expect that China will defy the WTO if it comes to that.

The Chinese manufacturing sector has been hit especially hard with job losses of over 30 million. The number of factories that are closing in a given week exceeds 500. The majority of these workers are being forced back into the countryside and that creates a whole set of social problems. The decline in imports has been more dramatic than the decline in exports at this stage and that has allowed China to maintain its trade surplus but this is cold comfort given the overall performance of trade. China had been styling itself as the engine of Asian growth – if not the world as a whole. Today the Asian states are as frustrated with China as they have ever been. Most of the nations in the region had been hanging their economic future as much on China as on the US and Europe but now that option is withering away. China had been using its trade advantage to bring these nations closer to it but that strategy is fading as Chinese demand evaporates. The only positive for China in all this is that no other nation is in a position to step in and grab China's market share.

Courtesy: Armada Corporate Intelligence

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