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Packaged software sales for BFSI segment to cross $305 million in 2007. Linux adoption on the upswing

Mumbai June 5, 2007: The Banks and Financial institutions in the country are likely to give a major thrust to adoption of packaged software in areas beyond core banking as well as complete IT services outsourcing with companies like Oracle and HP expected to continue their domination in their respective areas.

HP has emerged as the leader in the services outsourcing with major banks like Bank of Baroda having successfully shown the way. Out of the total IT spending across product categories, HP cornered the major market share. SUN remains a formidable player in hardware technology including datacenters for the financial sector. Oracle has made a mark particularly in data base, security and middleware software for applications in financial and banking sector capturing more than $20 million out of the estimated $70 million spent in these areas during 2006, according to Skoch Consultancy, a leading analyst firm.

Almost all major core-banking installations use Oracle databases. It has now started emerging as a leader even in non-core banking applications like Customer Relationship Management and Human Resources Management amongst others.

Packaged software worth $ 263 million was purchased and installed by Banks and Financial Institutions during 2006 which is expected to go up to $305 million in 2007. According to Skoch, the adoption of packaged software in the financial sector in India is likely to touch $500 million by 2010.

Another significant trend, according to Skoch in the financial sector, is the adoption of Linux in a major way. Sameer Kochhar, CEO of Skoch, points, "Linux adoption in this sector has started to show an upswing and has made major inroads in areas like insurance and total branch automation. Four out of the top five public sector insurance companies are already on Linux."

Kochhar says, "Linux and Linux based applications are emerging as a preference for micro-finance and non-banking financial companies in instances like Grameen Bank in Bangladesh, a similar trend may catch on in India."

As a departure from lower cost as well as total cost of ownership arguments, financial sector now seems to be additionally considering Linux and Unix for security as well as interoperability standards view points. "Document standards are expected to see many a pitched battle in this segment," cautions Kochhar.

For further information, please contact

Radha Sajnani / Anand Iyer, Vaishnavi Corporate Communications, Tel: 66568787 / 88
Mobile: +91-9821435679 / +91-9945686689