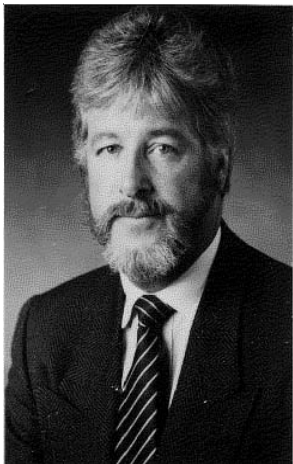


## INDIA

### Day in the life of a call center in India

Call center workers in India work a fifty hour work week. These individuals sacrifice their lifestyles and daylight hours to make around 10,000 rupees, or \$220 a month working twelve hour shifts; 3 p.m. to 3 a.m. This salary is actually



**Daniel W. Roberts**  
**President**

greater compared to what a recent graduate would make working in another industry; around \$100 a month. The sacrifices these individuals make do not go unnoticed, for example; companies compensate in other ways by providing transportation to and from work with private taxis called "Sumos". Another example is subsidized meals, gym access, ping pong tables and other recreational amenities and benefits. The call centers even throw a party twice a month at a pub or disco so colleagues can mingle and develop relationships to create a team oriented

environment.

Call center workers are called "agents". These agents require a good amount of training on customers' cultures. Agents are taught English, American culture skills, telephone skills and phonetics. They normally attend two to three week training courses on language and pop culture of the United Kingdom and the United States. These call centers have allowed many young Indians to live lifestyles they would not have been able to otherwise, and lifestyles they would never have imagined. Many of these agents are still young and as recent graduates, many still live at home. Since they live at home, they will not have many expenses. Many agents working in the call centers have degrees such as Computer Science or Engineering. One individual felt it was a shame for these agents to work hard in obtaining their certificates and have to work in these call centers. In a way it seems degrading and not really utilizing their knowledge to the fullest extent.

### Tax relief for off-shoring?

The California Franchise Tax Board has had many international companies seek tax relief by requesting to have the State recalculate their tax liabilities for different circumstances. These exemptions have rarely been granted. For example; Infosys Technologies, a software development company founded in 1981 in Bangalore India with headquarters in Fremont CA, has requested tax relief on \$1.1 million dollars. The company was listed on NASDAQ in 1999 and employs over 23,000 worldwide. Their clients range from Microsoft, Cisco Systems, JDS Uniphase and Lexis-Nexis Group. Two thirds of Infosys's work is done offshore, with engineers in California being paid nine times more than workers in India. Infosys feels this is unfair to them since the higher paid employees are inflating their tax liabilities.

This request was rejected and has dumbfounded many individuals. Infosys obtains 75% of its \$1 billion dollar a year revenue from U.S. companies. Off-shoring has brought upon a frenzy in the United States presidential campaign after a widespread job loss in the U.S.. Lawmakers feel Infosys's request is unfair to California workers and businesses. They feel they are not only stealing jobs but taxpayer dollars as well. Infosys suggested that they did not request a tax break or incentive, but requested an alternative "filing methodology".

A chart comparing the difference in revenue and costs for employees on site or offshore show: revenue per employee is \$137,400 for on site to \$59,100 offshore. The cost per employee is \$72,924 for on site to \$7,992 offshore. This chart provides demonstrable evidence Infosys is able to employ nine workers in India for the price of one employee in California.

Infosys's petition document states their employees are either as skilled or more skilled compared to employees in the United States. A majority of the work done on site is less technical and more related to communication, coordination and defining technical specifications. While on the other hand, most of the software development is done offshore. Infosys feels it is unfair for them to be taxed so highly for work done in Fremont when sixty-six percent of the work is done offshore. However, at least one official at the California Franchise Tax Board does not feel Infosys's argument of wage disparity to be unfair for corporate taxpayers. A primarily example is that

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Infosys chose to employ workers in California, and thus, must feel there is some degree of value to employ workers on site.

Infosys owes \$1.3 million using the standard method for the fiscal years that ended in 2001 and 2002. They have requested a recalculation of these two years giving them a tax liability of \$180,505.

## **EUROPE**

### **EU Backs Commission Antitrust Plan vs Microsoft**

The European Commission has ruled that Microsoft broke antitrust laws regarding how the company packages its operating system with audio visual software. One of the European Commission's sanctions includes a penalty of hundreds of millions of euros Microsoft may need to pay. Microsoft may appeal any of these decisions.

The draft by the European Commission says Microsoft abused their product's dominance in two areas; one, by bundling Windows Media Player and two; by not providing enough information for rival makers of low level servers to compete. The Windows operating system is the most used in computers sold in Europe. This draft will require Microsoft to have two separate versions of its operating system. One version will be what the current version is with Windows Media Player and the other will not have it available. Microsoft feels if Windows Media Player is removed it will cause issues to the operating system, however RealNetworks has demonstrated otherwise. The European Commission hopes this will allow competitors to be able to compete with Windows bundled with other audiovisual software such as RealNetworks, RealPlayer and Apple Quicktime.

The draft requires Microsoft to work out something to charge a reasonable royalty by sharing more of their protocols with rivals. The Commission will closely observe this process. The European Commission will make a ruling while the courts will allow Microsoft to appeal. In the United States, a judge would make the initial decision on matters like these. The process in Europe can take three to four years if Microsoft asks the court for a suspension of this ruling. They may fast track this process; or the suspension may be granted or denied.

### **EU aims to improve net searching**

The European Commission is funding projects to improve the

way search engines work so they will behave like humans. With the amount of information out there, sorting the information is a growing problem and becomes overwhelming. This defeats the purpose of being an efficient tool for knowledge when it is unable to discern the information for us.

The Project is called SEKT (Semantic Knowledge Technologies) and is made up of twelve partners who come from commerce and the academic community. These include BT's research wing, BT Exact and the universities of Sheffield, Innsbruck and Barcelona.

Hopefully this project will create search engines that will emulate how humans assess information. Engines that sort through what is relevant and what is not; so when we are querying for information, we will be presented with valuable data.

## **SCOTLAND**

### **Biotech industry's British invasion**

Scottish Development International (SDI), a nonprofit organization in San Jose is aiming to create research and development partnerships between biotech companies in the Silicon Valley (USA) and Scotland. SDI is funded by the Scottish government and they are looking to spread the word on how Scottish influence in Silicon Valley's biotech industry will be beneficial.

Scotland has had notable history in medical science. They are home to cloning and stem cell research. Compared to the United States, legislation on human stem cells is not as stringent in Scotland. The Roslin Institute in Edinburgh had the world's first cloned mammal in 1996. Roslin is one of the best institutes for genomic research, cloning and other biotech studies. The Roslin Bio-Med group was the group which made the first cloned mammal and was later bought by the Geron Corporation of Menlo Park CA in 1999.

May 2004 will be the first time biotech companies from Silicon Valley and Scotland will meet publicly. The program from SDI is named, 'Biotech Partnering Program.' These two regions of scientists will meet in a series of introductory sessions. SDI began researching on what companies wanted in partnership a few years ago.

A big portion of Scotland is employed in the biotech sector. Approximately 20% of the United Kingdoms employed work in the biotech sector. Scotland has a population of roughly 5 million people, 10 percent of United Kingdom's population. The United Kingdom has 477 life-science organizations employing over 25,000 individuals.

SDI will provide no financial assistance for this meeting between the two regions. They feel if companies pay their own way, this will allow them to commit. Silicon Valley has a great amount of venture capital available and is one of the world's most vibrant biotech locations. Both Scotland and Silicon Valley have a great amount to offer.

## **GERMANY**

### **Gadgets galore on show at Cebit**

Cebit's 2004 tradeshow opened on March 18 in Hanover. This is the world's biggest technology show. This one event is key to the world's technology and telecommunication firms. The show has 6,411 exhibitors and more than 334,000 square meters of exhibition space with 500,000 visitors during the seven day exhibition. More police and security officers than customary were in uniform and undercover during the exhibition due to the terrorist acts in Madrid.

WiFi (Wireless Fidelity), mobile phones and personal computer technology has helped boost interest in technology again. The themes at the show were wireless access, the latest third generation phones and the digital home. Some gadgets displayed at Cebit this year were a paper computer, a camera lens that operates like the human eye and a Swiss army knife that can also function as a memory card. Sony also displayed their latest PSX with combination game console, personal video recorder and DVD player/writer in one. This PSX is expected to ship by the end of 2004 in Europe. There will also be different high speed services showing off their capabilities of sending music movies and TV shows via the next generation of 3G phones. Other technologies included home computers that control other devices in the household. In the future, your computer will most likely be the storage device for all your media such as movies, music and images.

Cypack from Sweden was showcasing a 32 kilobyte memory with speaker, and paperboard disposable computer. They are looking to use this as an interactive drug dispenser. Philips had their human eye lens that was developed from a tube with non-mixing fluids and non-moving parts. The meniscus is able to be altered from the two fluids by changing the current applied to the lens. Victorinox and Swissbit, the digital memory firms have worked together to create a Swiss army knife that contains a 128 MB USB memory key with LED light, scissors, nail file, screwdriver and ballpoint pen all in one.

Cebit had the largest number of visitors during its peak in 2001, with approximately 850,000 people roaming around the technology tradeshow floors.

### **Showcase for future of mobiles**

At the Cebit technology fair, there were good feelings that things were looking up for the business and technology industry. The industry for computer technology, mobile phones and consumer electronics are all converging. Analysts see 4.3% growth for global phone and computer industries for 2004.

Many third generation (3G) mobile phone systems were displayed at the show. 3G services from T-Mobile are expected to launch in Germany, Britain and Austria by May 2004. Other companies looking to launch 3G services this year are mm02 in Germany, KPN Dutch phone and Vodafone's German division, Juergen von Kuczowski. KPN and mm02 will be data services instead of voice. Vodafone is waiting for the handsets to have better life batteries. Since February 2004 3G data service has been available all over Europe to over 300 cities.

Sony is launching a personal radio system which streams music into Europe. This system will allow users to modify the system as they wish. Its debut is scheduled in the month of April on the TeliaSonera network in Finland.

In the second quarter of 2004, Nokia will launch their 7610 model phone with a new software called Lifeblog. This is their first mega pixel camera phone. The Lifeblog software will allow users to collect images, messages and video clips on their phone and personal computer. Nokia also had a device called the Image Frame that works with a phone receiver to display a slideshow of up to eighty separate images.

In the near future, European iMode networks will also have the new n400i handset available to shoot and show video clips.

Cebit has brought hope for economic growth and technological innovation.

## **TAIWAN**

### **Flat Panels Equal Fat Sales For This Supplier**

Flat panel screens should surpass cathode ray tube (CRT) monitors this year. There is a great demand for flat panel notebooks, desktop monitors and televisions. DisplaySearch, a market research firm estimates \$9.4 billion being spent on this market in 2004. This would make spending up 43% over

last year; in 2003 spending also rose 26%.

One big player in the flat panel market is Taiwan based AU Optronics Corporation. AU is third in being the worldwide supplier for ten inch and larger liquid crystal display (LCD) flat panels. They have \$3 billion in annual sales and a 12% market share of units shipped. AU is expected to ship 19 million large LCD panels this year, compared to 12 million in 2003. AU Optronics is 25% larger than the next largest supplier. Two of their largest customers are Dell Inc. and Hewlett-Packard Co.. Moreover, AU Optronics supplies all the major LCD consumer electronics manufacturers. During the third quarter of 2003 AU's sales of LCD monitors surpassed sales of CRT monitors.

Samsung and LG Philips LCD are the two leaders in large panel suppliers with each having 17% of the market. Sharp Corporation of Japan is the big producer of flat panel television sets. Sharp makes most of their own panels so they do not need a supplier. Dell has launched three models of flat panel TVs, while HP also plans to do the same this year. AU mainly focuses on LCD flat panels while the leading suppliers like LG Philips and Samsung have integrated products; which gives AU some of the upper hand for companies like Dell and HP who are entering the flat panel market.

The computer monitor market is still by far larger than flat panels for TVs. A majority of AU's revenue comes from desktop monitors and notebooks. Only 4 million flat panel TVs were shipped last year compared to 48.3 million flat panel monitors. But researchers believe profit margin opportunities are three to four times greater for flat panel TVs than computer monitors. They see the costs of flat panels falling more rapidly than prices this year.

AU is working to produce more units for larger size flat panels. AU's margin moved up from 10% to 26% during third quarter of 2003. Profits are back. Up 51 cents a share from a 6 cent loss last year, while watching sales double to \$1.03 billion. For the year, earnings shot up 163% to \$1.08 a share, with revenue up 41% to \$3.08 billion.

## **EUROPE, ASIA AND UNITED STATES**

### **Senate votes to stop outsourcing**

The United States Senate has just proposed and passed a vote of 70 to 26 to back a measure to prohibit outsourcing work to other countries paid for with federal funds. This is not law yet, but Democrats do not believe it is fair for

our taxpayers' money to be used to send away our jobs. This measure can not take effect until the Senate proves to the US Commerce Department that this ban would not cause harm to the economy or contribute to more job losses. The exception would be work necessary to protect national security such as defense, homeland security and intelligence related. They will also require any government work using federal funds to be privatized.

A Democratic Senator does not believe outsourcing should be subsidized and other Democrats feel American companies with offshore operations or provide federal aid to jobs overseas should not receive benefits. With the presidential election coming in November of this year, the sensitive subject matter concerning outsourcing and jobs can be beneficial in pulling votes towards the Democrats. Many jobs have been lost since President Bush has taken office, and many feel he has not done enough to assist in the matter.

Presidential adviser Gregory Mankiw made a statement earlier last month declaring, 'outsourcing was good for the economy.' Many did not like what they heard from him. Mankiw later commented that he regretted how people have misinterpreted his suggestions.

### **Firms Tout New Ways to Interface: Talking PCs, Virtual Keyboards**

The next generation of computer technology has arrived. Talking computers and virtual keyboards! IBiz Technology Corp based in Phoenix has a new virtual typing device that will no longer require you to use your current plastic keyboards. It uses laser and infrared technology to project a full size keyboard on a surface that then analyzes your keystrokes based on location you are typing. This device will be the size of a cigarette lighter and weighs only two ounces. The virtual device will be compatible with desktops and laptops, cost \$99 and should be available and start shipping by the end of March or beginning of April.

Cool Conversations LLC based in Plantation, Florida, has developed a software to convert your personal Windows based computer into a talking device. This software linked to a database utilizes Microsoft Corp.'s speech engine to understand and respond to an individual verbally. The computer will answer your questions, give advice and tell jokes. The cost for Cool C software is \$14.95 at coolconversations.com. Resellers, schools and charities will also be able to obtain discounts.

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