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2004: ON THE MOVE

Despite another difficult year for the consulting and IT services industry, Capgemini can point to a number of challenges successfully met and strategic ambitions fulfilled. This look back at some of the recurring themes that made headlines during the year – both internally and externally – reveals a Group mobilized and on the move.

A new image for Capgemini

One of the big public events of 2004 was the change of the company name and logo, and the simultaneous launch of the Collaborative Business Experience positioning and advertising campaign. Under legal obligation to give up the Ernst & Young name by May 2004, the Group chose April 15 as “inauguration day” for its new brand; the day when Cap Gemini Ernst & Young became Capgemini.

The announcement of the Group’s new identity was accompanied by the launch of the Collaborative Business Experience – a unique way of working with clients based on cooperation and exchange. This initiative was the focus of a worldwide advertising campaign, first in TV and poster ads, followed by coverage in the international press. Since then, the collaborative principles behind the campaign have been gaining widespread appreciation among Capgemini’s clients.

On October 19, 2004, the Collaborative Business Experience campaign was crowned with a Diamond Award for Marketing Excellence from ITSMA (Information Technology Services Marketing Association), in the category of “Enhancing Brand and Reputation.”

Outsourcing: where the action is

Arguably the most exciting story of the year, from a market and business standpoint, was Capgemini’s remarkable ascension in the outsourcing arena – both Infrastructure and Business Process Outsourcing. In 2004, Outsourcing Services represented an average of 33 percent of Group revenue, a 21 percent increase over the previous year.

This phenomenon began in the closing days of 2003, with the awarding of the landmark **ASPIRE** contract by the **UK Inland Revenue**. The trend continued during 2004, greatly bolstered, in May, by a contract in the U.S.

with TXU – now Capgemini’s partner in a joint venture called **Capgemini Energy**. As a result of these two deals, 4,900 new people joined Capgemini on July 1, 2004. On November 2, the success of this strategy was solidly confirmed by the signing of a 10-year outsourcing agreement with **Schneider Electric**.

But outsourcing is more than just headline-making mega-deals. Throughout the year, a number of notable wins sealed Capgemini’s reputation as a top-tier global player.

- In January 2004, a contract with medical and safety technology company **Drägerwerk AG** in Germany to run their IT subsidiaries over a five-year period brought 230 new people to Capgemini.
- In June, a five-year agreement was signed with power and automation technology solutions supplier **ABB** to take over their Swedish Business Systems unit and its approximately 270 employees.
- Capgemini’s outsourcing reach stretched to Japan where, in July, the Group won a long-term SAP systems support agreement with **Daiichi**, one of the country’s leading pharmaceutical companies.
- In October, Capgemini signed a five-year outsourcing agreement with the Dutch mobile telecom provider **Telfort**, to deliver application development and maintenance services. This new contract extended the scope of an earlier Infrastructure Management (IM) agreement.
- A five-year Infrastructure Outsourcing deal with **Pharma Bio-Research** in the Netherlands was signed in November.

In the words of Ovum market analysts in year-end coverage: “... All this is further endorsement of Capgemini’s strategy to grow its top line aggressively through outsourcing.”

● OUTSTANDING EVENTS



On the right track with “Rightshore”™

Another major achievement of 2004 was the increasing market recognition of Capgemini’s “Rightshore”™ distributed delivery model. An advance on the simple “offshore” concept, and relying on a network of industrialized near-shore and offshore centers, this is a unique option for clients who want to balance on-site work with near-shore and offshore capabilities. “Rightshore”™ means having the right resource at the right place and the right price.

Throughout 2004, Capgemini continued to enlarge its “Rightshore”™ family by building on the success of its already established delivery centers in Guangzhou, China; and Krakow, Poland (both of which received ISO 9001 certification in 2004); and, of course, its flagship centers in Mumbai, India.

In January 2004, the three Mumbai centers (Accelerated Delivery Center, Applications Management Service Center, and Infrastructure Management Service Center) all earned Level 5 CMM certification – the highest Capability Maturity Model level available.

Then, on October 24, 2004, a second facility was opened in India, at **Bangalore**, heart of the country’s Silicon Valley, with an initial capacity of 600 seats around AM services. By the end of the year, the combined Mumbai and Bangalore centers reached a total capacity of 2,000 seats.

As more and more prospective clients learn about the “Rightshore”™ approach, it is often cited as a determining factor in their choice of Capgemini. Here are a few recent examples:

- At **Merrill Lynch** in March, a 120-person distributed delivery team based in New York and Mumbai developed an innovative Wealth Management Online Solution, with more than 40 percent of the strategic project work carried out offshore. The engagement brought to bear Capgemini’s global capabilities, as well as its Accelerated Delivery Centers, Applications Management Service Centers and Accelerated Solutions

Environments. As a result of this engagement, on June 1, 2004, Capgemini was honored with a “Wealth Management Solution of the Year” citation at the Banker Technology Awards.

- In the Benelux, in April, a groundbreaking deal with the Dutch social security organization, **UWV**, with technology development taking place in Utrecht and Mumbai, opened up the possibilities for “Rightshore”™ in the European public sector.
- Also in the Benelux, in April, Capgemini partnered with **LG.Philips Displays** to provide BPO services for Finance and Accounting over a six-year period, with support staff from the Group’s Krakow and Guangzhou centers. This was an important breakthrough for Capgemini’s Manufacturing, Retail & Distribution sector.

In stark contrast to massive and systematic offshoring proposals, Capgemini’s tailored delivery model offers an optimized, balanced approach that is attracting a growing number of clients.

A profile in projects

While the big outsourcing deals and “Rightshore”™ projects continued to make headlines, bookings proceeded at a good pace in Consulting Services, Technology Services and Local Professional Services, across the regions and global sectors in which the Group does business. Here is a sampling of 2004 projects to illustrate some of the Group’s strategic directions:

- In January, 2004, Sogeti-Transiciel developed a suite of IT services for the **European Parliament** in a five-year agreement to manage user support, product evaluation and systems integration, 24-hour operational and administrative management of all Parliament servers, and applications development for future projects in multiple languages. In addition to its expert knowledge of the technologies the European Parliament employs, and its ability to provide services at the institution’s three working sites – Brussels; Luxembourg; and Strasbourg, France – Sogeti-Transiciel was selected



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on the basis of the quality/price ratio of its offer against multiple competitors in the framework of an open call for tenders.

- In May, Capgemini signed an agreement to deliver a Single Settlement Engine for IT platforms in Belgium, France, the UK and the Netherlands to **Euroclear**, the world's largest provider of domestic and cross-border settlement and related services for bond, equity and fund transactions, with clients in more than 80 countries. The Group was chosen for its reputation as a systems integrator and expertise in delivering large projects.
- Also in May, Capgemini signed a five-year agreement with **Endesa**, Spain's leading electricity utility, to provide IT support for their distribution systems, including maintenance and evolution of existing systems, together with the development of new IT projects. This win represents recognition of Capgemini's expertise in the energy and utilities segments based on experience in the European and North American markets.
- At **ABN AMRO's** Wholesale Clients, in October, Capgemini experts from the Netherlands, the U.S. and the U.K., representing Consulting, Technology,

Financial Services and Sogeti, were involved in winning the first phase of a multi-year strategic consulting and IT transformation project. This was a good example of the Group's ability to deliver a complex, multi-year, multi-discipline program in systems integration on a global and local scale against challenging and strict timelines.

- Likewise in October, a strong selling point for Capgemini's Financial Services sector in a systems migration win with clearing company **Bankgirocentralen** in Sweden was a deep knowledge and experience of program management in large projects and methodology around application replatforming. This solution will considerably shorten time to market for new products.
- In November: A complete revamp of in-store technology at leading U.K. retailer **Matalan**, involving new electronic point-of-sale (EPoS) systems at all 186 stores nationwide, was completed on schedule and in time for the busy Christmas and New Year trading period. With its specialized skills in advanced retail projects, Capgemini provided business consultancy, project management and technical architecture skills, and was responsible for managing implementation, systems integration and training.

● OUTSTANDING EVENTS



- In Australia, in December, Capgemini successfully delivered the **Councils Online** solution, an engagement by five New South Wales councils to design, implement and operate a business transformation program that included a leading-edge IT solution, redesigned business processes and a shared technology platform. The Group's global Public Sector knowledge was instrumental in ensuring an up-to-date solution.
- Finally, at French Utility **EDF** (Electricité de France) throughout 2004, and ongoing, Capgemini is acting as consultant and systems integrator in a series of projects to prepare Europe's largest utility for entry into a market that will be fully deregulated by 2007. One of the few companies capable of delivering a full range of consulting and technology services, Capgemini was chosen to help various Business Units at EDF to evolve processes and IT systems in order to meet deregulation requirements and improve competitiveness.

People make a difference at Capgemini

It is during difficult times that the buy-in of a company's full workforce – managers, technical professionals, employees at every level of the enterprise – is the hardest to achieve yet the most critical in building morale. Here are a few events and initiatives undertaken by Capgemini during 2004 to make this difference:

Everyone benefits from certification

Capgemini's certification programs provide its clients with a clear understanding of the levels of proficiency they can expect, and offer the Group's employees career development paths leading to the highest levels of professional achievement.

In 2004, in addition to already established programs for Architects, Software Engineers and Engagement Managers, new programs were added for Infrastructure Engineers and, more recently, Enterprise Application Consultants. At the same time, a new global methodology and certification track were developed for Transformation Consultants. As of December 31, more than 3,000 practitioners, representing 6 professional communities, had been certified during the year.

In another milestone, from September 20 to 25, 2004, Capgemini University (*see page 47*) opened its doors to nearly 300 participants from five professional communities in a premiere "Business Priority Week" event. Attendees pursued their individual training courses but came together at key points to explore the Collaborative Business Experience and "Rightshore"™, the running themes of the meeting. The success of this event ensured that it will be an ongoing feature of the University calendar.

Geronimo wins the Jules Verne Trophy... as the Group celebrates its core values

On April 29, 2004, the giant trimaran sponsored by Capgemini and Schneider Electric won the Jules Verne Round-the-World Trophy. Skipped by Olivier de Kersauson and his 11-man crew, *Geronimo's* victory offered great possibilities for increasing brand awareness externally. At the same time, it was an occasion for employees to celebrate Capgemini's core values – Honesty, Boldness, Trust, Freedom, Team Spirit Modesty and Fun.

Making it count in the last quarter

Perhaps the greatest tribute to Capgemini's people in 2004 was their capacity to rally round during a difficult time. On September 9, when the Group published its first-half results and margins did not live up to expectations – despite sustained growth in revenue and bookings – an urgent "call to arms" was issued by the CEO and his management team. This elicited a show of solidarity and determination from all the regions, all the disciplines and all the sectors. Such a display of team spirit was instrumental in the Group's rebound during the second half of 2004, as demonstrated by the year-end results published on February 24, 2005.



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