Capgemini
Application Outsourcing

Vendor Assessment
Report Abstract

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Who Is This Vendor Assessment For?

NelsonHall's Application Outsourcing Vendor Assessment for Capgemini is a comprehensive assessment of Capgemini's application outsourcing offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for application outsourcing services

- Vendor marketing, sales and business managers looking to benchmark themselves against their peers

- Financial analysts and investors specializing in the application services, application support and maintenance sectors.

Key Findings & Highlights

In 2013, Capgemini generated global revenues of €10.1bn (~$14.1bn), down 1.7% as reported and up 0.9% at constant scope and currency (organic).

Guidance for 2014 is:

- Organic growth in the 2%-4% range

- Adjustedd operating margin in the 8.8%-9.0% range.

In 2009, Capgemini launched its Application Life Cycle Services (ALS) top line initiative, aimed at providing both development and maintenance services across its different units. Its goal was to address the market shift from the classic application maintenance and support of the early 2000s to large scale, multi-year application services contracts, and to compete more effectively with Indian vendors.

Capgemini has bold ambitions for its India-based application management and IT infrastructure management services, in the U.S., U.K. and continental Europe. Examples of recent AM wins are largely mid-sized contracts, and include (with NelsonHall estimated TCVs):

- A U.S-headquartered beverage company (2013)

- Norway Post (NOK 250m/$43m, 2013): services provided include development and maintenance of applications including ERP and datawarehousing. Offshoring ratio is ~80%

- Germany-based E.ON/E.ON IT (€50m, 2012): services provided include BIM services, SAP and software development. The contract was signed at the end of 2011 and is now in the production phase, involving 80 personnel in India. It was a competitive deal.

In 2013, Capgemini launched its next generation application management (NGAM) offering, aiming to differentiate this from commodity application maintenance and support. The offering is designed both to meet technical SLAs and to enhance end-user satisfaction. It has taken a business process approach to AM, mapping key processes with the underlying applications, and identifying KPIs relevant to the end-users.

Capgemini has bold ambitions for its Next Generation AM offering, currently building a number of client references.

Scope of the Report

The report provides a comprehensive and objective analysis of Capgemini's application outsourcing offerings, capabilities, and market and financial strength, including:

- Analysis of the company's offerings and key service components

- Revenue estimates

- Identification of the company's strategy, emphasis and new developments

- Analysis of the profile of the company's customer base including the company's targeting strategy and examples of current contracts

- Analysis of the company's strengths, weaknesses and outlook.

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