



Key Vendor Profile

Key Vendor Assessment

CGI

KVA Abstract

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Who is this Vendor Assessment for?

NelsonHall's Key Vendor Assessment on CGI is a comprehensive assessment of CGI's offerings and capabilities, designed for:

- Marketing, sales, and business managers developing strategies to target service opportunities within the BPS/IT services markets
- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for IT services
- Consultants advising clients on vendor selection
- Vendor marketing, sales, and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the BPO/IT services sector.

Key Findings & Highlights

CGI is a model of executive stability and consistency in strategy. Since its foundation, CGI has had four CEOs: its co-founder Serge Godin (1976-2006), Michael Roach (2006-2014), George D. Schindler (2016-2024), and its current CEO, François Boulanger. Serge Godin is still Executive Chairman and continues to control CGI's destiny.

In the IT services providers landscape, CGI has a specific profile: the company is known for its attention to project delivery, revenue resiliency, high profitability (by onshore standards), its local proximity model with a mild adoption of Indian offshoring, and its 'Build and Buy' strategy.

The company's business model relies on:

- Operational excellence. CGI has based its business model on its operational efficiency, systematically examining operations to the contract level as part of its CGI Management Foundation playbook
- Relatively high profitability compared to peers (an EBIT margin of 15.6% in FY24), driven by managed services (MS) contracts and IP
- A symbiotic systems integration & consulting (SI&C) and MS relationship where SI&C gains client proximity then drives new MS on a sole source mode and brings long-term contract visibility. CGI sees MS contracts drive high utilization rates and offshoring while reducing client acquisition costs. The company wants MS to represent 70% of revenues (and SI&C 30%) by FY25, up from 55/45% in FY24
- A focus on IP (proprietary software products and related services), representing ~22% of revenues in FY24. IP is a cornerstone of CGI's portfolio strategy, with the company expanding in annual SaaS subscriptions and driving long-term IP-centric MS contracts
- Client proximity based on its 'metro market' approach, which combines a local client base and delivery (proximity centers'). CGI acquires in "metro markets" to expand its local presence rather than focus on expanding its service portfolio in digital. Onshore presence (onsite or in a local delivery center) accounted for 61% of headcount at end FY24

- An attractive profile to employees, with 87% of them being shareholders, as of end FY24
- Acquisitions: CGI targets two types of acquisitions: metro market acquisitions that bring a presence and a client base in a specific country region, sometimes bringing specialized capabilities, and transformational acquisitions such as those of AMS, Stanley, and Logica.

Scope of the Report

The report provides a comprehensive and objective analysis of CGI's offerings, capabilities, and market and financial strengths, including:

- Identification of the company's strategy, emphasis, and new developments
- Analysis of the company's strengths, weaknesses, and outlook
- Revenue estimates
- 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 offerings and key service components
- Analysis of the company's delivery organization.

About The Author

Dominique Raviart is the IT Services Practice Director at NelsonHall, with global responsibility for IT Services research programs. He also leads the VIP program that covers tier-one IT service vendors.

Dominique covers IT Services research in the areas of Software Testing/QA. Dominique has been part of NelsonHall's IT Services analyst team since 2007, providing comprehensive and insightful coverage of IT services markets in the world. In particular, he is widely known for his extensive knowledge and coverage of software testing, having recently examined digital testing and DevOps/continuous testing. Dominique assists both buy-side and vendor organizations in assessing opportunities and supplier capability across IT service lines.

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About NelsonHall

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We would be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager: Guy Saunders at guy.saunders@nelson-hall.com.

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