1992

ANNUAL REPORT

CAP GEMINI SOGETI
EXPERTISE IN INFORMATION TECHNOLOGY®

Annual Report
Cap Gemini Sogeti
1992

International edition

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Cover painting:
Part of the triptyque "Hommage to Raphaël" by Hasan SAYGIN

CAP GEMINI SOGETI
EXPERTISE IN INFORMATION TECHNOLOGY®

Corporation with capital of FF 1,678,573,520
Corporate Registration: Grenoble B 330 703 844
Corporate Headquarters: 3, rue Malakoff - 38005 Grenoble (France)

Letter from the Executive Chairman

At the beginning of 1990, Cap Gemini Sogeti came to an important decision. Instead of jogging along as it had for the last ten years or so — however successfully — it opted for a more ambitious strategy aimed at positioning the Group among **the three or four world leaders** in its profession; a profession clearly moving rapidly from the "cottage industry" in which it had spent its happy infancy to its real industrial prime.

The groundwork for this strategy was prepared, and then adopted, by the group's Executive Committee, supported by its shareholders, and finally voted on in June 1990 by its 550 top managers assembled in Marrakesh for the XVIIth Cap Gemini Sogeti Rencontres.* This strategy had four "planks" in its platform and an accompanying corollary:

* Three possible scenarios were defined and discussed during three half-days:
scenario 1: intelligent use of present "turf"
scenario 2: traditional strategy, more aggressively applied
scenario 3: world leadership (to be among the 3 or 4 world leaders).
The final vote produced the following results:
scenario 1: 65 votes, from a total of 532 (12%)
scenario 2: 196 votes (37%)
scenario 3: 271 votes (51%).

- **The 4 planks** were:
  1. Strengthening the group's presence in the major European markets in which it was still weak (Great Britain and Germany, in particular).
  2. Extending its range of services, heretofore deliberately confined to customized software development and systems integration.
  3. Pursuing a more targeted sales approach by supplementing its geographical coverage with a strategy based on economic sectors (finance, telecommunications, the airlines, energy, etc.).
  4. Creating an organization — central management, operational units, skill networks — that would transform a federation of national companies into a real transnational (as opposed to multinational) corporation.
- **The related corollary** was the decision to open up the group's capital — until then strictly controlled by its founders and managers — to a new shareholder able to provide the support and resources necessary to finance the considerable investments that implementing such a strategy would entail.

Deeds followed words in quick succession. On July 13, 1990, Cap Gemini Sogeti acquired **S.C.S.** in Germany. Apart from immediately doubling the group's work force in that country (from 500 to 1,000), the new company made a remarkable contribution in terms of technical know-how. Only five days later, on July 18, Cap Gemini Sogeti took a 70% stake in the British company, **Hoskyns**. This alliance at once catapulted the group to a leadership position in a country where it had never been able to regain a significant presence following the 1975 "partitioning" agreement with its former partner, CAP-UK. In addition, Hoskyns brought to the group the benefit of its highly developed facilities management skills, acquired over many years as European leader in the field.

On September 11 of the same year, negotiations got under way with Daimler-Benz; talks which would eventually lead (10 months later) to the German industrial giant taking a 34% stake in the capital of the group's parent company, Sogeti. On January 14, 1991, the management consulting firm, the MAC Group, was

Serge Kampf, with the three Cap Gemini Sogeti Presidents.
Seated: Michel Jalabert
Standing (L to R): Geoff Unwin, Serge Kampf, Jacques Arnould.

acquired and merged with United Research (which had joined the group a year earlier) to form **Gemini Consulting,** a subsidiary jointly held by Sogeti and Cap Gemini Sogeti.

Thus, in just a few months, the decisions made in Marrakesh began to be **dramatically translated into action.** True, the Iraqi invasion of Kuwait sounded a warning note throughout much of the Western World. But the quick end of hostilities in the Gulf seemed to signal a return to normality and to the strong growth which had characterized the end of the 1980s.

And then... crash! The recovery so long awaited and so often announced just never happened. The customary incentives to growth — confidence in the future, faith in the free market, in consumer spending, in investment — simply dried up. And companies (like consumers) thought it wiser to reduce the debt they had accumulated during the good years (1986-1990). The speculative bubble burst. With a decline in the price of energy and raw materials, disinflation became the order of the day. International trade slowed to a trickle. The great hopes triggered by the dismantling of the Berlin Wall and the failure of Communist ideology were soon replaced by a muted anxiety inflamed by the resurgence of old national animosities. German reunification, which should have served as the stimulus for growth in Europe for several years to come, has so far been met only with the dire consequences of inflation, unemployment and unrest — evils from which the country had been able to protect itself for half a century.

On top of this economic and moral crisis — universal, profound and long-lasting — came **another crisis, one indigenous to the IT industry.** The unrestrained progress of technological innovation had left users exhausted. And the hardware manufacturers, who dominated the market for several decades, were forced to submit to costly revisions in their strategy, product lines and structures to make the transformation as rapidly as possible — and whether they liked it or not — from computer vendors into sellers of "solutions." Next came the Americans, who took the symbolic 1993 single-market target date far more seriously than did the Europeans themselves. They arrived in earnest, having decided to invest heavily and acquire market share on the Old Continent, whose former national divisions and diversities had, up to now, kept them at arm's length.

And so, right in the midst of setting off on an ambitious new strategic initiative, Cap Gemini Sogeti found it-

self confronted with a series of unexpected problems — or at least problems that were not expected to last so long. Problems, moreover, piled on top of the "everyday" worries which had been anticipated and accepted as part of any major change process undertaken by such a large group.

Was this reason to regret what had already been done? Was it cause to abandon what still needed to be done? Of course not.

It is certainly worthwhile to assess **what has already been accomplished.** At the beginning of 1990, there were less than 14,000 people in the group, all basically involved in a single business. Furthermore, Cap Gemini Sogeti was number one only in France (even though its strong presence in all the national markets made it also number one in Europe). Three years later, Cap Gemini Sogeti:

- has a work force of 22,000 (in addition to the 2,000 people belonging to Gemini Consulting — which didn't even exist three years ago);
- is active in four highly complementary businesses: consulting, project services, systems integration and facilities management;
- is still the leader in France, but has also reached the top spot in the U.K. (the result of its acquisition of Hoskyns, now a wholly-owned subsidiary), in Germany (thanks to the agreement with Daimler-Benz and its services subsidiary, debis Systemhaus), in the Benelux via Cap Volmac, and in the Nordic countries following its alliance with Programator.

By doubling its work force, substantially expanding its range of services, strengthening its competitive position in the major industrial markets (with the exception of Japan, where its representation still consists of only about 20 consultants), **the group has changed a great deal in three years time.** And had its financial results not been subjected to such a severe downturn this year, the situation would have been extremely favorable. But negative forces were at work. Cap Gemini Sogeti's financial performance was hit hard by a combination of a lethargic world economy, the price war in computer services declared by those set on forcing their way into the market, and the cost – in time and energy as well as money – of the group's development and revitalization program.

Would this be grounds for not continuing the struggle and for not finishing the job we have started? It was certainly true that having reached the middle of the ford, we found the current much stronger and progress much slower than we'd imagined. Nevertheless, we decided **to keep on in the same direction.** We have completed the first two legs of the journey we had charted in Marrakesh, but there are still two more to go, and these we embarked on last fall. The principal routes being traveled include:

• Taking a group of national companies with a common objective and values and turning it into a **real transnational organization.** In other words, while continuing to share the same objectives and values, these units would also share the same sales approach, the same service offering, the same quality and productivity system (***PERFORM***), the same structural model, the same internal processes, the same image, the same language and the same vocabulary.

• Enhancing the territorial responsibility of these units by assigning them a **sectoral responsibility** as well. This strategy — also transnational — is intended to facilitate groupwide sales actions within a given sector, encourage the transfer of skills, promote the reuse of know-how, provide easier access to references, encourage and implement concerted actions directly aimed at increasingly multinational "targets."

The vast enterprise in which the group has been involved for nearly a year now is known as "Genesis" — a name vividly connoting **Cap Gemini Sogeti's second birth.** Slowed down by hard times, the gestation period will be longer than expected and the infant's first steps will probably be more hesitant than its family might have wished. But all those who did not turn their backs at the first sign of distress, all those who kept faith in the new-born's ability to react and adjust will be rewarded for their loyalty and patience.

The group will emerge from this trial more solid and more unified than ever. It will be better adapted to the new rules of a profession moving toward its industrial maturity in leaps and bounds and therefore better prepared to fulfill the expressed needs of its clients. In short, it will come out of all this more determined than ever to secure its place in the "big leagues" of IT services.

Grenoble, April 4, 1993

Serge KAMPF

1992: A Turbulent Time

Can anyone dispute the fact that 1992 was a turbulent year? A year of international shake-ups, European recession and sweeping changes in the global economy from which Cap Gemini Sogeti was in no way spared.

International instability

Although the fall of the Berlin Wall may have symbolized the end of the conflict between East and West, it nevertheless gave rise to a period of international instability. Several things happened in 1992 to reinforce this atmosphere of crisis which has dominated world consciousness since the Iraqi invasion of Kuwait. The Communist Bloc has disintegrated into a series of national, ethnic and often hostile enclaves. The former USSR and its satellites, in making the difficult shift from a socialist to a free-market economy, have seen their GDP decline by 25% in just two years. Meanwhile, the disintegration of Yugoslavia continues to make the front page. But above and beyond the human, political and national drama, it has mainly shown up the feebleness of the international community. The Uruguay Round of the General Agreement on Tariffs and Trade (GATT), begun in 1986 in Punta del Este, has been disrupted not only by tensions between agricultural factions in the U.S. and Europe, but within the EC itself. The European monetary system is also in disarray. During the summer of 1992, Germany raised its interest rates to put a lid on the heavy inflationary pressures caused by reunification. This policy, combined with Denmark's refusal last fall to ratify the Maastricht treaty (see "Is the European Ideal off the Rails?" page 6), raised havoc in the European Monetary Fund with the floating of the lira and the pound, the devaluation of the peseta and attacks on the French franc.

The economic crisis strikes Europe

No doubt about it, 1992 was a thoroughly disappointing year. The economic recovery, announced for the early months, never happened, and despite hints of an American revival during the last quarter, the recorded annual growth rate for the industrialized world was extremely low: about 1%. Remedial measures, in force everywhere, were extended. It seemed as if concerns over international conflicts and disinflation were further exacerbated by worries about how to manage a deficit swollen out of all proportion during the good years.

In 1992, for the third year in a row, Western Europe recorded a drop in Gross Domestic Product: 0.8% versus 1.5% in 1991 and 2.9% in 1990. This slowdown is primarily the result of Germany coming to grips with the costs of unification (see "Germany's Economic Hangover," page 7), the continuing recession in Great Britain, worsening problems in Sweden and, finally, austerity measures put into effect in Southern Europe. All these factors have had their negative impact on an already troubled monetary policy.

Hardly any business sector has been left untouched. The chemical industry, for instance, experienced a severe cutback in orders, especially for plastics and base chemicals. Consumer electronics saw fewer sales and lower profit margins. A decline in public works projects was widespread. The drop in car registrations took a toll on both European manufacturers of top-of-the-line automobiles and their Japanese counterparts who, for the first time since World War II, suffered from a nationwide fall off in demand.

Is the European Ideal off the Rails ?

Initially, the Treaty of Maastricht encroached on areas of decision that were previously the preserve of member states, providing for a single European currency, the ECU, and for common foreign and security policies.
The resounding Danish rejection of the treaty produced an atmosphere of pessimism that was sustained by the slender French "Yes" and British indecision. Brussels technocrats came under fire. The rationale of the treaty divides both countries and parties: what do we want from Maastricht? Do we want closer cooperation within a Europe of nation-states or to create a federal structure?
This debate is salutary in that it raises a real political question, but, in the short term, confusion reigns, feeding opposition to the treaty. The recession is lessening the chances of economic convergence on the criteria set for monetary union: which countries can hope to bring their budget deficits within the limit of 3% of GDP in time? The coordination of foreign policy, dented in 1991 by the Gulf War, has

been shattered by the conflict in the former Yugoslavia. Europe's inability to cope with a conflict on its doorstep has dealt a serious blow to the credibility of the ambitions enshrined in the Treaty of Maastricht.

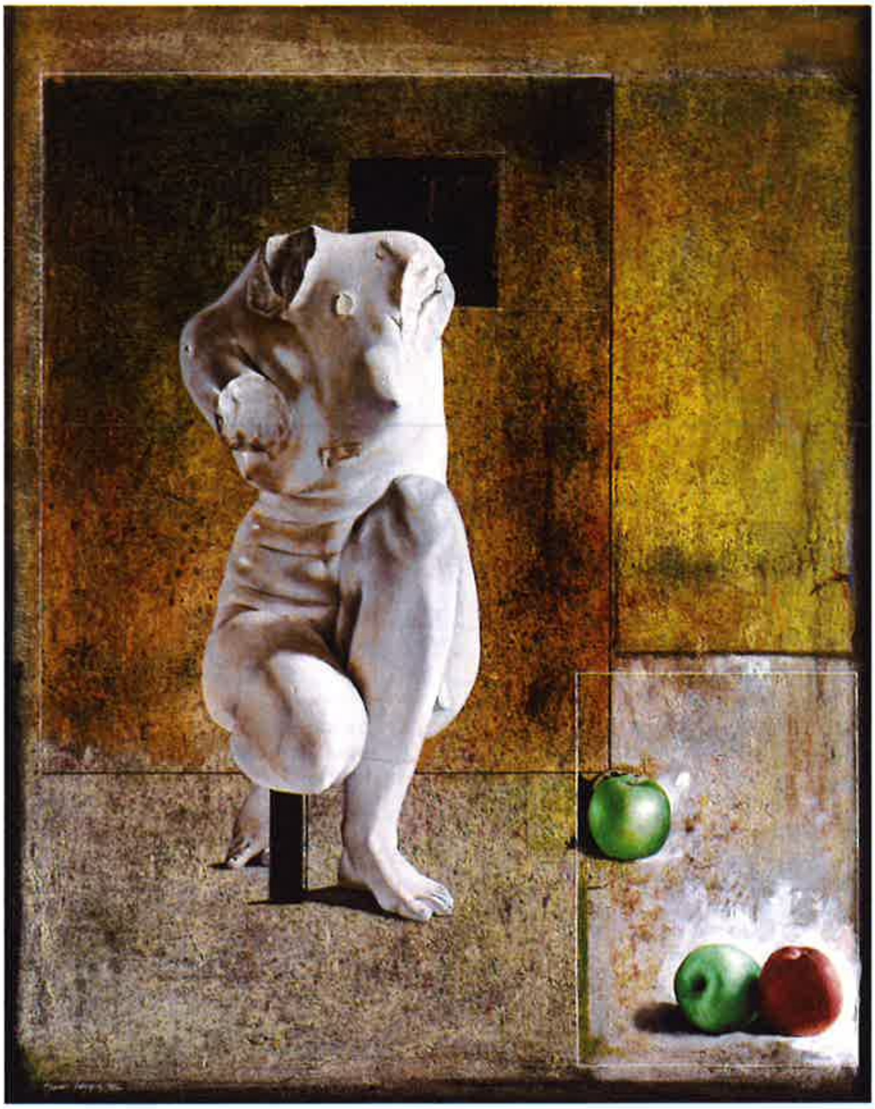
And a new statistic appeared in 1992: the service sector, the only one to have created new jobs during the past few years; it, too, was afflicted. Banks have been weakened by jolts to the financial system and decreases in property values. Insurance companies are blaming their current failures on stock market insecurity and other catastrophes occurring at year end. The airlines saw a 2.1 point decline in reservations, for an overall industry rate of 60.7%. 204 carriers — all members of the IATA (International Air Transport Association) — reported total losses of $9 billion. Not surprisingly, service providers to the business community were also victims of investment reductions. Accounting practices, executive-search firms, temporary employment agencies, office equipment suppliers, advertising agencies: all "intangible" investment had to adjust to this slowdown.

The rise in unemployment

Another direct consequence of the economic situation is the rise in unemployment. After a steady decline in the unemployment rate from 1984 to 1988, the total for the industrialized nations exceeded 32 million in 1992, breaking the record of 31 million set in 1983. This symbolic threshold of 10% of the working population without jobs threatens to be surpassed in eleven of these countries — versus only 4% in mid-1990. Lay-offs are now affecting the service sector as well as manufacturing and industry. The cutback in jobs is probably more permanent than in earlier periods of economic distress. According to the Bureau of Labor Statistics in the U.S., only 15% of workers laid off since 1990 can expect to recover their former jobs, whereas an average of 44% returned to work following previous crises.

The signs of economic hard times can be read everywhere: a record 60,000 bankruptcies in France alone; the fall of some perverbial giants like Pan Am; New York's famed Macy's department store in bankruptcy; the shake-up at Lloyd's of London; fluctuations in the stock market which discouraged corporate investment; the media weakened by cutbacks in advertising and a lack of jobs; public and corporate deficits caught in the crossfire between skyrocketing social charges and a lower return on investment, resulting in percentages not seen for 30 years (4% of GDP in Germany, 4.5% in Great Britain, 5% in the U.S., and even 10% in Italy).

In the face of such conditions, governments had to take action. Many countries (e.g., Spain, Italy, Portugal, Sweden) adopted painful austerity measures designed to strengthen their ailing economies. The initial effect of these actions was the elimination of some large expense items. By attacking the public markets through the defense and space sectors, inroads were also made into local industry. At the same time, under pressure from public opinion, some governments took initiatives to start their economic wheels turning or encourage market stability. A new budgetary program in Japan is one example, or President Bill Clinton's National Competitiveness Act, or the European Recovery Initiative voted on at the December 13 Edinburgh Summit. All these measures are aimed at alleviating the austerity measures without which no lasting economic progress is possible.


Homage to David

In these uncertain times, the wild spending of the 1980s has given way to caution.

Consumers save

One exceptional feature of this particular recession is its psychological reach. Consumers everywhere are curbing their desire to spend, and their motives are always the same: to owe less than they did the year before. In the U. S., for instance, individual debt rose 60% from 1982 to 1992, while available revenue rose only 20%. This reluctance to spend is explained by the devaluation of assets combined with the explosion of the speculative bubble during the 1980s (see "Growth Starved of Finance," page 9); by a fear of laying out any sizeable sums when the economy is in such bad shape and the job

Germany's Economic Hangover

In September 1992, *Fortune* headlined, "HOW GERMANY WILL LEAD EUROPE." Indeed, the consensus at the time was that Germany would be the engine of European recovery. But, with 1992 GDP growth of less than 1% and negative growth predicted for 1993, the German economy is not living up to expectations. This disappointment is sharpened by the fact that it is its traditional strengths that seem to be letting it down: in the last quarter of 1992, output and exports fell sharply by some 4%; the policy of guaranteeing reliability is under pressure from price wars; unit labor costs are 36% higher than in Japan or the U.K.; and a certain number of social rigidities are limiting the adaptability of German industry, particularly in the area of wage policy.

On the one hand, the government has committed Germany to playing its part in the new world order by accommodating more than half a million immigrants a year and closing the East German floodgates. On the other, the economic authorities, in particular the Bundesbank, have reacted to the rising deficit generated by reunification by maintaining high interest rates. Reunification will remain an awesome financial burden in the near future: the most recent estimates put the annual cost at DM 150 billion or over 6% of GDP.

Consequently, German public finances, once a picture of order, have fallen into a deficit that is considerably greater than the limit of 3% of GDP set for European monetary union. No one doubts that Germany's difficulties will slow the pace of economic recovery. In the meantime, the other countries of Europe can count on no one but themselves.

The 30 Most Populated Countries

1991 population in millions of inhabitants

1.	China	1,150.1
2.	India	865.0
3.	United States	252.0
4.	Indonesia	181.4
5.	Brazil	153.1
6.	Russia	148.9
7.	Japan	124.0
8.	Nigeria	118.8
9.	Pakistan	115.6
10.	Bangladesh	108.8
11.	Mexico	87.8
12.	Germany	79.6
13.	Vietnam	67.8
14.	The Philippines	62.7
15.	Iran	57.8
16.	Italy	57.7
17.	United Kingdom	57.5
18.	Turkey	57.2
19.	France	56.7
20.	Egypt	53.1
21.	Ethiopia	52.9
22.	South Korea	43.2
23.	Burma	42.5
24.	Spain	39.0
25.	Zaire	38.5
26.	Poland	38.3
27.	South Africa	36.8
28.	Argentina	32.6
29.	Canada	26.8
30.	Sudan	25.9

Source: World Bank

The 30 Wealthiest Countries

1991 GNP in millions of $

1.	United States	5,686
2.	Japan	3,337
3.	Germany	1,517
4.	France	1,168
5.	Italy	1,072
6.	United Kingdom	964
7.	Canada	569
8.	Spain	485
9.	Russia	480
10.	Brazil	447
11.	China	424
12.	Australia	288
13.	India	285
14.	The Netherlands	279
15.	South Korea	274
16.	Mexico	252
17.	Switzerland	226
18.	Sweden	219
19.	Belgium	192
20.	Austria	158
21.	Finland	122
22.	Denmark	122
23.	Indonesia	111
24.	Saudi Arabia	105
25.	Turkey	104
26.	Norway	103
27.	Argentina	91
28.	South Africa	91
29.	Thailand	90
30.	Poland	71

GNP by Inhabitant in millions of $

1.	Switzerland	34,200
2.	Japan	26,900
3.	Sweden	25,500
4.	Finland	24,600
5.	Norway	24,500
6.	Denmark	23,400
7.	United States	22,600
8.	Canada	21,200
9.	France	20,600
10.	Austria	20,500
11.	Germany	19,100
12.	The Netherlands	18,900
13.	Belgium	18,800
14.	Italy	18,600
15.	Australia	18,500
16.	United Kingdom	16,800
17.	Spain	12,400
18.	Saudi Arabia	10,500
19.	South Korea	6,400
20.	Russia	3,200
21.	Brazil	2,920
22.	Mexico	2,870
23.	Argentina	2,800
24.	South Africa	2,500
25.	Poland	1,860
26.	Turkey	1,820
27.	Thailand	1,800
28.	Indonesia	610
29.	China	370
30.	India	330

What do these tables tell us?
Of the 10 most densely populated countries on this planet, 6 are in Asia (and represent 80% of the population of the 10). The United States and Japan alone represent 56% of the total wealth of the 11 richest countries in the world. GNP for every inhabitant of Switzerland is 100 times greater than in India or China, in Japan 75 times greater, in the major European nations 60 times.
What is most striking is the extraordinary advances make by countries such as Brazil, China, India, Mexico and South Korea. At the same time, it must also be recognized that even with a constant growth rate of 12% a year, it would take 31 years for China to bring its GNP up to the level of Spain's (and it is certainly possible that Spain will in turn move ahead during the same period, even though it is in a state of crisis like the rest of Europe). But even if China succeeds, its GNP would then be 2.5 times that of the U.S. today (and there, too, the situation may improve in the meantime).

situation so precarious; by a "wait and see" attitude influenced by the drop in prices; by a refusal to buy on credit when interest rates are high.

This change in consumer behavior is symptomatic of an economy in crisis. In the West, where annual per capita GNP exceeds $10,000, available income (or 70% of the total) is used mostly for discretionary purposes rather than to meet basic needs. The consumer can decide to put money away, spend it on intellectual or social pleasures (trips, leisure and/or cultural activities), or to acquire goods. When the economy goes into recession, spending on extras or improvements is given a backseat. Companies that produce durable goods such as cars, TVs or electrical appliances also suffer, as do domestic services, hotels, restaurants, tourism, etc.

But the conditions that have caused this fragile state have also brought an end to the era of the "gadget." According to a survey conducted by Cofremca, 75% of consumers are avoiding even the temptation of window-shopping. This consumer crisis is also showing up a change in family buying attitudes. The trend is toward

the most lasting, reliable, easy-to-use products having the best quality/price ratio. "Less often and less expensive" is the new consumer creed. The Yankelovitch Institute in the U.S. — specializing in consumer studies — estimates that consumer values are undergoing a serious transformation. The '80s were the competitive years, the winners' decade; spending was a mark of success. But priorities have changed. Quality, good health, the environment, the family, are now the values that count. And this change is likely to last. In a recent U.S. survey, 70% of consumers questioned said they would never return to their former spending habits.

Companies tighten their belts

"In 30 years, I have never seen heads of companies so pessimistic, even gloomy." Like this banker recently quoted in *Le Monde*, business executives are uneasy about the decline in consumer spending. Tired of waiting for the promised recovery, in 1992 they decided to take draconian measures (in corporate restructuring and cost reductions) to confront a crisis that is lasting far longer than anyone expected. The year was also disappointing because some of the decisions imposed had far more serious human and financial consequences in that they were accompanied by declines in performance which, in many cases, had begun well before 1992.

Another shattered illusion, collectively held by the West for two years, was the belief that there would be an economic thaw as soon as gunfire ceased in Kuwait. Was this purely an act of propaganda on the part of opinion-makers anxious to ease the psychological crisis using the age-old method of self-delusion? Or was it simply a form of blindness to the deep roots of a grave and unconquerable problem? Whatever the basis for this excessive optimism, an honest appraisal suggests that it slowed the reflexes of the business establishment, which failed to come to grips with the urgency and scope of the problem and the corrective actions that needed to be taken.

With the drop in demand, companies suffered from poor use of their industrial capacity. For example, in 1992 the German iron and steel industry over-produced by at least 25%, while the automobile industry has an unused production potential of more than 3.5 million cars. The economic situation has put a brake on corporate investments. In countries belonging to the OECD (Organization for Economic Cooperation and Development), for example, gross capital formation dropped by two points. Under such conditions, it is not surprising that company executives are making every effort to reduce costs (especially by outsourcing expenses not directly related to a specialized offering, but only to the provision of added resources). It also means delaying decisions for as long as possible in the expectation of better times to come.

But all these cost-cutting measures could not be taken on without also asking suppliers to contribute to the effort by showing concrete proof of their competitiveness, flexibility and quality. One auto company asked its suppliers for a 15% increase in productivity over three years, and one large retailer announced to its vendors that, in light of the current situation, it had decided to lower its purchase prices by 5%, take it or leave it! Thus, for clients and suppliers alike, austerity reigns.

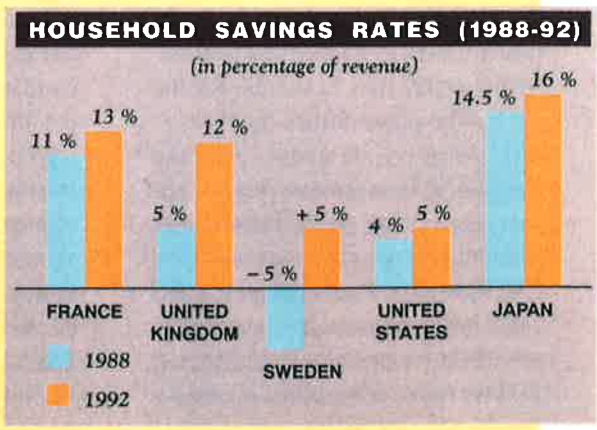
At the same time, companies are continuing with their plans for structural reform. Some have tried reducing their product range — Sony, for instance, is pushing its top- and bottom-of-the-line

Growth Starved of Finance

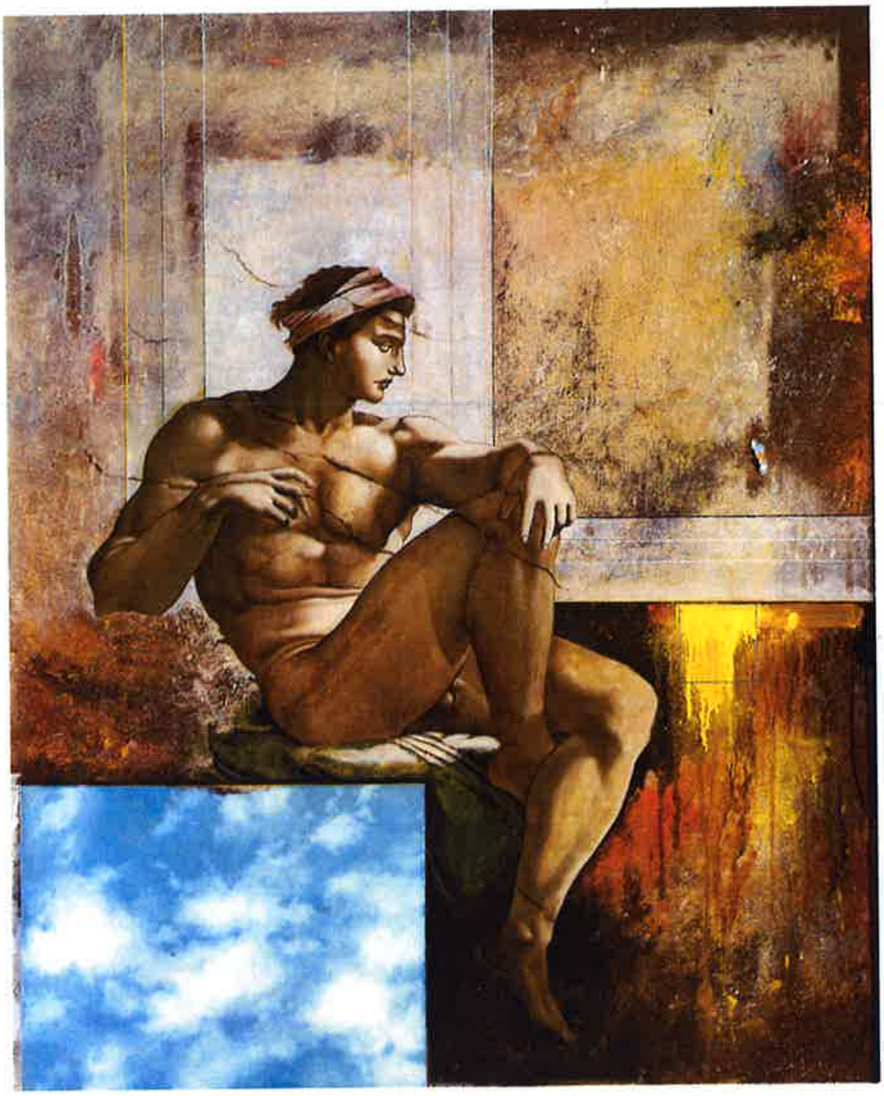
The easy money years of the 1980s inflated the prices of shares, property, works of art and other assets and, consequently, produced a credit explosion. But when the financial bubble burst, plummeting asset values (property especially) led to a squeeze on the availability of credit. Declining values mean that businesses and individuals can no longer generate capital and easy profits by buying and selling goods. As prices fall, debtors in need of liquidity are being forced to sell, deepening the trend. Borrowers' losses are undermining the confidence of the lenders, who are further restricting access to credit. Bank failures in the United States already represent about 15% of deposits.

As borrowing becomes more difficult, debt reduction is becoming a priority and the propensity to save is being turned on its head. Impoverishment is encouraging saving.

Consequently, financing growth is becoming the biggest challenge facing entrepreneurs.



Source: OECD



Sistine sky

Managers everywhere are looking for a way out. They have to get themselves together as quickly as possible and think ahead.

computers. Others redistributed their promotional efforts and experimented with new sales techniques (the mail order business grew by 5% in 1992). In fact, everyone has been recruited in the price war. The garment industry obtained 10% to 30% reductions by transferring production to the developing world. The airlines are offering 50% reductions on certain routes. Even the computer services firms are playing their own price-labeling games. Finally, companies are trying to distance themselves from the competition by bringing added value to the services or products they provide: by personalizing them, reducing delivery times, or guaranteeing immediate repair.

Gains in productivity and flexibility

No wonder managers are perplexed. On the one hand, they have to "trim," as much and as quickly as possible, either by cutting expenses or reducing the work force. On the other hand, they have to meet the changing conditions of the market by putting into practice a modern, consensual, flexible, non-hierarchical corporate vision. Since the time factor is such an important aspect of competitiveness, certain critical actions are mandatory: partitioning multinational organizations in ways that give responsibility to line managers operating within small units linked in a corporate network; improving the quality of products and services with the aim of fulfilling end-user demands and eliminating defects which impact negatively on company image and employee motivation; and achieving flexibility in human resources management so that teams and skills can be quickly and easily adapted to immediate client needs. To achieve gains in productivity and concentrate their energies on business that will generate added value, companies are showing a growing interest in outsourcing those activities for which alternative solutions can be found. The success of facilities management in information technology is a clear illustration of this trend. ■

Serious Changes in the IT Services Market

In 1992, against the backdrop of a world in crisis, information technology continued to feel the jolts of its own crisis. As if to confirm the domination of software over hardware, the computer services sector made haste to change in a difficult economic climate — and under the threat of new arrivals.

Crisis in the IT industry

Although the economic crisis may not be at the root of the troubles facing the computer manufacturers, market pressures, combined with users shopping around for the "best deal," have caused a rapid slowdown in demand which is affecting the entire industry.

Changes in demand

An American consulting firm stressed in a recent report that "an industry which reported 18% annual growth during the 1970s and '80s, must be content with a 6%-8% yearly increase for the next decade." The major reason for this drop is that companies in the West basically have what they need in terms of management applications. For example, most companies employing 100 or more people are now 80% or 90% computerized in many countries. In the U.S., one white-collar worker out of two is equipped with a computer terminal. The result, no doubt, of the strong pressure exerted by hardware manufacturers taking advantage of a trend during a period of strong growth favorable to investment. Dataquest recommends waiting to see what the future holds in store and suggests that the worldwide development of IT equipment (computers, peripherals, printers, disks, modems) will be part of a general equipment overhaul. Which explains why, in a difficult market economy, companies are resisting even some essential IT investments.

This concern about absorbing the "equipment overload" of the 1980s is the price manufacturers are paying for their former commercial creativity and their desire to "keep selling more." Users, meanwhile, are growing increasingly cautious. Several factors are contributing to this general air of disquiet. The continuously rapid pace of technical innovation is worrisome, even though it provides the impetus for new applications which, in turn, improve business (see "The Value of Technology," page 12). Pentium, the new chip from Intel, which offers users five times as much computing power as its predecessor (the 486 microprocessor), is a good example of the heavily contested performance race in the electronics industry. Sun, leader in workstations since it was founded eight years ago, launches a new generation of computers every fourteen months. In the last ten years, microprocessing has brought about a boom in PCs, home computers, desktops, laptops, electronic blackboards... and, before long, the Personal Communicator already announced by the California company, EO.

Add to this, the number of players on the market, the forging of alliances between competitors, the development of integrated offerings using elements from one or the other... the cards just keep getting reshuffled. It is also be-

coming increasingly clear that skyrocketing IT budgets are no longer acceptable to company managers who have no idea whether their investments are leading to savings or providing competitive advantage. Nor should the lessons learned from the crisis be underestimated: about the realization by many that it is possible to cut expenses drastically to the barest and most urgent necessities; about the "wait and see" economy becoming widespread; about the need to implement a systematic economic policy; about customers shopping around for the best prices (PCs at discount, "offshore" software development, etc.).

Users these days are willing to "do without" and, in terms of their IT purchases at any rate, are adopting a policy of informed buying that is likely to last — witness the cutbacks in business flying following the "grounding" imposed by the Gulf War.

Actually, it is this change in customer behavior that is at the heart of the current "revolution." By putting the accent on buying services and functions rather than equipment, users are forcing manufacturers to build compatible, inter-operable, standardized, turnkey solutions.

Confronted with declining demand in all segments of the market (large systems, minicomputers, workstations, PCs), the hardware manufacturers are faced with a delicate equation: how to increase their revenues while continuing to lower prices. The answer is not at all apparent and, while waiting for the promised recovery, profits continue to fall. Exactly the reverse of the traditional graph in which all innovation is tied to higher costs. One recent study indicated that in 1984, while the American IT industry showed a profit margin twice the average of the industrial sector in general, the same margin in 1990 was only 20%. Likewise, in five years, net profit for the microprocessing business plummeted from 6.5% to 0.12%.

Hardware manufacturers adapt to the marketplace

In the interests of a stable market, producers in the IT sector are trying to adapt, in the first instance by entering into a bitter price war. For example, microprocessor prices have come down 50% in the last 12 months. And even though this price drop is exceptional (productivity gains on the order of 30%), it is still a good indication of the extent of the problem raised by the competitive "assault" from East Asia, the standardization of components and the impact of these software standards.

The manufacturers are making frantic attempts to improve productivity. This takes the form of structural changes, massive lay-offs, consolidation of activities and programs to revitalize corporate culture. Because competitiveness is inseparable from technological progress, the manufacturers are also trying to enter into agreements with the research establishments (e.g., the IBM-Toshiba-Siemens collaboration for development of the 21st century chip).

Still another consequence of this downturn is that the manufacturers are trying to compensate for their losses by going into services, where investments are not so heavy. This enables

The Value of Technology

NOW

- Very high capacity microprocessors and memory circuits.
- A powerful PC on every desk.
- Each workstation linked to the company system over a client-server architecture; a result mainly of the use of open systems and relational databases.
- Powerful man-machine communication software enabling users to develop their own applications.
- High-traffic telecommunications networks able to carry simultaneous voice, data and image transmissions (multimedia).

IN THE FUTURE

- Massively parallel computers delivering unprecedented computing power.
- The multiplication of multimedia applications, along with the development of well defined standards and high-traffic transmission at manageable cost.
- Client-server architectures facilitated by network, application and system management software.
- Software workbenches that users can access to build their own applications.
- Developments in programming languages, operating systems and object-oriented databases promise greatly simplified development of software solutions.

The open book

them to establish a presence in a more favorable part of the market, to personalize their hardware sales and to respond to the added-value expectations of their customers.

In short, information technology is moving from an offer-driven economy in which the manufacturers laid down the law, to a demand-driven economy in which the solution sellers will win the lion's share.

Following in the footsteps of so many other industries, IT is now entering its post-industrial era.

The market favors value-added services

Ten years ago, two-thirds of every IT dollar spent was for hardware, only one-third for software and services. Today, the ratio is almost reversed. Taking into account the differential in growth rates anticipated over the next few years, this phenomenon will accentuate and confirm — if need be — that the IT economy is following in the footsteps of those post-industrial economies in which services predominate. Everyone realizes that service is all, from identifying a need to delivering a solution. Clients spend far more time imagining the added value potential of IT than they do in actually acquiring the equipment or the technology.

Above all, 1992 will be remembered as the year in which the computer services sector showed an appreciable drop, with the growth rate declining from 15% in 1990 to 9% two years later. Of course this was due to the poor health of the economy, especially in Europe, and to changing corporate attitudes concerning IT investments. Although the tight economic situation was pervasive throughout 1992, it did not have the same impact everywhere. Conditions in Europe were very diverse. The most affected markets were Sweden and Great Britain, where the recession began earlier and has unquestionably cut deeper. In the other large markets — France, the Netherlands, Italy — growth has been limited less by the crisis itself than by mounting economic uncertainty, while in Germany, Europe's largest market, demand fluctuated between a rising trend to outsource and an abrupt halt to industrial investments.

The software services market — valued at more than ECU 70 billion in 1992 — represents nearly a third of IT expenditures, and is on the way to becoming item number one in corporate budgets. It goes without saying that it is a prime target for the budget-cutting

Marble

Cap Gemini Sogeti is assisting the Solvay chemical company to improve its maritime freight management to better serve its clients.

measures imposed by the crisis. Some sectors have been more severely hit than others: defense, transportation, banking and industry — the latter two alone representing greater than half the IT purchases in Europe. Yet despite this much slower average growth rate, the figures for facilities management, systems integration and software products were considerably better. The increase for these services — in which Cap Gemini Sogeti continued to strengthen its capability during 1992, and which now accounts for nearly 60% of its revenues — illustrates users' mounting concern, exacerbated by the crisis, either to resort to standard solutions or to unload their complex development and systems-management risks.

Lastly, it should be stressed that 1992 was the year in which the computer manufacturers made ambitious advances into the professional services market, with a growth rate higher than for services firms. Clearly a sign that the competition has dug in its heels and that the IT services market is restructuring.

Restructuring of the European IT services market

A combination of the slowdown in demand and the arrival of new players is speeding up the pace of structural change in the IT services market. This is especially true in Europe where Cap Gemini Sogeti holds the number one position. The essential features of this transformation include the changing size of the players, forceful inroads made by American companies into the European market, and a certain confusion in the offering brought about by increasingly complex requirements.

The players change size

What is the reaction of service companies like Cap Gemini Sogeti to the arrival of new players on their home turf? (See "Computer Manufacturers and Telecom Operators," page 15). First of all, they see it as confirmation of a well reasoned strategy and a long-held conviction of the great future in store for this business, its economic legitimacy and the place it would like to assume in the industrial world. They also see it as a signal — encouraging to some, disturbing to others — that the age of the "craftsman" is giving way to the industrial age. These notions are radically shaking the foundations of an already fragmented profession (more than 10,000 service firms in Europe alone) as it confronts three serious challenges: internationalization, concentration and business specialization. And these changes touch on all aspects of service-

company management: type of business, geographic presence, personnel qualifications, components of the sectoral offerings, extension of pre-sale efforts, technological diversity... and therefore on financial solidity and the size of investments.

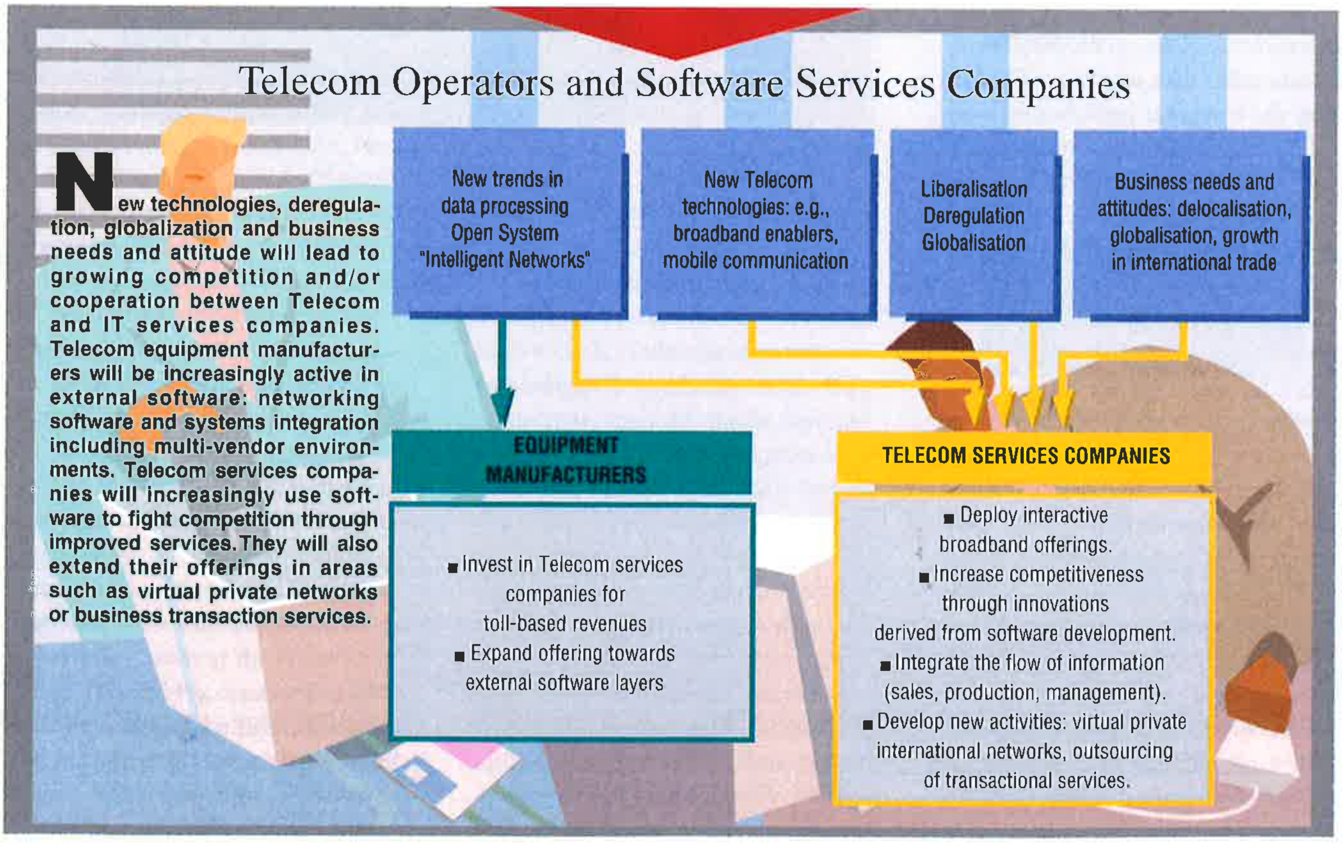
The Americans cross the Atlantic

Another important feature of this European relandscaping is that the "single market for software and computer services" is apparently being taken more seriously by American companies than by their European counterparts. The driving force behind the symbolic 1993 target date has inspired the large U. S. IT services firms (EDS, Andersen, Computer Sciences Corporation), the hardware manufacturers (IBM foremost among them) and the software developers (e.g., Microsoft) to increase their market share in Europe. According to Input, penetration of the various national markets is "almost the exclusive property right of American companies." The exception is Cap Gemini Sogeti which, in 1992, consolidated its leadership position in the Benelux and the Nordic countries.

This act of faith in Europe on the part of the Americans has high economic stakes: 340 million consumers; IT equipment on a par with its trans-Atlantic neighbors; development prospects tied to the implementation of new EC-wide systems or the renovation of systems already in place; reconstruction of the countries of Eastern Europe and the deregulation of telecommunications; and, finally, the dismantling of frontiers, which is acting as a stimulus to the internationalization of companies and their information systems. Drawn to this now less fragmented market, American competitors are moving in quickly. Judging by their progress and their size, they are demonstrating that the globalization of this industry is reserved for a very limited number of "big leaguers." Among them, Cap Gemini Sogeti is unique in its long-standing cultural diversity — both European and American.

A sometimes confusing IT offering

One last point. A lack of clarity in the offering, at odds with the complexity of current requirements, is probably one of the chief paradoxes of the transformation now taking place. As this industry comes of age, it is making a serious effort to simplify the IT landscape. In the long run, the offering is likely to be built around a few players capable of conducting multinational, multidisciplinary and multi-sector business, and a mass of small companies specialized by market niche. As for demand, it will probably be segmented among large users who can purchase a full range of products or services, and millions of clients who consume only a tiny portion of the service catalogue proposed to them.



The restructuring of the IT services industry is diminishing the clarity of the offering and slowing down the corporate decision-making process.

Gold-leaf calling card

Unfortunately for those taking part in it, the current transformation process comes down on the side of complexity rather than simplicity. The fact that the computer manufacturers are calling themselves services firms, the IT energy suppliers featuring their professional services, while the service companies are highlighting their software products, only complicates matters even more. It is not unusual for a user to find a manufacturer promoting its turnkey solution, and a service company its ability to reuse a particular type of know-how or even an individual software kernel. In some cases this confusion is so extreme that the user may wonder who does what, or who is the partner or sub-contractor of whom. And at a time when complex problems call not only for a wide variety of skills, but also for a vote of confidence between client and supplier, this lack of a clear-cut offering undoubtedly slows down the corporate decision-making process. ■

Cap Gemini Sogeti 1992

In 1992, Cap Gemini Sogeti adapted its client proposals to the difficult economic climate, once again confirming its leadership strategy in the IT services sector.

Setting priorities in hard times

The current crisis has brought about a change in the nature of IT decisions. How to reduce budgets while maintaining quality service? How to combine management of hardware and software resources and enter into better negotiations with suppliers? How to respect strategic decisions and justify the competitive advantage of proposed investments? Information technology is now a commonplace tool, subject to the same constraints as other resources (capital, human). Nowadays, corporate and business logic take precedence over technology.

Caught between a slowdown in business and an excess of information, companies are trying to control and reduce their IT spending. According to a recent study, the ratio of IT costs and general expenses (after amortization) for large French banks at the end of 1992 averaged about 14%, compared to 8.5% at the beginning of the 1980s. Cost cutting initiatives are multiplying in all sectors. Some indications include the growing use of applications maintenance tools, the interconnection of data exchange networks, the decision to use second-hand equipment, or the "rightsizing" of systems. Fully cognizant of this need for belt-tightening on the part of its clients, and armed with its many years of experience and know-how, Cap Gemini Sogeti is meeting these requirements at three different levels.

IT as a competitive advantage

The concept of strategic IT is now a reality as companies come to grips with a triple challenge: competitiveness, adaptability and informativity (i.e., productivity applied to information systems). Because it deals with processing the intangible and contributes to human efficiency, the information system is at the heart of the change process. To make an IT tool more competitive faster, a company must link its IT strategy to its overall corporate strategy, both human and organizational (see "Business Transformation," page 18), and stay on top of software developments. Cap Gemini Sogeti's close ties with the group's management consult-

IKEA has contracted Cap Gemini Sogeti to design and develop an invoice management system for use in its German, Austrian, French, Italian and Swiss subsidiaries.

ing practice, Gemini Consulting, is a good example of this strategy in action. So is organizing its skills according to transnational business sectors in order to talk to clients in their own specific language.

Off-loading risks

When speed of reaction is a critical issue, the question is no longer whether "to make" or "to buy," but rather in what proportion to buy. Outsourcing the IT function makes it possible to control costs, increase the return on investments, develop competitive solutions and carry out changes more efficiently. The real question for a company is to determine the suitable proportions for a given situation. To be effective, any outsourcing option has to be wisely used and carefully managed. The more extended it is, the greater the importance of quality and contractual relations, the tighter the interface between client and supplier, and the greater the savings in management time. Actual financial savings will depend mainly on the professional qualifications of the service company engaged.

Although "each to his own business" is the operable guideline, there is no panacea. Users rarely find a total solution... unless, of course, the problem is totally obvious. At the very least, they must be able to express their problem clearly. Then it will be a matter of discussing the terms of the commitment on either side. When resources are being transferred — meaning that the client is turning over key responsibilities to the supplier — the risk for the client lies in choosing the most professionally and financially viable partner. With its 1990 investment in Hoskyns, the U. K. leader in facilities management; the Scandinavian leader, Programator, in 1992; and its alliance with the computer services arm of Daimler-Benz, Cap Gemini Sogeti has assumed a very strong strategic position in this field.

Industrializing software development

For users, reducing software development costs is closely related to increasing productivity and taking advantage of the enormous added value potential of information technology. Development and maintenance actually make up 60% of total software costs. Industrializing the process involves using new methods and tools such as object-oriented programming and software reuse. Instead of writing functions in the form of massive, usually hard to change programs, object-oriented technology creates small, independent modules made up of data and functions (called objects), which exchange messages when performing a common task. Using this approach, an individual mode of representation can be employed for each phase of a project, from analysis and modelling through program writing (implementation). Once developed, refined, tested and stored, it can be used in other applications.

In this context, the European Eureka program is developing a method and tools for creating software components, storing them in a database and retrieving them for reuse. Mainly through the involvement of its subsidiary, Cap Gemini Innovation, in various European research programs, Cap Gemini Sogeti is demonstrating a long-held interest in this technology, which

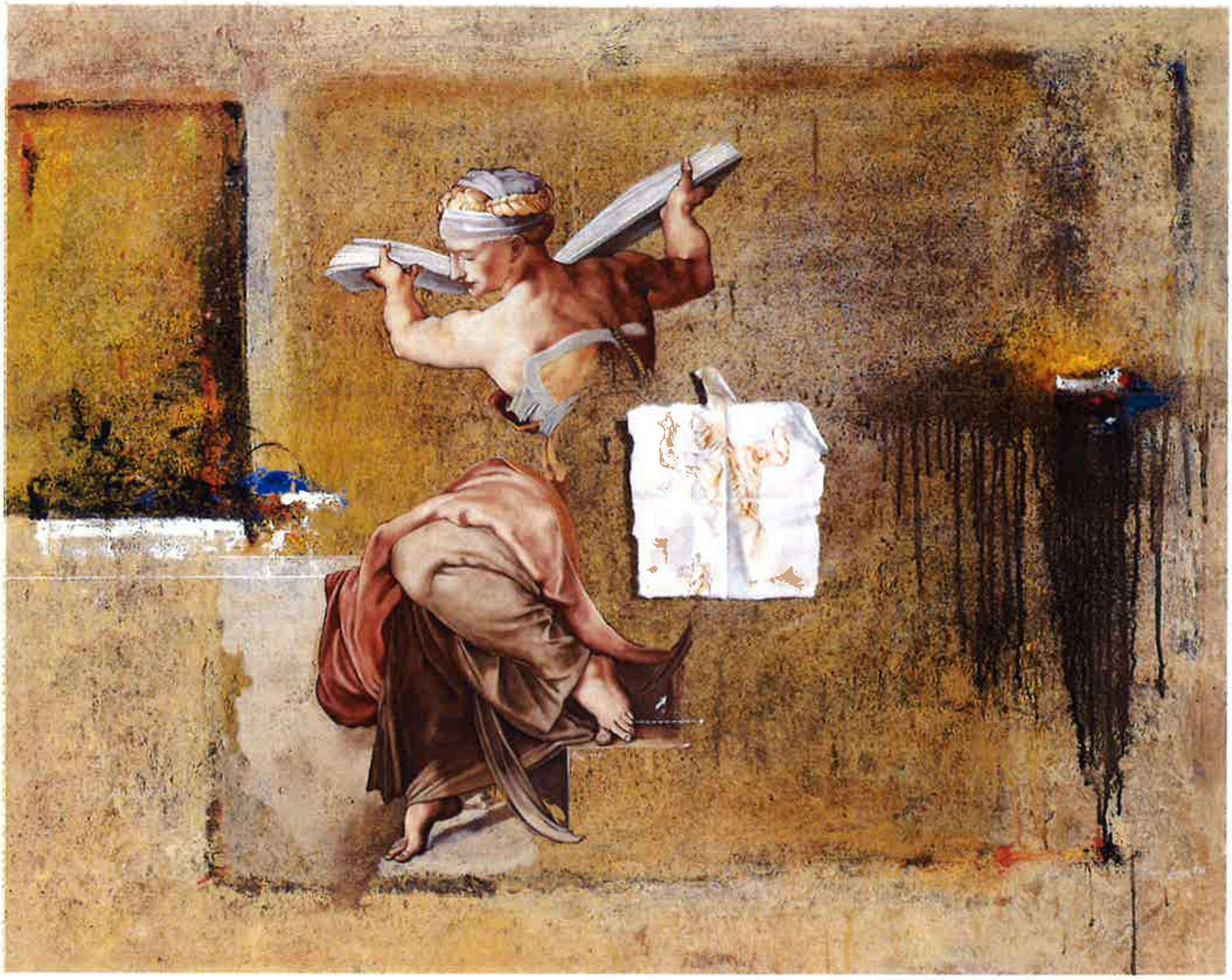
Business Transformation

Competitive pressures are forcing an increasing number of companies, those seeking to consolidate their competitive position or more especially to regain a lost leadership position, to "rewrite the rules" governing both their operations and their markets.

A recent trend, especially in the United States, is the "re-engineering" of the company's business processes in areas such as order processing, supply chain management or scheduling. This approach has recently attracted a good deal of attention through spectacular examples such as Chrysler, which has reduced its product development cycle from 7 years to 3-and-a-half years.
While business process re-engineering can certainly reduce costs and lead times and improve quality, it does not necessarily produce a return to internal growth or a strong awareness of improvement on the part of the client. It must be complemented by new staff attitudes.

Gemini Consulting — Sogeti's other subsidiary, specialized in management consulting — approaches "Business Transformation" by working simultaneously on all aspects of company operations: strategies, business processes, organization, information systems, staff behavior, skills and culture.

Business Transformation as practiced by Gemini Consulting is a global process that stresses three priorities:
- Revitalization: strengthening company strategies by promoting a return to internal growth.
- Restructuring: redesigning and streamlining organizational structures.
- Cultural renewal: fostering positive staff attitudes — perhaps the most difficult change to achieve.



Reading

represents a unique way to improve human problem solving. It is also an important step forward in improving the quality and productivity of software development, since it provides clients with the collective experience of thousands of IT professionals, accumulated over a 25-year period.

The reuse of software components is a key factor in service-company productivity.

Cap Gemini Sogeti's strategic development

The "Letter from the Executive Chairman" appearing in this Annual Report calls attention to the four broad strategic directions discussed and decided upon at the group's 1990 Marrakesh Rencontres. Implementation of this strategy began in earnest in 1992, based on the priorities individually described below.

▶ **To strengthen** a coherent and significant group presence throughout Europe. As a result of actions taken in 1990 in the U.K. and Germany, in 1992 the group was able to construct a homogeneous "regional" European net-

The hand of God

The goal is to transform a "federation" of national companies into a real transnational corporation.

work. Number one in France for many years, as a result of the arrival of Hoskyns, Cap Gemini Sogeti has become the leader in the U.K. and joined the front ranks in Germany following its alliance with Daimler-Benz and its subsidiary, debis Systemhaus; in the Nordic countries subsequent to its acquisition of Programator; and in the Benelux with the merger of its Dutch subsidiary, Cap Gemini Pandata, and Volmac. This change in dimension made it possible for the group to reorganize into seven large regional units (six in Europe, one in the U.S.), each with an average work force of 3,000. Such consistency and expansion is making it possible to provide clients with the same quality and quantity of service in each of these regional units.

▶**To extend its range of services** to include Consulting and Facilities Management, activities complementary to the professional services (customized software development, systems integration) traditionally provided by the group. With the expertise provided by Gemini Consulting on the one hand, and Hoskyns, Programator and debis Systemhaus on the other, Cap Gemini Sogeti has been able to design a logical and seamless offering including the following services: consultancy, project management, information systems management (outsourcing), training and software-product-related business. The scope of this service offering allows group clients to make the most efficient use of information technology in meeting their strategic objectives, speeding up development, reducing costs and increasing competitiveness, while maintaining their ability to adjust to a changing marketplace.

▶**To add a sector orientation** to the general organization. This will provide clients with services and solutions perfectly suited to their business needs and special circumstances. With this end in view, the group has assigned an additional — transnational — sectoral responsibility to each of its seven large regional units. Each is tasked with setting up the groupwide commercial action in its given sector and developing a service offering using the group's full range of skills and experience. Thus, Cap Gemini Sogeti will be able to provide all its clients with the sum total of its know-how accumulated over more than 20 years in many countries, in most business sectors, and covering every possible type of problem that users of information technology may face — truly a one-of-a-kind offering in the profession. Seven sectors were chosen during 1992, appropriate business methods put in place and the first "networks" set up in the various countries by specialists in these fields.

Sculptured head

▶**To create** a truly transnational group. With Cap Gemini Sogeti's "multinational" character (consisting of a federation of national entities), accentuated by the arrival of several large companies, the need to establish a vast "transformation" program became increasingly apparent. The program began with the creation of common business processes to be added to the objectives and values — already shared by everyone — aimed at better group integration and a more systematic use of know-how. Defined and conceived in 1992, these shared elements represent the building blocks of a model organization: a service offering (see above), a commercial approach and methodology, a production and quality system (*PERFORM* — a system already existing in the group, but which is now being extended to all the subsidiaries and its application becoming standardized); a spirit of teamwork, a common vocabulary, new performance measurements and new image-building and international communication supports. During 1992, a great many employees participated in this change program known as "Genesis" (referring to the "creation" of a new group). To set this enormous process in motion, a vast training effort was required which has been taken in hand largely by Cap Gemini Sogeti University in Béhoust. The Genesis program will be implemented throughout 1993.

Yes, 1992 will be remembered as a turbulent time everywhere, a time when events played havoc with world economy. For Cap Gemini Sogeti, it will also be remembered as the year of "Genesis," the time when a great service company paved the way for its second generation and its entry into the 21st century. In helping its clients reap the maximum benefit from information technology, the group will continue to play an active part in their development, either by designing new applications for them or by effectively managing those which already exist. ■

Cap Gemini Sogeti is Europe's number one computer services and consulting company and one of the industry leaders worldwide. For nearly two decades the group has had a single ambition: to offer the wealth of its experience and expertise in helping its clients make the most gainful and beneficial use of information technology.

International in its outlook from the time of its creation in 1975, Cap Gemini Sogeti is present in 15 European countries and the United States. Early on, it opted for a decentralized structure in which local managers were the decision-makers who functioned in close proximity to their clients and staff.

In fact, it was this principle of decentralized units linked in a federated structure that brought some of the great names in information technology into the Cap Gemini Sogeti fold. Among them, Sesa, Hoskyns, CGA Computer and, in 1992, Programator and Volmac, all providing the stimulus for two current action plans of major strategic importance: transnational cooperation and a sectoral approach to conducting business.

Consequently, the group is reorganizing and modifying its operating methods to offer its clients the following advantages: a dual organization, an extended range of services, bold initiatives in quality and innovation, a "transnational" management team, and closer collaboration with Gemini Consulting — the other Sogeti company, created in 1991 — which, in just two years, has become one of the leading management consulting practices in the world.


Homage to Michelangelo

A Dual Organization

Throughout 1992, and half-way to implementing the strategy decided upon two years earlier, Cap Gemini Sogeti began to focus its energies on the design, preparation and unveiling of a new organization. With the arrival of new partners - Hoskyns, Programator, Volmac and debis Systemhaus - and with the changes taking place in its business, the market and the competitive environment, the group had no choice but to alter its life-style; to transform itself from a "federation" of national companies into a real transnational corporation.

Organizational changes

This in-depth reorganization is intended to achieve several key objectives: to synchronize group development with the shifting demand, reinforce internal coherence, knock down national boundaries, increase sales efficiency, give absolute priority to the line managers and reduce bureaucracy to the barest minimum – all the while respecting the basic values which have always been a source of strength.

The first phase of this transformation process was introduced in Prague in June 1992. Henceforth, Cap Gemini Sogeti would be built around two basic structures: operational divisions accountable for clients, staff and budgets; a corporate nucleus run by a team of 23 Group Vice Presidents (GVPs) to handle the functions of control and coordination for the operational divisions.

Operational units

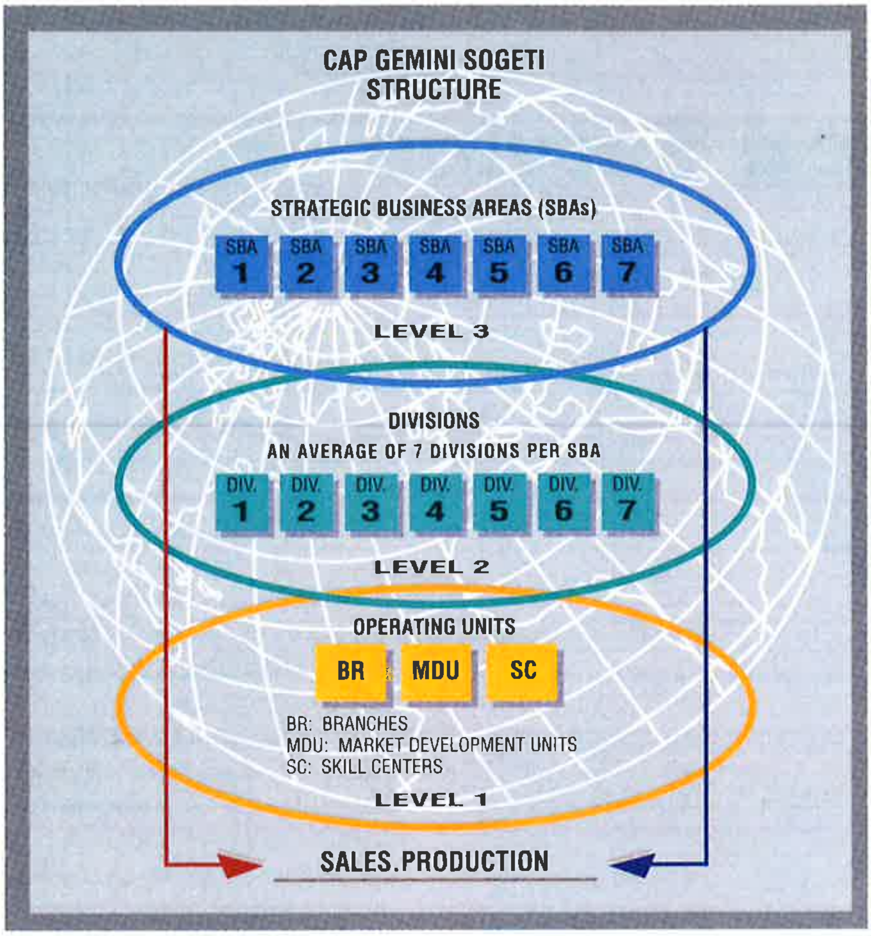
The structural foundations of this new organization are built around three types of operational units:

- The traditional **Branch**, under the directorship of a branch manager, is mainly responsible for sales and production activities within a given territory.
- The **MDU (or Market Development Unit)** is fully devoted to sales, either a certain aspect of the service offering or within a specific sector. An MDU has the sales resources and capability to generate and follow up on business opportunities through the signing of the contract. An MDU's mission may extend outside its own division to provide assistance to other operating units.
- The **Skill Center** is tasked with delivering on contracts signed by the MDUs and branches (in its own or other divisions). A Skill Center is essentially a repository of expertise or specialization in one type of service (migration), in a particular sector (banking) or a specific application (financial or analytical accounting).

In other words, whereas Cap Gemini Sogeti's previous organization had a single base unit (the Branch), now there is a mix of three different types of building blocks: the Branch, a unit specializing in sales and one in production.

These units are further restructured into **operational divisions**, each with a staff of about 500. There is at least one operational division per country, even if the size of the work force does not justify it. This is the case, for example in Finland, Denmark, Austria and even Switzerland. Each division now has the possibility of organizing itself around one or a combination of the three building blocks described above. In this way, they can achieve the best fit for the specific conditions of their market, the available resources, the geographic distribution of their clients and the projects anticipated.

The divisions are additionally regrouped by geographic and cultural affinities into **"Strategic Business Areas"** – or SBAs as they are now familiarly known. There are seven SBAs, each with an average staff of 3,000. The group's



CAP GEMINI SOGETI'S MANAGEMENT TEAM

	Regions	Sectors	The 23 GVPs
SBA 1	*United States*	*Gas & Oil*	Michel Berty/Robert J. Sywolski
SBA 2	*United Kingdom*	*Financial Services*	Tony Fisher/Tony Robinson
SBA 3	*Nordic countries*	*Utilities*	Anders Skarin/Christer Ugander
SBA 4	*The Benelux*	*Distribution*	Chris van Breugel/Bernd Brix
SBA 5	*Germany*	*Industry*	Karl Heinz Achinger
SBA 6	*Ile de France*	*Telecommunications*	Alexandre Haeffner/Henri Sturtz
SBA 7	*French provinces, Spain, Italy, Switzerland, Austria*	*Space, Air Traffic Control, Railways*	Alexandre Haeffner/ Gennaro de Stasio
Central Functions	*Development*		Eric Lutaud
	Finance		Vincent Grimond
	Image & Communications		Jacques Collin
	Quality & Innovation		Wolfgang Schönfeld
	Human Resources		Adolfo Cefis
Presidents	*Regions*		Geoff Unwin, assisted by Jean-Paul Figer
	Sectors		Jacques Arnould, assisted by Philippe Gluntz
	Central Functions		Michel Jalabert
	Executive Chairman		Serge Kampf

traditional, decentralized structure has therefore been replaced by a **dual organization** in which the SBA plays two roles:

- To sell and deliver the whole Cap Gemini Sogeti service offering to clients whose decision-making centers are located within the territory covered by the SBA. That is the **regional role.**
- To develop the group's worldwide market share in a specific economic sector (financial services, telecommunications, etc.). That is the **sectoral role.**

A corporate nucleus

The SBAs are run by GVPs, generally two of them; this is the concept known as "twin management." They are responsible for management, coordination and facilitation of the operational divisions within their territories. The GVPs are therefore in charge of the regional and sectoral aspects of their SBAs.

In addition to these operational GVPs, there are several GVPs at the corporate level handling the group's "central functions," which cover:

- Finance
- Group Development
- Image and Communications
- Manager Development
- Quality and Innovation.

The full management team is headed by four Presidents:

- a President in charge of regions, assisted by a deputy;
- a President in charge of sectors, assisted by a deputy;
- a President in charge of central functions;
- and, finally, an Executive Chairman.

All in all, the group structure is comprised of 46 divisions, 7 SBAs, 5 central functions and a management team of 23 vice presidents. ■

An Extended Service Offering

Management of the corporate information system is taking on a new strategic importance. The rapidly changing business environment (mergers, acquisitions, legislation, markets) is bringing about an evolution in Information Systems, which must be able to provide information as soon as it is needed and to maintain high standards of service.

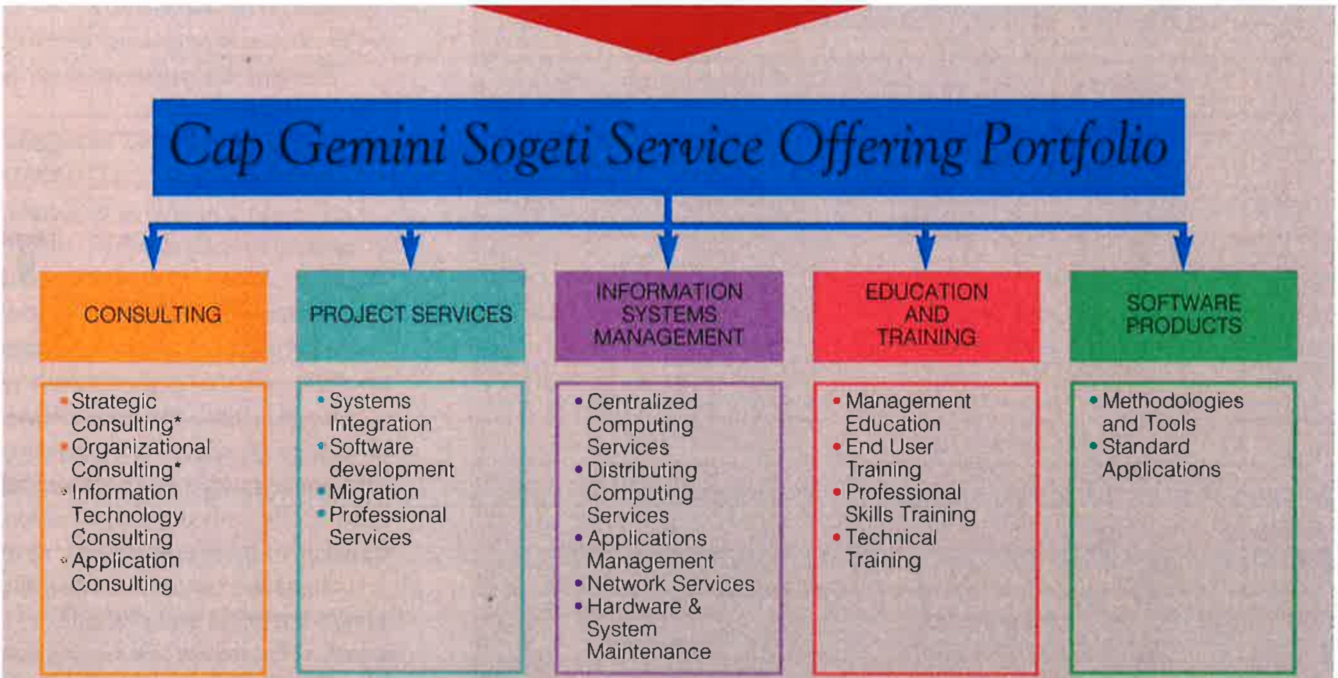
Whatever their business, major users have common priorities:

- reduce expenditure by measuring and so controlling IT costs;
- achieve competitive edge by harnessing new technologies that make Information Systems more flexible and enable the process of business transformation;
- focus on core business by reducing time spent on IT management and increasing its value as a management tool.

Cap Gemini Sogeti has responded to these needs by structuring its offering to achieve a comprehensive palette of services which clients can mix to suit their strategic priorities.

The Service Offering Portfolio comprises five distinct groups of services:

Consulting: the improvement of our clients' business performance through the provision of expertise, knowledge and insight in the areas of strategic business planning, operational improvement, information technology and its practical applications.

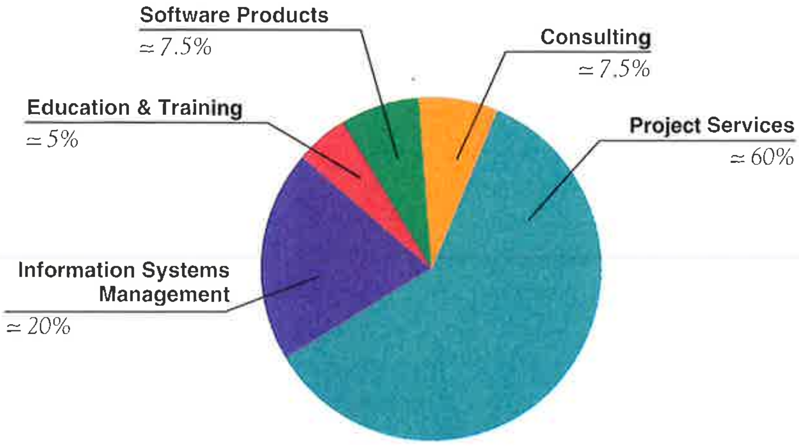


* Mainly provided by Gemini Consulting, the other Sogeti company.

Project services: a family of services covering all activities intended to contribute to flawless project work, involving either customized development or the integration of heterogeneous elements.
Information Systems Management: the provision of all or a significant part of clients' information systems service requirements on the basis of a long-term service level contract. It covers the responsibility to plan, manage, provide, operate, maintain any or all components of clients' information systems (equipment, networks, system software, application software).
Education and training is a family of services designed to enable clients' staff to adapt to new applications and to supplement their knowledge of new technological developments.
Software products covers the provision, implementation and continuous support of ready-made, prepackaged software solutions.

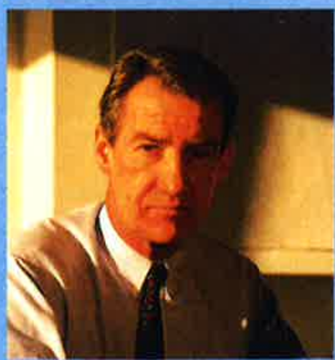
By establishing a common vocabulary, the Service Offering Portfolio facilitates transnational communication within the group and creates a common perception of the expertise that the group puts at the disposal of its clients. ■

Revenue Breakdown by Business Line



Establishing a Partnership

Tony Robinson, one of the two Group Vice Presidents in charge of SBA 2 and also developing the group's Information Systems Management (ISM) expertise, defines the essence of the "outsourcing" option:
"Every outsourcing contract is different. Each is driven by the client's individual business priorities. Once those issues and priorities have been established, the solution is crafted in a way that guarantees the client the benefits that have been agreed to with Cap Gemini Sogeti.
This whole process is enshrined in a binding contract that stipulates levels of service and reporting requirements. In this way, the client is able to minimize the time he spends reassuring himself that we are delivering on his priorities. He can concentrate on his core business, secure in the knowledge that his information systems are being looked after by a specialist who will respect his strategy and cost priorities. This is a flexible arrangement that can cover the whole range of information system services: hardware, applications, networks, maintenance, development.
In short, the client needs a supplier which can act as a partner. Particularly when sensitive issues are involved, such as the transfer of client staff, the partner needs to be able to reassure people that it can respect staff needs while meeting the company's business objectives."



A Commitment to Quality

Software suffers from being misunderstood. It is the intangibility of it that causes problems. Software is hard to imagine as the vital component that is at the heart of many of the most important processes in business, finance and society at large. The management of this complexity is undoubtedly one of the factors that is encouraging many companies to "outsource" their information technology to an external specialist.

Quality, Productivity... or both?

It is dangerous to forget that software development is a production process. Software "production" is subject to many of the same constraints as major construction projects and it calls for an equally rigorous approach if the whole structure is not to be brought down by the failure of a single component. Hence the stress that is now being placed on quality management in software development.

For the ISO, quality management means the provision of products or services that are able to satisfy all explicit or implicit requirements. Guaranteeing quality in software and related services implies delivery on time, in budget and with all functional requirements met. Achieving this aim requires close attention to project management, formalization of the development process and the possession of all complementary skills.

The demands made on companies like Cap Gemini Sogeti have changed enormously over the years. Twenty years ago, the client needed technical skills. As software began to handle more and more complex tasks, the people with technical skills were asked to demonstrate a knowledge of the client's business. From there came the development of the "integrated" IT solution.

Clients are increasingly asking service companies to take on and run their information systems. Their aim is to draw on expertise in new enabling technologies (such as process modelling, client-server architectures, object-oriented programming) and, more especially, to reuse beneficial advances that have already been applied elsewhere. Technology transfer is therefore a crucial part of their pursuit of productivity and quality. It is for this reason that, throughout the group, there is a determination to draw on past experiences, either by naming experts responsible for passing on specific know-how, or by setting down expertise in the form of documentation or references or, indeed, by identifying all that can be reused (processes, software kernels, modules).

PERFORM

Cap Gemini Sogeti has chosen to meet these new requirements by developing ***PERFORM***, its International Quality System. ***PERFORM*** sets out the organizational structures, the responsibilities, the procedures, the working practices and the resources that are mobilized by the Group for quality management. It draws on the expertise, the techniques and the tools that the Group has used successfully in thousands of projects throughout the world. With ***PERFORM*** everyone knows what must be done and must do it. Using the generic models developed within ***PERFORM***, the client and Cap Gemini Sogeti staff produce a quality plan specifically for the project in question. "Deliverables" are stipulated for each step and responsibility for each deliverable is clearly assigned. The whole process is supported by the computer-based tools for project management and software engineering that have been brought together in ***PERFORM***ance, the ***PERFORM*** workbench.

In this way, performance criteria are defined for each part of the production process and clients know that the project is being managed successfully because they can understand and assess the role being played by all participants. Moreover, ***PERFORM*** ensures consistent levels of service and working

The Adoration

practices throughout the Cap Gemini Sogeti Group. By creating a single group culture, it enables clients throughout the world to benefit from the expertise of the whole organization and to ensure that work carried out in different parts of their organizations is consistent and complementary.

Needless to say, **PERFORM** will never be complete. As the embodiment of Cap Gemini Sogeti's experience in all areas of IT services, it will evolve as market needs and technologies continue to evolve. However, it already possesses one quality that makes it unique in the computer services industry: it is compliant with the ISO 9000 series of industrial quality management standards laid down by the International Standards Organization. These standards are well on the way to achieving worldwide acceptance and ISO certification will soon be as basic a market requirement for IT services as national safety labels already are for consumer goods.

Cap Gemini Sogeti's experience in the field of quality leads it to conclude that quality management demands:

- A global approach informing the actions of the whole company, a genuine "company culture" implemented by everyone.
- Investment destined to ensure that quality is perceived as an "urgent requirement": motivation, education and training, metrics for progress measurement and definition of objectives, project audits more for on-the-job training than for control.
- Investment in the resources required to enhance the system and to monitor its effectiveness and relevance to market needs. ■

Paying for Poor Quality

Failure to implement a rigorous production and quality management process can be very expensive indeed. Information systems are at the heart of many of today's most prestigious and innovative business ventures. If the software fails, the whole project fails with inevitable consequences on loss of operating income and zero return on investment.
In spite of recent technological advances that simplify the "re-engineering" of computer software, the task of correcting a functional misunderstanding in a highly complex multi-million dollar project can be daunting. Moreover, a sobering fact has emerged from Cap Gemini Sogeti's analysis of the costs of poor quality management: on average, an error detected during or after development is 100 times more expensive to correct than an error detected during the design phase.

Research and Innovation

In a difficult economic climate, seizing fleeting opportunities means achieving the fastest possible response. To accomplish this, people in business need access to the information and tools that are essential enablers of analysis, understanding, decision-making and rapid action.

Companies must therefore integrate new information technologies and use them to leverage their business development strategies. Their attempts to do so are, however, complicated by today's ever-shorter technology development cycles.

Cap Gemini Innovation

Cap Gemini Sogeti is meeting this challenge by investing more than 5% of its revenues in research and development. Cap Gemini Innovation, its specialist unit created in 1984, assesses and tests new technologies, making them available as and when they are ready to deliver real benefits.

Working closely with the group's clients and operating companies in order to promote transfer of expertise, Cap Gemini Innovation focuses its attention on software engineering, man-machine communication, knowledge engineering and new system architectures.

Software Engineering

Cap Gemini Sogeti has set itself an ambitious target: to double the productivity of development teams in five years (it is currently rising at the rate of a few points a year).

We are making progress on three fronts:

- **The use of tools to model**, enact and therefore improve the underlying process. *PROCESS* **WEAVER**, which grew out of the Eureka ESF program, is one of the first tools for promoting team, rather than individual, productivity. It facilitates communication between team members and coaches them through the method being applied. *PROCESS* **WEAVER** is at the leading edge of developments in Groupware and it is an essential part of ***PERFORM*** and ***PERFORM***ance, its integrated workbench. It has recently seen service on NASA's space shuttle program.
- The **reuse** of software to avoid "reinventing the wheel" (and so increasing costs, lead times and unreliability) with each new development. Reuse is made possible by object-oriented programming, through which system components — objects — can be developed for rapid building of solid and easily-maintainable applications. A further aspect of reuse is **composition**, the establishment of cooperation between old and new applications. This reuse of existing applications is of prime importance in the current move from centralized to distributed systems. In the field of reuse, Cap Gemini Innovation is involved in the Reboot, Proteus and Score research programs, as a result of which it has been able to contribute new methods to ***PERFORM***, the group's Quality System.
- Finally, we are seeing the emergence of **"middleware,"** a layer of software that complements operating systems and which provides a range of features for application design and development: programmable interfaces (API), object management, directory management, communication, and dialogue and application generation. In this field, Cap Gemini Sogeti is involved in the Harness research program.

Man-Machine Communication

The growing complexity of information systems is creating a need for truly user-friendly interfaces that take account of users' approaches, goals and intentions.

This new focus on the user is being sharpened by graphical interfaces that promote intuitive use of computer tools, which are themselves becoming increasingly standardized. There is still a need to improve the dynamics of dialogue, re-

Cap Gemini Sogeti and the Environment

For many years, the Western World was almost unaware of environmental problems. At the beginning of the 1990s, however, three factors combined to make the environment a high-profile issue: environmental protection was perceived as an ethical battle as well as a necessity; media power amplified the effect of major disasters (Chernobyl); the recession forced industry to face up to rigorous resource management.

But what does environmental management actually entail? Many parallels exist with economic management: eco-audits, environmental reports, environmental taxes, etc. Similarly, respecting the environment depends on the effective flow of information to individuals, national and local administrative bodies, industry and other interested parties. Environmental management is subject to a double bind. On the one hand, the environment generates a flood of information including air pollution data, satellite images showing changes in flora, meteorological data, legislation, socio-economic data, environmental policy, etc. On the other, this information must be scientifically valid, readily understandable and constantly updated.

A global, cooperative and sustainable way of managing this information is required. To this end, Cap Gemini Sogeti has developed an Environmental Information System (EIS) that will prove an essential enabler for those seeking to act, inform and be informed on the state of the environment.

The environment is now a major issue and a market in the making. Cap Gemini Sogeti intends to play a leading role, making full use of its understanding of industry and government, its consulting and IT skills and its worldwide presence to find innovative solutions to the problems of the environment.

Satellite view of the earth

Industrial pollution in Dunkirk

placing the "no more seats available" response to a ticket request with a suggested alternative time or destination. This cooperative dialogue, which has been used successfully in France Telecom's electronic telephone directory, has been successfully extended to natural language and voice processing techniques and tested in major research projects such as Sundial. It is now ready to be introduced into industrial applications.

In parallel with these dialogue techniques, falling hardware prices and the growth of high-performance communications infrastructures are creating the conditions for multimedia innovations combining text, pictures, sound and (soon) video.

Building on the success of its Quadratel range of multimedia products, Cap Gemini Sogeti is participating in the Helios, Formentor, Fast and Intuitive research programs in order to apply these information representation techniques to fields as diverse as health, the environment, and banking.

Knowledge Engineering

The need to achieve rapid responses in business is putting human knowledge and talents on center stage. To make full use of their resources of knowledge and creativity, companies must free themselves from the rigidity of linear and algorithmic information systems, in which all processes should be predefined (in reality even this condition is not always met).

KADS, which is part of *PERFORM*, meets this need by providing the methods and tools enabling human expertise to be captured, modelled and integrated into information systems. More than 30 applications testify to the effectiveness of KADS and KADS-Tool as a means of preserving or mobilizing corporate knowledge capital. The Airbus cabin design system is a notable example.

New Architectures

Although more than 10 years old, the concept of the distributed architecture is taking on a new meaning with the rise of the client-server model, which makes it possible to tailor the information system to a specific business organization and to share both information and applications. This model, which is already of prime importance for most companies, is expected to underlie two-thirds of business applications by 1995.

In practice, use of these techniques creates a complexity that has not yet been fully mastered. Cap Gemini Sogeti is concentrating on development of analytical methods and tools, on prototyping and integration techniques and on the development of interfaces through projects such as Intuitive and Harness.

To date, these efforts have led to the creation of several client-server skill centers, the largest of which, in Paris, has an integration and testing platform able to link most existing architectures. ■

The Men and Women of Cap Gemini Sogeti on the Road to Transnationalization

It has been said many times that the chief asset of any service company is its human resources. This is even truer for Cap Gemini Sogeti, whose activities are almost exclusively intellectual. On December 31, 1992, its talented, well educated and highly motivated work force numbered 21,374.

But in the changing environment described in the preceding pages, even more is being asked of these men and women who have always given their very best. And that "more," that extra effort, is what is needed to make the leap from an international to a transnational group. By transcending national and cultural barriers, Cap Gemini Sogeti is able to guarantee to each of its clients the best solutions and the most consistent quality service available. To succeed, however, calls for profound modification in behavior — traditionally local and individual — in the way people sell, relate to clients, manage projects or exchange information and expertise with their colleagues.

To implement these new behavior patterns requires the active involvement of two key corporate functions: communications and training.

Cross-border communications

Keeping a large, multinational, mobile work force abreast of what's going on in a group as active and spread out as Cap Gemini Sogeti has never been an easy undertaking, still less in a year as turbulent as 1992. During the course of the year, from the time the new organization was unveiled and the Genesis program launched, the group had to keep all its employees informed of the details and motives which had led to this vast project, including the new structures and working methods (commercial, technical) that needed to be absorbed by everyone if the program were to work.

Professional re-education

The idea for creating a permanent, professional training facility within Cap Gemini Sogeti dates from 1988. CGS University, now housed in its own "campus" less than an hour's drive from Paris headquarters, operates under two equally strong mandates: to serve as both a training ground and a meeting

The group's top management gathered at Béhoust for the 1993 kick-off meeting and the launching of the new organization

National Behavior Patterns

Criteria	France	Germany	Italy	The Netherlands	Spain	United Kingdom	United States
Planning	Interesting intellectual exercise, only rarely ending in actions and results.	Uncertainty and ambiguity cause distress. Opportunism implies an inability to think ahead and to organize.	Rare and often considered useless. Opportunism is limited to managers.	Pragmatic and easily subject to improvisation.	The future is determined by the intuition and business sense of the managers.	Mainly financial and budgetary, rarely strategic. More practical than theoretical. Mainly short-term.	Planning intervals shorter than in many countries.
Leadership	Respect for authority based mainly on competence and intelligence. The boss knows everything and tends to be dictatorial.	The boss is a strong authority figure and decision-maker. Neither contradicted nor disobeyed. Delegation of authority is clear and precise.	Authority is delegated case by case. The boss retains the maximum amount of power. Tendency towards authoritarianism.	The chief is regarded as the most important employee - "first among equals." Relationships at all levels are very open.	The boss knows all, solves everything, is alone at the top and shows his courage. Delegated authority is temporary and uncertain.	An orchestra conductor more than a boss. Style ambiguous, with authority adapted to given situations.	Key characteristics: . clear lines of authority . detailed instructions for subordinates . constant feedback on individual performance.
Meetings	Agendas are prepared and followed. Meetings informative rather than reflective. You do not contradict anyone publicly unless you are the boss.	Formal, with prepared agendas and minutes. Used to inform and to give orders. Verbal contributions confined to your own field.	Difficult to organize. Little structure and informal. More a chance to get together than to work together.	Frequent and informal, but detailed and well prepared.	Decisions made by one person. Meetings serve to communicate instructions. Everyone keeps his ideas to himself.	An essential management tool. Informal and creative, with everybody participating, even if the subject is not familiar. Looking for consensus.	Want to get down to business immediately. Most meetings follow an agenda.
Etiquette	Everyone shakes hands. Last names used more than first. Dress varies according to function.	Contact very formal. Use of titles and last names. Intimacy and private life have no place. Dress code is very strict.	Consideration and respect (even feigned) are the rule. Openness curiosity and tolerance. Dress: elegant and dignified.	Titles are sometimes used, first names quickly and easily. Dress is informal, manners direct.	Style familiar and informal. Modesty (even feigned) is an asset. Casualness, but also vulnerability.	Informal contact using first names: Little physical contact (no hand shaking). (Feigned) humility. Dress a mark of social status.	Very informal, frequent use of first names. Often use humor to diffuse tensions on the job. React strongly to being corrected in public.
Punctuality	Depends on the importance of the meeting. 15 minutes is considered acceptable. Meetings are often changed.	You have to arrive on time and leave on time (in the evening).	A 20-minute delay is acceptable. Never leave a meeting; you wait until it is over.	Lateness is not tolerated, nor cancellation of meetings.	Tendency to make too many appointments for the same time.	Being on time is impolite.	Promptness is sacred. Time commitments are taken very seriously.
Communication	Mainly written and well-organized presentations. Informal network more important than official communication.	Top down. Mainly written. Confined to strictly necessary information. More practical than enlightening.	Complex and torturous. Professional. Lots of words, but the essentials are not discussed.	Open and above-board.	Face-to-face behind closed doors. Mainly oral.	In all forms, but rarely face-to-face. Often in the form of meetings.	Americans prefer directness in communications. Written communication is very important. Informal but important information networks within companies.

Source: Excerpted from *Mind your Manners* by John Mole

International vs. Transnational

Webster's *New Collegiate Dictionary* defines "international" as "affecting or involving two or more nations," and "transnational" as "extending or going beyond national boundaries." Is there a difference? In corporate terms, an international organization is one made up of separate national entities linked in a federated structure. A transnational organization, on the other hand, circumvents national dividing lines and conducts business virtually as one unit with a single worldwide strategy. Cap Gemini Sogeti has always been international. But in 1992, the decision was made to convert this international expertise into a coherent business offering and attitude which will bring to all its clients, wherever they are located, the best talents and experience of the entire group.

ground for group managers. The first of these missions is self-evident. With rapid changes taking place in the IT industry and within the group, re-educating the work force is a matter of top priority. CGS University offers managers in all the operational units a complete range of seminars dealing with the group's major activities: new technologies, business practices, teamwork, project management and communications, among others. During 1993, several hundred managers will be trained in various aspects of the Genesis program and the implementation of changes being made in all divisions of the group.

The second objective — to serve as a meeting ground for managers from 16 countries, representing that many different cultures, speaking 10 different languages, and not yet accustomed to doing business together — is not nearly so self-evident.

The language problem may be considered reasonably well under control, since English has been the official working language of the group for several years. The culture issue, however, is far less easy to master, even though mastering it — or at least understanding it — will determine the success or failure of any transnational organization.

Too often cultural diversity is regarded as an obstacle to efficiency. But for a company that recognizes the creative potential in such diversity, a company which learns to manage common resources while clearly perceiving differences observed in the field, it can represent not an obstacle but the source of substantial enrichment and real competitive advantage.

Does the ideal transnational manager exist?

Several books and articles have appeared recently comparing the leadership abilities and business practices of managers from the various countries of Europe, from Japan and the U.S. The table on page 34 (inspired by John Moles' 1990 book, *Mind Your Manners*) takes a semi-humorous look at a not-so-humorous subject.

Confronted on a daily basis with such diverse attitudes, Cap Gemini Sogeti has found a way to harness these differences. How? Through multiple contacts as described above and through training and transnational teamwork. Also through careful stewardship of the group's common tools and resources, its international management team (the 23 GVPs), a shared technical and commercial vocabulary, a groupwide Service Offering Portfolio, a global technology transfer program, a quality system applicable to all projects, a reference database accessible to all units and a common management reporting tool; at the same time, respecting those areas in which cultural individuality is an asset and a source of pride. That is what transnationalism is all about. That is where the future of information technology lies. That is clearly the direction in which the men and women of Cap Gemini Sogeti are headed as they continue to serve the best interests of their clients everywhere. ■

Change to Win

No question that the 700 group managers assembled in Prague from June 25-29, 1992 for the XVIIIth Cap Gemini Sogeti Rencontres were resoundingly in favor of change. In fact, the working theme of this historic gathering was "Organize for Change." It was here that the broad outlines of the new group structure were first presented, accompanied by a statement of three "principles of intent":

- To act as a group with **closer integration**, coherence and cohesion.
- To increase leverage by getting **a better "grip" on changing demand**, working more efficiently, giving priority to the line managers.
- **To respect the seven basic values** upon which the group was built (honesty, simplicity, entrepreneurial spirit, solidarity, etc.).

For, as Serge Kampf emphasized on this occasion, "Even though we want to build a new house, we cannot destroy the foundations of the old one."

GEMINI

In a world exploding with social, technological and geopolitical change, leaders are constantly asked to deal with a multitude of economic problems; to adopt more holistic views; to become not only more multi-cultural but, in addition, to think and act more globally. As never before, leaders must carry out their work in terms of long-term journeys, while at the same time meeting ever shorter deadlines. Those who lead today will lead tomorrow if, and only if, they master the art of change, continuously renewing and reinventing themselves and their organizations, continuously rewriting the rules of success to create ever more significant successes in the future.

The vision driving Gemini Consulting* is to be the best in the world at helping leaders master the art of change to build winning organizations, at helping them transcend their aspirations to make a significant difference to their customers, people and owners. Gemini's vision is directed both outwardly and inwardly — the clients' interests are Gemini's interests; the clients' success is Gemini's success. What Gemini asks of clients, it lives in its own organization. On every engagement, Gemini strives both to leave for the client and to secure for itself a living, breathing, growing legacy of value creation.

(*) Gemini Consulting, a Sogeti company, is legally, organizationally and culturally separate from Cap Gemini Sogeti. The two firms work together closely when there are clients whose best interests are served by combining the complementary talents of Cap Gemini Sogeti and Gemini.

A legacy of leadership

The clearest measure of Gemini's success is the vigorous rise in demand for its services, and the clearest measure of that progression is the firm's internal growth. In 1991, an internal growth rate of 30% made Gemini the fastest growing of the twenty largest firms in the profession worldwide. In 1992, with the management consulting industry feeling the pressure of worldwide recession, Gemini improved its internal growth rate to 39%, which should secure its leadership position for the second year in a row. Staff size grew from 1,300 to 1,700. (Internal growth and staff numbers do not include those of GTP — see page 37).

In an exceptional year, two events are worthy of special mention:

- The merger in November with Gruber, Titze & Partner (GTP), the largest addition to the Gemini family since its formation in January 1991. GTP dramatically bolsters Gemini's European presence, particularly in the strategically vital German market — where Gemini is now the third largest management consultancy.
- Establishment of a South African office, currently staffed by 25 consultants. The office, located in Johannesburg, is now collaborating with a local black consultancy, positioning Gemini to make a difference in that evolving country.

Management restructuring

Gemini has altered the structure of its management team to ensure equal success in 1993 and beyond, to accelerate its ability to think and act more globally and to secure smooth leadership succession.

Daniel J. Valentino, former Managing Director - North America,

has been named Chief Executive Officer, a position previously held by David A. Teiger, who remains Chairman. Valentino, Teiger and James Kelly, Managing Director - Europe, Africa and Asia, together form the Office of the CEO. In addition, a new Office of the Managing Director has been established in North America, led by James A. Duffy and Thomas R. Madison. The Office of the Managing Director in Europe has also been formed, led by James Kelly; Luis Malagarriga, former head of Gemini's practice in Spain and Portugal; and Wolfgang Titze, GTP's founder.

As CEO, one of Valentino's major objectives is to ensure that Gemini leverages its increasingly global reach as a competitive strength. As more clients require multinational management and staffing, his focus is on guiding Gemini in the process of transforming itself to transcend geography and become a global network of networks. This will require assembling and integrating multinational, multicultural, multidisciplinary and multilingual teams to meet client needs any time, any place.

The growing market imperative is for seamless delivery of consulting and technology, and meeting that imperative will be Valentino's second key objective. Exceeding the market's felt needs will require that Gemini be the best in the world at management consulting and that Cap Gemini Sogeti be the best in the world at technology consulting — and that together we be the best in the world at managing the interface between the two. The challenge will be to manage the paradox of independence and integration to build a better team than clients can find anywhere in the world. ■

The kiss by Canova

Merger With GTP

On November 5, 1992, Gemini took a controlling stake in the highly reputed German consultancy, Gruber, Titze & Partner (GTP). The move grew Gemini's total staff by more than 500 team members — over 350 from GTP's offices, and more than 150 in its marketing and sales service subsidiary (PPD). All included, Gemini's total, full-time staff is now over 2,300.

Founded in 1974 by Wolfgang Titze and two partners, GTP quickly rose to the undisputed leadership position in its core area of marketing and sales consulting in the German market.

By the time of the merger, GTP offered a wide range of professional consulting services, with functional expertise in strategy, organization and management development, marketing and sales, information management, production and logistics, environmental management, and executive search. An additional unit approaches the market under a different banner — PPD — providing sales and marketing services to both GTP and independent clients.

Industry- and function-focused teams apply GTP's extensive knowledge and broad customer base to serve industries such as food and agribusiness; telecommunications, computers, and consumer electronics; consumer and durable goods; automotive; private and other sectors.

Main locations

Cap Gemini Sogeti Holding Company

Corporate Headquarter: Grenoble
3, rue Malakoff - B.P. 206
38005 Grenoble Cedex 1
Tel.: 33 76 59 63 00

General Management: Paris
Place de l'Etoile - 11 rue de Tilsitt
75017 Paris
Tel.: 33 (1) 47 54 50 00

Other Locations in France

Paris	Cap Sesa (Exploitation)	33 (1) 40 24 10 10
	Cap Sesa (Finance Division)	33 (1) 47 54 52 00
	Cap Sesa (Formation)	33 (1) 44 74 24 00
	Cap Sesa (Hoskyns)	33 (1) 40 24 10 10
	Cap Sesa (Industry Division)	33 (1) 49 10 51 00
	Cap Sesa (Informatique Hospitalière)	33 (1) 49 55 96 80
	Cap Sesa (Maintenance)	33 (1) 47 62 72 00
	Cap Sesa (Telecom Division)	33 (1) 49 00 40 00
	Cap Sesa (Tertiaire Division)	33 (1) 49 55 99 00
	Cap Gemini Innovation	**33 (1) 49 10 51 50**
	Copernique	33 (1) 30 82 50 00
	ITMI	33 (1) 49 10 51 00
	Matra Cap Systèmes	33 (1) 49 00 40 00
	Cap Gemini Sogeti University	**33 (1) 30 88 38 38**
Annecy	Cap Sesa (Rhône-Alpes Division)	33 50 33 54 04
Bayonne	ITMI	33 59 50 31 00
Bordeaux	Cap Sesa (Exploitation)	33 56 36 65 41
	Cap Sesa (Informatique Hospitalière)	33 56 07 29 99
	Cap Sesa (Southwest Division)	33 56 46 70 00
Brest	Cap Sesa (West Division)	33 98 41 45 44
Caen	Cap Sesa (North Division)	33 31 94 51 20
Clermond-FD	Cap Sesa (Rhône-Alpes Division)	33 73 28 23 81
Grenoble	Aptor	33 76 41 40 00
	Cap Sesa (Rhône-Alpes Division)	33 76 90 01 02
	Cap Gemini Innovation	33 76 76 47 47
	ITMI	33 76 90 33 81
	Sogeti	**33 76 59 63 00**

Lille	Cap Sesa (Exploitation)	33 20 45 99 18
	Cap Sesa (North Division)	33 20 72 95 09
Lyon	Cap Sesa (Exploitation)	33 72 74 03 26
	Cap Sesa (Informatique Hospitalière)	33 72 43 51 60
	Cap Sesa (Rhône-Alpes Division)	33 78 62 20 41
	CSP	33 78 60 69 00
	Sogeti (Financial Management)	33 78 62 20 44
Marseille	Cap Sesa (Mediterranean Division)	33 91 16 57 00
Metz	Cap Sesa (East Division)	33 87 37 11 23
Montpellier	Cap Sesa (Mediterranean Division)	33 67 20 92 92
Nancy	Cap Sesa (East Division)	33 83 44 44 88
Nantes	Cap Sesa (Exploitation)	33 40 69 66 66
	Cap Sesa (West Division)	33 40 47 80 23
Nice	Cap Sesa (Mediterranean Division)	33 93 21 01 41
Orléans	Cap Sesa (West Division)	33 38 53 86 50
Pau	Cap Sesa (Southwest Division)	33 59 84 12 23
Poitiers	Cap Sesa (Informatique Hospitalière)	33 49 01 49 75
Reims	Cap Sesa (East Division)	33 26 47 38 38
Rennes	Cap Sesa (West Division)	33 99 83 85 85
	Cap Sesa (Telecom Division)	33 99 63 50 50
Rouen	Cap Sesa (North Division)	33 35 15 35 31
Strasbourg	Cap Sesa (East Division)	33 88 75 37 00
Toulon	Matra Cap Systèmes	33 94 63 71 71
Toulouse	Cap Sesa (Exploitation)	33 61 30 48 30
	Cap Sesa (Southwest Division)	33 61 31 52 00
	ITMI	33 61 31 52 38
Tours	Cap Sesa (West Division)	33 47 20 67 67

Other European locations

AUSTRIA		
Vienna	**Cap Gemini Austria**	**43 (1) 93 55 49**
BELGIUM		
Diegem	**Cap Gemini Sesa**	**32 (2) 716 12 11**
Diegem	Volmac Software & Training	32 (2) 717 51 70
DENMARK		
Glostrup	**Cap Programator**	**45 (42) 94 44 44**
Viby, Jylland	Cap Programator	45 (86) 28 70 77
FINLAND		
Espoo	**Cap Programator Oy**	**358 (0) 452 651**
Helsinki	Cap Programator Oy	358 (0) 733 55
Tampere	Cap Programator Oy	358 (31) 146 444
Turku	Cap Programator Oy	358 (21) 512 666
GERMANY		
Aachen	Cap debis (Telecommunication, Public Sector/Traffic Division)	49 (2408) 943-0
	Cap debis Division (Standard-Software-Products)	49 (2408) 943-150
Bochum	Programm Standard GmbH	49 (234) 977-080
Düsseldorf	Cap debis (Service Sector Division)	49 (211) 5269-100
Hamburg	Cap debis (Industry Division)	49 (40) 53103-170
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		49 (7031) 873-021
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	*SIF = Services, Industry & Finance **GST = Government, Space & Telecom	
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Combining abstraction with the most delicate figuration, Hasan Saygin creates canvases of shimmering ambiguity. His sensuality finds its inspiration in the supreme craftsmanship of the old masters: Michelangelo, Ingres, Raphaël.

With his dazzlingly original vision of the human form, Saygin wants to share with his viewers his passionate relationship to works of art. Thirty-four years old, the son of Turkish peasants, Saygin didn't even see his first painting until he was seventeen and has lost nothing of his innocence and his ability to be overwhelmed.

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