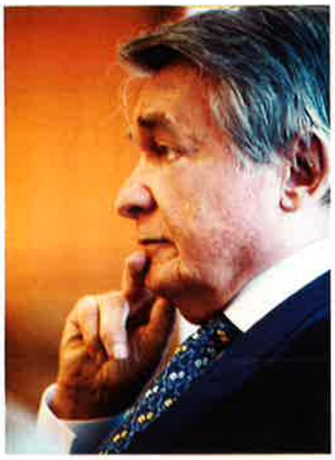
ANNUAL REPORT 2001

CAP GEMINI ERNST & YOUNG

LETTER FROM THE CHAIRMAN



Nostra culpa!

You may well have decided to distance yourself a little, but the difficulties encountered by a Group to which you remain extremely attached quickly bring you down to earth and sadden you as much as those already encountered ten or twenty years earlier (at the start of the 1990s, for example). They affect you all the more when the main reason is perhaps a mistake made by the Group itself, and in which you have taken part.

Despite having been certain for a long time that a purely matrix-based structure would soon become unmanageable, I allowed myself to be convinced two years ago that the new situation created by the acquisition of Ernst & Young's consulting activities made it necessary to put in place a **three-dimensional structure**: geographies, industry sectors and service lines.(*) That was the approach explained to the 57,000 employees of the new Group the day after the merger of May 23, 2000, and that was the approach introduced stage by stage since that date in all the units of Cap Gemini Ernst & Young.

Perhaps becoming impatient to harvest the benefits of the merger as soon as possible, we all set to work in this direction, not hesitating to revolutionize the habits – and the certainties – of the three organizations that we were bringing together: Cap Gemini, Gemini Consulting and Ernst & Young Consulting.

A few months later, the first successes were in sight. Important contracts had already demonstrated in spectacular fashion the credibility and status of the new Group. The eagerness of our largest partners to build structured and, from now on, "global" alliances attested to the new importance they gave to their relations with us. Internally, the construction work was strongly underway: merger of operating units, new structures being put in place, reorganization of business relationships, etc.

At the brink of the 2001 business year, **the Group was in fighting form**, ready for the assault on all the most ambitious of its objectives. And the credit goes mainly to CEO Geoff Unwin, as well as to all those who, along with him, carried out this merger so swiftly: Paul Hermelin, Mark Hauser, Pierre Hessler, Terry Ozan and many others, too numerous to name here.

(*) At the time, some even wanted to make the "professions" – aimed at more effectively managing our employees' career development – a fourth dimension.

But things did not turn out at all as we had planned. The first signs of a slowdown in the American economy, which had appeared six months earlier, should have warned us, but they were challenged at the time by the most eminent "specialists," convinced themselves that they had discovered the philosopher's stone of continued growth and an economy immune to crisis. Then came other alarms: the worsening economic situation in Germany, the unexpected end to the collective over-excitement unleashed by the Internet bubble, the sudden drop in pressure in the job market, the stock markets' slump in August, the terrorist attacks of September 11 and their virtually immediate impact on some especially vulnerable sectors, the war in Afghanistan, the Enron scandal and the legitimate questions it provoked about the true value of certain assets... None of this, or almost none of it, had been predicted at the start of the year.

In this context, the information technology industry in 2001 has been through probably the most brutal crisis of its short history. The telecommunications and micro-computer sectors suffered most of all but consultancy and IT services were not spared: once again being viewed as a variable cost to be cut, temporarily losing its **status as a strategic investment** to become an expense. This in turn led to volatility in the demand, cancellation or postponement of large projects, pressure on prices, the continued decline in forecasts, and so on.

Caught flat-footed by a crisis it didn't foresee, prepared for great campaigns carried out in open country and suddenly faced with trench warfare, entangled in wonderfully subtle management structures that were not well suited to the new situation in the marketplace, staffed by managers many of whom had never been faced with the constraints and disciplines of a public company, the Group was forced to carry out what were at times **painful adjustments** during the course of the year: severe cuts in costs and headcount, redoubled efforts to improve the utilization rate, reassigning talent mobilized for strategic projects but without immediate benefit, return to simpler structures with clearer responsibilities, the closing of small unprofitable subsidiaries. Yet with all this, the year was nevertheless capped off with a more "offensive" action: the creation of a subsidiary specializing in local professional services (Sogeti).

By December 31, the outcome for the year was not exactly brilliant: revenue stagnant, the workforce reduced by 5 percent from one year to the other, net profit one third of the previous year, stock-market capitalization cut in half.

And yet, at the start of 2002, **the Group feels strong**: the exceptional costs have not stopped us from remaining profitable (with net income of 152 million euros); operational cash flow is the best it's been in the last three years; our cash position and borrowing capacity are intact; the consolidated balance sheet is solid; our off-balance-sheet commitments are limited to commercial leases essential to operations; the workforce is aligned with our business perspective, albeit a more prudent one, based on evidence that the market will remain difficult and will only recover very slowly.

1994 – "Down to the sea in Toarmine" – Robert G. Schmidt (Galerie Saint-Roch)

OUTSTANDING EVENTS

JANUARY

Internet services for Mapfre

The Mapfre Group, also known as Sistema Mapfre, is the largest insurance group in Spain and the largest foreign insurance group in Latin America. In January 2001, Mapfre selected Cap Gemini Ernst & Young for the design and implementation of its Internet Strategy Plan. This led to the development of two corporate portals.

An Internet portal, aimed at current or future Mapfre customers, shareholders, investors and the general public, will cover all functionalities required by users, from simple access to business information, after-sales services for policy holders, fee calculation and online contracting. Other added-value services are being designed to capture new customers and retain existing ones.

At the same time, an intranet portal will become the single work desk for all Mapfre employees and agents, from which they will be able to access all the information, services and tools required to develop and personalize their daily work.

Heidelberg Group: from e-strategy to e-transformation

In January 2001, Cap Gemini Ernst & Young was engaged to carry out an e-strategy project by the Heidelberg Group, world market leader in printing solutions with 25,700 employees in 170 countries. A successful strategy development phase was followed, in April, by strategy implementation, at which time all of the Heidelberg Group's e-initiatives – international included – were placed under one uniform global project organization.

In addition, an adaptive IT architecture was developed taking into account Heidelberg's special requirements: quick implementation, global processes and standards, rapid adaptation for added or eliminated applications. Right from the start, the outstanding challenge on this project was to develop an e-Business concept to be implemented in business processes and technology around the world. Cap Gemini Ernst & Young was able to bring its know-how successfully into play in all phases – from strategy development, to creating an IT architecture adapted to the changing situation, to complete implementation of the projects.

FEBRUARY

Telfort outsources its IT operations

In a five-year deal worth €90 million, telecom giant Telfort has outsourced its internal infrastructure management and transferred a number of its staff to Cap Gemini Ernst & Young. Services to be provided range from IT helpdesk support and new software testing to office automation and infrastructure management. In addition to the outsourcing agreement, the two companies will also cooperate on a strategic level. Among the benefits of this engagement, Telfort is anticipating economies of scale allowing for cost savings against its existing budget.

Telfort is a wholly-owned subsidiary of mmO2 plc, a company listed on the London and New York stock exchanges and represented in the Netherlands by Telfort, in the U.K. by BT Cellnet, in Germany by VIAG Interkom, in Ireland by Digifone, on the Isle of Man by Manx Telecom, and in the mobile Internet market by Genie.

APRIL

Business partnership with TPG

TPG, with its two brands, TNT and Royal TPG Post, is a global provider of mail, express and logistics services, employing approximately 140,000 people in 58 countries and serving more than 200 countries.

TNT Benelux and Cap Gemini Ernst & Young entered into a full-scale business partnership agreement that includes outsourcing of office automation and procurement services, as well as the management of all the IT systems at TNT Benelux, maintenance services and helpdesk operations. As part of this far-reaching, multi-year contract, TNT staff members were transferred to Cap Gemini Ernst & Young.

MAY

Ground-breaking surveys in Life Sciences

Two major studies were carried out recently by Cap Gemini Ernst & Young's Life Sciences Global Sector Unit. In a survey of more than 100 senior executives from 42 pharmaceutical companies in 12 countries, jointly conducted with INSEAD, it was found that while large-scale transformation has failed to materialize, companies are beginning to see operational improvements from their e-Business initiatives. For example, there has been a 50 percent reduction in the time taken to submit reports for regulatory approval following clinical trials.

Another study focused on the importance of the patient in planning business, marketing, sales and Internet strategies. Having observed the shift toward patient issues in recent years, the Life Sciences unit conducted a "Patient Relationship Management" survey with top executives in Germany and Switzerland in the pharmaceutical, diagnostics and medical products markets. The study confirmed that the patient is indeed becoming a central target group in the industry. The insights gained from this inquiry have led to the implementation of several effective Patient Relationship Management concepts for Cap Gemini Ernst & Young's clients.

JUNE

ChevronTexaco co-sources to become an Adaptive Enterprise

ChevronTexaco is one of the world's largest integrated oil companies, active in more than 180 countries, and an employer of over 50,000 people. Recognizing a need to improve its Web development capability and productivity for e-Business solutions, ChevronTexaco entered into a three-year co-sourcing contract with Cap Gemini Ernst & Young for systems development, delivery and support. Under the terms of the agreement the two companies will jointly build and operate Web Applications Solutions Centers (WASCs) and develop web-based applications for business units across ChevronTexaco.

Through its Advanced Development Center (ADC) model, Cap Gemini Ernst & Young contributed its worldwide knowledge, experience and delivery infrastructure, as well as access to global technical resources in support of rapid deployment. It is anticipated that ChevronTexaco will benefit from a 30-40 percent improvement in Web development productivity during the three-year period.

WASC centers are planned for San Ramon (California), Houston, London and Asia-Pacific.

2001 – "Partagas" – Antoni Vives Fierro (Galerie Modus - www.galerie-modus.com)

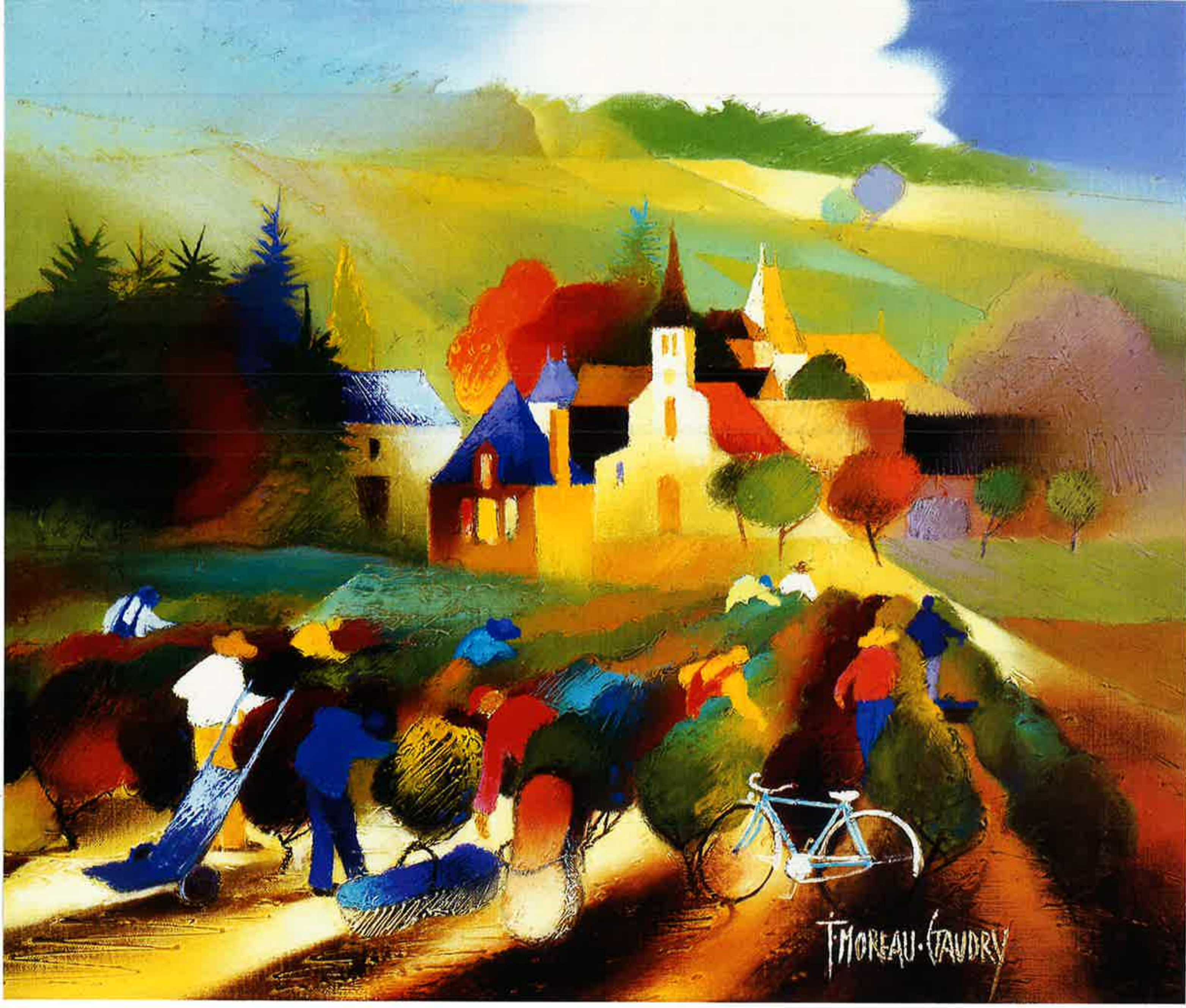
JULY

TMN named "Systems Integrator of the Year"

The Telecom Media Networks (TMN) Global Business Unit of Cap Gemini Ernst & Young has been named "Systems Integrator of the Year" by TeleStrategies' *Billing World* at its inaugural Excellence Awards ceremony held in Orlando, Florida, on June 26 and 27, 2001. One of five finalists in the SI category, TMN was chosen the winner on the basis of its successful delivery of end-to-end solutions through more than one hundred billing and customer administration projects using leading-edge software. The jury was made up of a panel of industry experts, including journalists, analysts and technical specialists.

Swedish State Railways sells IT division

Cap Gemini Ernst & Young has acquired Unigrid, the IT division of the Swedish State Railways, a transaction carried out jointly with Norway's EDB Teamco (a division of the EDB Business Partner IT group). During a transition period which terminated on November 1, 2001, Unigrid was effectively split between the two companies. Approximately 160 new employees, specializing in business development, systems development, applications management and operational services, joined Cap Gemini Ernst & Young in Sweden, while the staff working with mainframe functions became



1997 – "Grape harvest at Aloxe-Corton" – Jacques Moreau-Gaudry (www.artactif.com/moreaugaudry)

part of EDB Teamco. As a result of this acquisition, Cap Gemini Ernst & Young has strengthened its position in the Nordic railway industry, where the company is now one of the key players in the travel and logistics sector.

Advanced Development Center opens in New Zealand

New Zealand's position as a regional center of innovation received a boost with the opening of Cap Gemini Ernst & Young's Advanced Development Center (ADC) in Auckland, one of twenty centers of this type operated by the firm around the world. The Center was officially launched by New Zealand Prime Minister Helen Clark, an indication of the significant contribution that innovation is expected to make to the New Zealand economy in the coming years.

The ADC is a dedicated software development and integration environment which combines strategic business knowledge and leading-edge design and development techniques to build, configure and support technical systems for clients. Using advanced development methods, state-of-the-art infrastructure and a global network of experts, the build phase of IT- based projects can be accelerated to generate robust, predictable results.

SEPTEMBER

B2B portal for Gauthier Maître Robinetterie (GMR)

GMR, a French company specializing in industrial fixtures and fittings, distributes 12,000 reference products from 150 different suppliers to 3,000 customers. The creation of an online service portal, and especially access to updated catalogues, were key elements in strengthening the company's customer relationships.

The solution was developed using the services of Cap Gemini Ernst & Young's Advanced Development Center and its interactive Web Agency, DareStep, working in partnership with Microsoft and its Supplier Enablement solution.

The platform, completed in less than three months, incorporates a number of adaptive functions (online catalogues, ordering, payment, etc.), and provides an interface with GMR customers having Internet access or customers linked via SAP or e-marketplaces.

With this solution, GMR has already seen an improvement in its processes and in the attraction of new customers. By enabling its customers to save time and to benefit from these new services, the company estimates that it has gained an 18-month edge on the competition.

In addition to developing the solution, GMR has engaged Cap Gemini Ernst & Young to host the systems infrastructure.

OCTOBER

Top automotive clients assemble in Bonn

The 2001 Automotive Summit, held in Bonn, Germany, from October 7 to 9, brought together more than 70 senior representatives from many of Cap Gemini Ernst & Young's key Automotive accounts. DaimlerChrysler, Fiat, Ford/Covisint, GM, Renault Nissan, Toyota, Peugeot Citroën, SAAB, Audi and BMW were all there. The theme for this year's event was "Adapt to Survive," and the message was clear: In the current economic climate, the car maker must join in a networked enterprise with all of its industry partners and become organic, capable of changing processes, partnerships, products and people to meet customer and market pressures.

In addition to the guest speakers, workshops and demonstrations around the future of the customer order and build processes were very well attended. Organized by the High-Technology and Automotive Global Sector Unit, the Bonn Auto Summit has become a major attraction on Cap Gemini Ernst & Young's calendar of events.

Landmark outsourcing deal with Hydro One

Through a wholly-owned subsidiary, Hydro One Inc. of Ontario, Canada, owns and operates the largest electricity transmission and distribution system in the province and one of the ten largest in North America, serving approximately 1.2 million customers.

To increase its share of an increasingly competitive market, Hydro One has entered into a ten-year outsourcing agreement to transfer its existing e-services to Cap Gemini Ernst & Young. Under the terms of this landmark deal, Cap Gemini Ernst & Young will manage and operate a wide range of Hydro One's technology-enabled services, from customer care and supply chain to human resources and financial processes.

The arrangement will allow Hydro One to focus on its core wire business. It will also position Cap Gemini Ernst & Young as the North American leader in the Energy Operate market.

NOVEMBER

Scottish Executive provides Public Sector e-Procurement services

In the U.K., Cap Gemini Ernst & Young won a seven-year contract from the Scottish Executive, the executive function for the Government of Scotland, created by devolution in 1999, to provide a Managed e-Procurement service capable of being used by the entire Scottish Public Sector. The service aims to capture a growing proportion of the substantial public sector spend in Scotland, including central and local government and the National Health Service. The service will enable buying organizations to obtain greater value for money in their procurement activities. A consequence of the service will be the e-enablement of a significant proportion of the supplier base.

The program is the first in the world with the potential to provide a consistent e-Procurement process across the entire range of a nation's public sector and one of the most ambitious undertaken in e-Commerce by any government organization. It takes a substantial step toward longer-term e-Government goals.

Snam Rete Gas adapts to a changing regulatory environment

Snam Rete Gas (SRG) is Italy's major gas transmission pipeline, transporting approximately 90 percent of the country's total gas flow volume. With a network of over 30,000 kilometers of pipeline, transporting 70 billion cubic meters of gas a year, SRG's primary concern is to manage its network efficiently and securely.

Faced with several strategic challenges arising from market liberalization and increased competition, SRG management recognized the need for an experienced advisor to help address a wide range of business and customer issues. Cap Gemini Ernst & Young was selected as a partner with the insight and experience to help SRG navigate its way through the regulatory maze.

Since the formation of the partnership, Cap Gemini Ernst & Young has assisted SRG in a number of areas including strategic consulting on a transportation tariff model, commercial and operational assistance, coordination of SRG's Network Code Program, and a Business Process Model to help implement new processes and systems designed to meet regulator's deadlines.

DECEMBER

SOGETI

Sogeti stakes out Professional Services

Taking advantage of a lively market for Local Professional Services, Cap Gemini Ernst & Young has created and launched a new company known as Sogeti to provide customized services to clients represented primarily by the local IT managers of large organizations. Currently operational in five European countries (France, the Netherlands, Belgium, Germany, Switzerland) and the United States, Sogeti is answering a growing need for continuity and proximity in a market which represents one-quarter of the total for IT services.

2001 – "The women of Arles" – Claude Sauzet (claude.sauzet@laposte.net)

Harking back to the original name of the Group, the Sogeti model is one of local, decentralized branches, limited in size and close to the customer. Sogeti professionals cover the full range of IT talent and skills – from programmers to project managers to systems architects – providing services from software packages, infrastructure and methods to project design.

A number of analysts have called the creation of Sogeti a "smart move," and noted that this might well be the first example of a services firm creating a subsidiary through which to address this particular market. "This approach has the advantage of a concerted focus on a different kind of customer base."

1994 – "Down to the Ganges" – Jacques Léonard (Opera Gallery - www.operagallery.com)

THE NEXT-GENERATION ENTERPRISE

To manage an enterprise is becoming more and more difficult. A solution is appearing: make the enterprise capable of adapting by itself.

Business leaders merit our sympathy. They deserve every penny of what they earn, given that their work is becoming progressively impossible.

Over the years, enterprises growing larger, client needs becoming more complex, services developing frantically, and an incomprehensible and all pervasive technology have already made the work of managers and bosses pretty complicated. Added to this is the growing internationalization of the entire economy: there is nothing more exhausting and complex to manage than the kind of global enterprise on which the sun can never set!

The connected economy has multiplied these worries. Competitors spring up without warning, coming from other sectors or from unlikely countries. Clients who are truly well connected know too much, and they demand to be heard. Suppliers are no longer happy to act as suppliers, they are also becoming active players in development, manufacture, sales and distribution. Employees, at one time malleable resources full of goodwill, have now become citizens of the world of the Internet. With a single click they can take part in one immense, always open employment market.

Thanks to, and because of, technology, the enterprise is connected through a thousand links to the rest of the world; its reach and its influence never cease to grow. The outside world, however, exerts its influence in turn. Now permanently connected, the enterprise, once a self-contained world of its own – controlled, predictable, subject to hierarchical rules – is less and less able to escape the perils of a volatile world which bombards it with unexpected, multiple events.

How to react?

The history of the enterprise demonstrates that companies have never stopped evolving, with their leaders responding to the pressures of the business environment and devoting the better part of their time to changing their organizations, transforming their structures, adapting their management systems, developing and replacing their executives. Management theory has both interpreted and formalized these changes, which have progressively replaced hierarchical business models inspired by military systems of command and control, by rather more subtle approaches, matrix management or different forms of decentralization.

The all-knowing boss has given way to leadership teams. These leaders are surrounded by their own headquarters' staff. The staff devolves responsibility down the line. These responsibilities, supported by reserved powers, are broken down by function, product, geography, industry; all criss-crossing each other to leave no white space. Time is consumed by communication between those in charge, which eventually becomes a substitute for action. Work becomes harder, trips longer, meetings follow meetings, failures proliferate, worry lines grow deeper and heart attacks lie just around the corner.

So what shall we do about it? Invent more elaborate control procedures, new structures and levels of management? Employ more executives? Speed up the flow of information (even at the risk of drowning in it)?

The real solution is to stop changing the business from a top down perspective but to make it capable of changing all by itself: spontaneously. This idea is all the more convincing because the early effects of the connected economy are already confirming its merit.

Through a form of environmental osmosis, the connected enterprise adjusts automatically, often without the leadership even realizing. For example, the process of new product development is no longer the same since suppliers have started to take an active, if unofficial role. With its network extending in all directions, the company is becoming endowed with new senses and is coming to resemble, involuntarily, a strange sort of creature that sees, hears, smells... and reacts, for better or worse, without reference to established rules and traditions. The ability to adapt exists; we now need to recognize it, develop it and make it systematic.

Characteristics of an Adaptive Enterprise

If each enterprise is already capable of making spontaneous adjustments, how should we recognize those that are better at doing so than the others? The doctrine is still in the shaping, with progress on a daily basis, but we can already be pretty certain that all adaptive enterprises have four major characteristics in common.

The first is the ability for the enterprise to change, at a speed undreamed of in the past, its shape, configuration and business model. Its organization is based on units of limited size, playing a precise role, based on a well-defined area of competence. It thus becomes easy to recombine these entities in response to a new requirement. According to the circumstances, the role in question is fulfilled by the enterprise itself or left to one of its partners, without solution of continuity.

The second characteristic of a highly adaptive enterprise is that its connections with the outside world are broadband connections, figuratively speaking, even if the intensity of its relationships often demands powerful technical communication systems. This kind of enterprise is not content simply to exchange purchase orders or invoices with its suppliers. Instead, it fosters a richer, more intense dialogue with them, leading to a shared view of the marketplace, pooling of key resources, open exchange of expertise, joint development of products and services. Service to its clients does not stop at correcting mistakes; it uses the full arsenal of connected economy techniques to enrich the dialogue, anticipate needs, deliver improved benefits, give clients exactly the role they expect. In doing so, the enterprise learns more, faster, and hence better.

The third salient trait for highly adaptive enterprises is being able to make its information technology a tool for adaptivity.

Even though IT has made a tremendous contribution to successive waves of transformation in large enterprises over the past fifty years, information technology is a cause of inertia in the short term. The heavy investments involved, the complexity and fragility of these often massive systems, the difficulty to select the right ones among a flurry of technical innovations: all these factors help to make the very concept of "adaptive IT" seem like a contradiction in terms.

However, a series of advanced technologies, the most important of them being standard formats for exchanging content and information, such as XML, enable us to take a new approach to corporate IT. Systems architecture now stretches far beyond the narrow boundaries of the enterprise itself, to embrace its entire network, from supplier to client. Workflow systems dynamically adjust and reconfigure themselves according to the events that need to be dealt with. Integration now takes on another dimension, drawing from all the many reservoirs of people, applications and resources, the elements that make up the nervous system and collective intelligence of the firm.

In a word, the state of the art makes it possible, at last, to design and start implementing an Adaptive IT: without it, there simply cannot be an adaptive enterprise!

But it is perhaps in its fourth characteristic, in its relationships with people, that we most clearly recognize those enterprises best able to adapt for themselves.

1989 – "Western Dream" – Guy Thiant (alanglois@terre-net.fr)

Human wealth

Every self-respecting company has already learned to value its own employees as the leading carriers of its ambition. From their value and their motivation everything else derives, including access to investment capital.

Immersed in a highly volatile environment, the individual employee definitely needs to be capable of adapting. His or her role in the adaptive enterprise will grow in parallel with the autonomy demonstrated; the individual's ability to adapt precedes and conditions that of the enterprise. Yet the more an individual deals with a world in flux, the more he or she longs for well-known or new forms of stability – comforting bearings, moral certitudes, constant values, long-lasting friendships.

As a direct consequence of this, the adaptive enterprise is one that cultivates the art of selecting, developing, training, supporting, growing and motivating its employees so that they can flourish in a changing world, and so that they are able to progress toward self-adaptation. At the same time, the same enterprise offers its people the psychological stability that they need, in the form of a kind of global positioning system or GPS: clear ambition, simple objectives, straightforward directions, values that are both published and lived consistently, controlled behaviors.

Having thus satisfied the often contradictory aspirations of the individual, the adaptive enterprise then needs to take a further step forward: to take advantage of people networks.

Sharing a common interest has always led to powerful bonds between people. Sharing a common interest in a networked world leads to the creation, often spontaneously, of communities of interest with a vastly increased collective strength leading to multiplication of knowledge, real-time shared experiences, close professional or cultural bonds.

2000 – "Evening fog" – Hervé Loilier (Galerie Mickael Marciano - www.galerie-marciano.com)

On the path to adaptiveness, the company learns to get the very best out of these networks: recognizing them, encouraging them, orienting them without constraining them, sharing its enthusiasms with them, mobilizing them to multiply its own impact. The company also understands that these networks do not stop at the legal boundaries of the enterprise, so it encourages (while monitoring it) their osmosis with networks in partner companies and in other key sources of knowledge and expertise, such as universities and professional bodies.

People networks supplement the classic hierarchical organization. They temper its excesses of rigidity and support the internal cohesion of the enterprise. Without threatening anyone, being simply the produce of shared interests, these networks respond fast, without making noise about it, growing or contracting as they need to. They do not respond to change, they create change.

So the older of our Group's professional networks, that of our systems architects, fostered for more than ten years now, has shown its worth. Unaffected by organizational changes, it has produced an unparalleled level of intellectual capital and team spirit, standing up to the shock of every new technical development smoothly and flexibly, while these changes would have derailed or even broken traditional mechanisms.

Toward the Adaptive Enterprise: Interesting Ideas... maybe... but so what?

Given that all enterprises are more or less adaptive, we must first find out where we really stand, then work out where and how to move forward and analyze and measure the effort required and the expected benefits. This should be followed by the choice of priorities, which should then be turned into a plan for continued evolution. To make the enterprise adaptive in real depth, a complete process of evolution could be both drawn out and difficult. But a new spirit can be created throughout the enterprise from day one, which translates into many steps of the enterprise leadership.

Promote the person who is best able to respond to the unexpected with flexibility, introduce modular budgets, encourage the development of smaller units, reconfigure your management dashboard, take account of your clients' forecasts in making your own, give specific missions to your networks, systematically apply "selective pressure" – a concept dear to biologists – which enables evolution to take place by eliminating the least adapted. These are several actions that do not need a long period of development; actions which will mark people's minds and thus alter the behavior of the entire enterprise.

More complex changes, however, do require real projects. By way of illustration, this report covers an aspect of recent evolution within several client companies. Their way of changing is adaptive, even if they have decided and implemented these changes without necessarily knowing or using the expression. Isn't that so often the way with new beginnings?

The clients show the way

The first example is that of ***Hindustan Petroleum Corporation Limited (HPCL),*** which, faced with the need to cope with a vast range of changes all at the same time, has now built the necessary foundation for adaptive management by redeveloping all of its processes.

At the heart of the global Ahold Group, the Dutch supermarket chain ***Albert Heijn*** initially focused on its own management team. The most advanced tools for decision-making and consensus building were used to take the necessary steps on the path to adaptiveness.

Covisint is a new company jointly owned by several of the world's largest automotive groups. In order to become one of the pace setters in the world of business-to-business online trading at high speed, the company used an economic model in which its own resources were just a fraction of those deployed in the market.

A large public service provider, ***Aguas de Portugal (AdP)***, had to become adaptive in order to cope with a liberalizing marketplace. Their huge project included the development of shared services in support of operational units restructured on completely new lines.

Telia, a major public telecommunications operator, recognized the need to respond much faster than before to the often hard to quantify needs of its clients. To make this happen, business and IT strategy had to become one and the same.

It was the need to respond to permanent volatility in the demand for spare parts that led ***Ford*** to begin implementing new processes and systems. Measuring volatility to support future predictions: that's an especially adaptive plan!

Altering the scope of its activities while introducing new kinds of partnership: that is what the cold chain logistics specialist, ***Stef-TFE***, has achieved in order to respond to the changing demands of the food industry.

The major Canadian energy company, ***Ontario Power Generation (OPG)***, developed a new method for outsourcing its IT services. By forming a transitional joint venture (New Horizon System Solutions), OPG has linked the classic cost reduction exercise to the desire for achieving greater adaptiveness within its own business.

DARA, a public body specializing in aircraft maintenance, is transforming its IT systems and building an extended eco-system in order to compete in the market economy.

Finally, ***Aventis*** is a successful example of merger on a grand scale in which all the key instruments, and most notably new adaptive tools for financial management, were deployed successfully.

The Cap Gemini Ernst & Young Group believes that the ability to adapt, quickly and well, to a world in a state of permanent volatility already differentiates, and will soon separate, the companies which thrive from those that are being left behind within the network economy. To help its clients win a place among the leaders is a task that calls on all of the Group's resources, from strategy consulting right through to outsourcing.

Pierre HESSLER
Member of the Board of Directors
Cap Gemini S.A.

2000 – "Birmany" – Josée Goudard (Galerie Gala Amalvy)

HPCL in a revolutionary shift to open markets

The entire Indian economy is undergoing unprecedented change, and the Hindustan Petroleum Corporation Limited (HPCL) is getting impacted in a big way. For several decades now, most strategic industries in India have been in public ownership, with their strategic decision-making circumscribed by government policy.

Nowhere is this policy of centralized control more in evidence than in the oil industry, where three state owned enterprises have dominated the entire Indian marketplace for the past 25 years and more. The prices to be paid for crude, the cost to consumers of refined product and the allowable surplus have all been fixed by government throughout this period. Competition has been restricted and virtually none of the normal service differentiators have existed.

Today, everything is changing. After much speculation, the government announced in November 1997 that it would move speedily to total liberalization of the oil sector. The first moves began within months and the whole process will be complete in April 2002, just over four years after the initial announcements. From this year on, the world's second most populous country will also have the largest open market economy in the Oil & Gas industry by population on earth: well over three times more numerous than the European Union.

Several new competitors join the fray

For HPCL, this change in policy has brought the need for near revolutionary change. The main change can be expressed very simply. In moving from a strictly regulated, command economy to a liberalized, market economy, all the underlying realities of business life have shifted as well. The company must address a complex marketplace of many demanding customers, with varying needs and service expectations not attended to before. In place of strict control over price and other conditions, the market is now totally open. Anyone can enter the market and can compete freely on price, service and distribution terms. In this new reality, even the largest and best-established players have no inherent "right to exist." They have to compete effectively alongside all the rest if they are to survive, let alone prosper. Change does not come in a more dramatic form than this.

Action is clearly needed to cope with change in all four of the company's key markets: for retail, bulk fuels, lubricants and LPG (used mainly for cooking in India). Just to give one simple example: In bulk fuels & lubricants, which were liberalized before all other sectors of the petroleum market, the country has moved at speed from a position where only three companies could import, refine and sell oil for industrial use to where any company or any large user can do so. About 30 major and some 2000 small new competitors have already appeared in the lubricants market and HPCL saw rapid inroads made into its market share in the early days. In the lubricants market, direct relationships had to be created with a massive base of small dealers in the "Bazaar Trade" who were suppliers to the motor trade, which means that a very small customer base has increased to one that numbers tens of thousands all over this vast country.

Customers are calling the shots

Mr. Arun Balakrishnan, Director-HR of HPCL who, until recently, was Strategic Business Unit head for Bulk Fuels & lubricants, recalled that, as a first response, HPCL carried out significant brand building activity in order to become known to customers who were never previously targeted. This has worked well, market share in the lubricant market has begun to grow fast once again, and HPCL is now one of the fastest growing major oil companies today. In the end, however, the battle for leadership in this totally new kind of marketplace can only be won in the classic way: by providing better quality backed by higher service standards than the competition can manage.

After a period of benchmarking to identify best practices and restructuring the marketing organization to achieve customer focus, HPCL management selected Cap Gemini Ernst & Young to be a strategic partner in implementing new systems to support core processes. "The objective has been to provide better information for faster decision-making, for ultimately being more responsive to customers' requirements," says Ms. Nishi Vasudeva, GM-ERP Implementation. The key component chosen is a JD Edwards ERP implementation that covers nine key sites in its initial form, with others to follow once the pilot stages are complete. Key processes covered by the scheme include everything from basic supply chain, to all aspects of financial management, to projects and capital accounting, to HR management. In customer relationship terms this is the first stage of a planned revolution in quality standards, providing industry-leading service in an unusually complex marketplace. As customers move from a position of near dependency in the old petroleum marketplace to one in which they very definitely call the shots, this is a vital step forward, being delivered just in time. A joint project team has been working intensively to finalize the scheme and, so far, with a high level of success.

Stepping stone to an unpredictable future

The first stages of the project are complete, with the next stage now underway. First indications are that HPCL's expectations are being fully reached, and that the company's transformation into a quite different kind of business will take place successfully. Yet this is another story that is still unfolding as we watch. The ERP implementation would be relatively standard in a mature market setting but in the context of massive change, in terms of technology, business practice and culture, this is anything but routine. It is, rather, a stepping-stone to an unpredictable future.

In the next few years, HPCL will be doing all of these things: defending its existing markets against mass invasion from totally different kinds of competitors; building new and far more dynamic, service-based relationships with a new mass market; opening up new lines of business in both enterprise and consumer segments; helping its own people to change their attitude from inward looking to customer-centric and to become full-fledged, entrepreneurial service providers. All this in the context of a market which now contains both some of the most highly technically literate communities on earth and others whose way of life is far more simple. The complexity of the challenge is extraordinary, while the prospects for volatility and unpredictable developments are also very high. This is a remarkable management and human challenge. Cap Gemini Ernst & Young is privileged to be helping HPCL adapt, compete and succeed in this era of unprecedented change.

Arun Balakrishnan
Director Human Resources
Hindustan Petroleum Corporation Limited

Kishor Chitale
Account Manager
Cap Gemini Ernst & Young

1998 – "A game of polo" – Guy Thiant (alanglois@terre-net.fr)

Albert Heijn mobilizes its managers for today's market

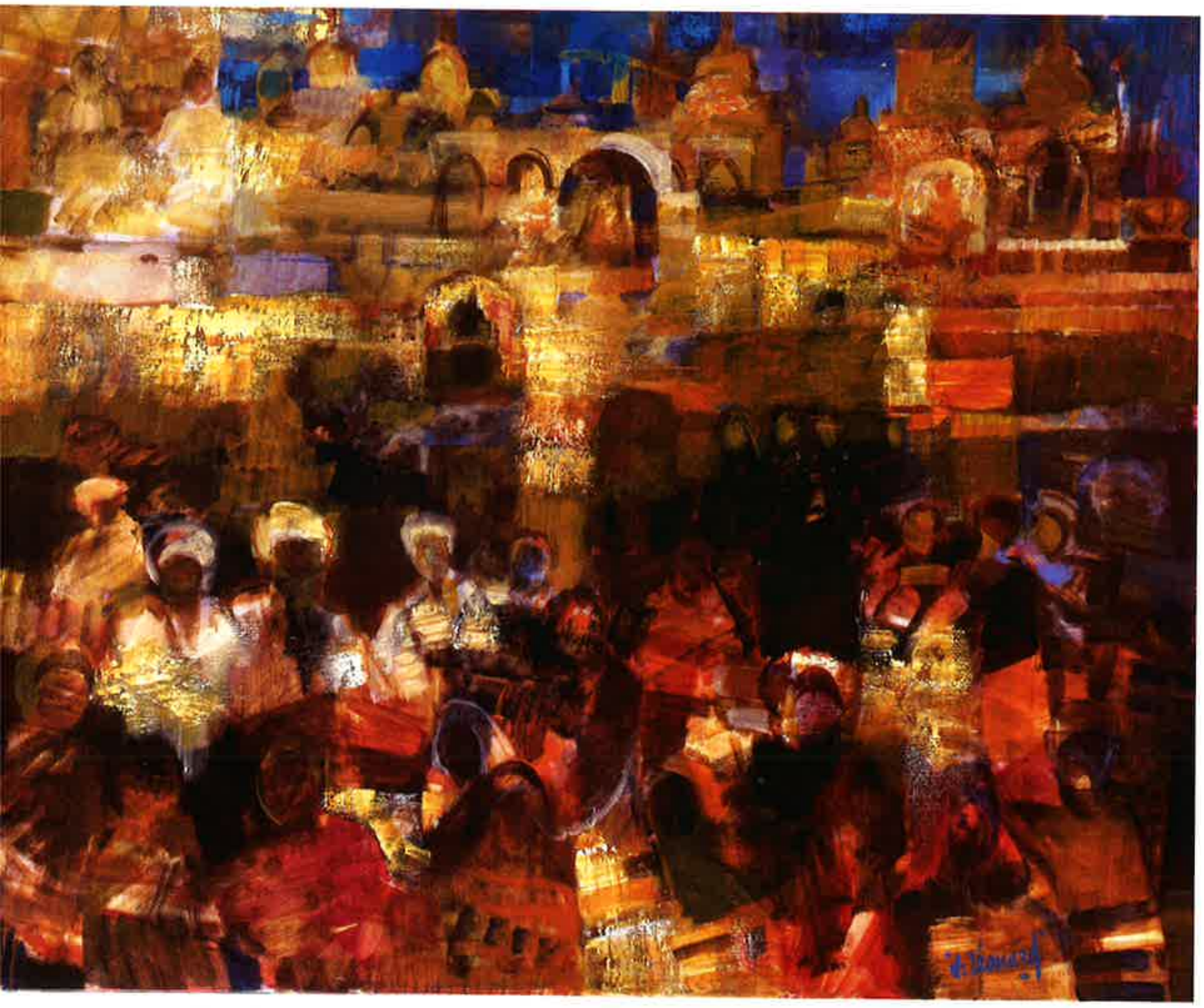
Albert Heijn is the largest single brand within the global Ahold Group, one of the most powerful retailing businesses in the world, with 32 different brand names and operations in North and South America, Europe and the Asia-Pacific region. Based in the Netherlands, Albert Heijn is widely recognized as the country's leading food retailer, with an excellent reputation for both quality and value.

With nearly 700 stores across the country and a market share of more than 27 percent, Albert Heijn caters for the food needs of approximately 6 million people every week. The company is a Dutch institution, with a brand profile built up over decades of consistently excellent service, leading to consistently high customer expectations.

Over the past few years, however, it became clear that some changes in strategy were needed. Based almost solely in 1500-square-meter supermarkets, Albert Heijn's share of a relatively saturated market was static. Even more worrying was the gradual realization that service standards, which are so critical to the company's premium positioning, were under pressure. The reason was not hard to find. Implementation of sophisticated administration and supply chain systems was adding to the workload of local store management. While guarding their own decision-making autonomy, store managers were spending most of their time in running systems and very little time in their stores, working with customers, improving service standards and seeking innovative ways to support sales. A new leadership team decided to tackle these issues in a consolidated way and to put the greatest name in retailing in the Netherlands back on the growth track again.

Focus on the customer

The new strategy is comprehensive and coordinated. It involves action that extends from store location, retail proposition, systems support and management reorganization. Every component needs to be fully functional and mutually supporting if challenging business goals are to be met. As part of the plan, Albert Heijn has rethought its basic retail proposition and has extended its reach in the most dramatic fashion. Albert Heijn aims to deliver an excellent service to its customers by creating the right shop at the right location at the right time. Customers in Arnhem can now stock up for their weekly needs at the first Albert Heijn XL, a new 4000-square-meter supermarket with many extra services and products. They can also order online at Albert.nl for home delivery or, by contrast, can visit the AH to go's, scaled-down convenience stores. These convenience stores are being placed in such key locations as railway and petrol stations. Quality and brand values always remain consistent but the number of opportunities for purchase has grown and complete new segments of the population have been brought within reach.



2000 – "Evening of mystical blacks and blues" – Jacques Léonard (Opera Gallery - www.operagallery.com)

This is the public face of change but, behind the scenes, equally remarkable developments have been taking place. In particular, a highly responsive supply chain approach enables the company to manage its product mix in a dynamic way for each individual store and to automate ordering, delivery and replenishment. The result has been major gains in efficiency and speed, but there are significant implications for local management. They have now been relieved of a large administrative burden yet, paradoxically, the new format could also be seen as an exercise in centralization. The need to spend time on managing systems has been taken away but with this has gone a residual responsibility for budgeting,, targets, supplier management and other activities that tend to boost the self-image of local management.

There is an excellent reason for this change: the need to refocus attention on the employees and the customers and free store managers to concentrate on delivering superb, innovative service, day after day. Before Albert Heijn could gain the full benefits of this new approach, however, the store managers, themselves, had to be mobilized behind the strategy. That is where Cap Gemini Ernst & Young came into the picture.

Accelerated Solutions Environment for adaptive attitudes

In adapting to major changes of direction, the human element is a key ingredient for success. In a business where customer service is a key (possibly the key) differentiator, this is especially true. The Albert Heijn strategic plan could only be delivered by the more than 500 local store managers who would need to understand, accept, own, enthusiastically support and creatively implement it. For this to happen, they would need to adapt their own thinking and develop a different mindset compared with the past. To help answer this vital need, Cap Gemini Ernst & Young applied a powerful tool for fostering adaptive attitudes and behavior: the Accelerated Solutions Environment, or ASE.

An ASE is an adaptive tool, enabling joint teams of external specialists and stakeholders from the client company to develop a precisely crafted solution to even the most complex issues. The environment is designed to encourage open thinking and creativity, while the people who are charged with implementing the eventual solution are precisely the people who have ownership of the issues at all times. In place of traditional consulting prescriptions, the ASE enables interactive, flexible development. In a world that increasingly calls for adaptive behavior, this is proving to be a key adaptive mechanism.

All the managers buy in

For Albert Heijn new ground was broken in the sheer scale of the action that took place. Stage by stage, all key constituencies in the management team were involved. Eventually, the full complement of 500 store managers shared in a three-day interactive session, ending up with an implementation plan, built and agreed, in real time, by the entire team.

As a direct result of the ASE approach, there has been a major shift in the attitudes of the store management team most directly responsible for Albert Heijn's future success. The store managers now understand that their task is to concentrate on acting as effective ambassadors for their brand and to use their considerable autonomy as team builders, creative marketers and sales leaders to carry out this critical task with understanding and enthusiasm. Early results have been positive and underline the role of ASEs in building trust, shared understanding and mutual ownership in the process of adapting to change on a large scale.

A.D. (Dick) Boer
President & CEO
Albert Heijn B.V.

Erik Godijn
Global Account Executive
Cap Gemini Ernst & Young

Covisint: auto industry benefits from B2B marketplace

Global manufacturing enterprises are having to think the unthinkable in order to stay on terms with the relentless pressure to raise standards, reduce costs and speed up delivery into the marketplace. Nowhere are these pressures felt more strongly than in the automotive market.

The stakes are so high here, and competition so intense, that any mistakes are likely to be punished severely. It is no wonder that consolidation is reducing the number of global players in the market while the pressure on those remaining continues to grow. Tougher regulation, more discriminating customers, new channels for comparison and purchase: these are all keeping the world's top manufacturers on the lookout for new ways to gain an edge through reduced costs and improved delivery.

That is why, in the middle of 2000, one of those previously unthinkable new developments took place. Ford and General Motors had formed their own online trading exchanges in order to improve choice and drive down costs in their own supply chains. Realizing that their individual efforts could have a detrimental effect on the global automotive supply community – which would be faced with the costly possibility of having to support multiple exchanges – the two automotive giants joined up with DaimlerChrysler, and then a little later with Renault Nissan, to develop a single, common infrastructure that could benefit the entire industry. The result: the world's largest B2B marketplace that enables the automotive industry to reduce costs and improve efficiencies in procurement, supply chain management, collaborative engineering and quality through a portal structure that simplifies connectivity and communications through an open, scalable, secure architecture. .

Known as Covisint, the new venture opened for business in North America early in 2001, with Cap Gemini Ernst & Young as one of the key contractors for strategy, development, launch and management. Covisint, more than any other venture, has started to deliver on the promise of e-Business, providing competitive advantage for many companies in the global automotive industry in terms of speed, cost, choice and flexibility within a truly global supply and procurement network. The initial launch, however, was only the first stage in a continuing commitment to a more adaptive and flexible automotive market.

Delivering on the promise of e-Business

The next challenge had been identified before the end of 2000. It was to make sure that a successful launch in North America could be immediately followed up with an equally effective introduction to the European market. That proved to be a challenge for several good reasons: Firstly, the company needed to be ready for active, secure trading in Europe as soon as the North American business model was proven in action. That meant carrying out near parallel development, yet without incurring excessive cost or exposure to risk. In addition, Covisint was not yet incorporated in Europe, so it was not easy to recruit staff and set up the necessary enterprise processes and systems. And, above all, the Covisint project team, led by Cap Gemini Ernst & Young, was effectively inventing a new format for online trading and relationship building via a highly flexible, secure yet essentially adaptive open network. The sheer newness and experimental nature of the concept meant that continuous review and update to core processes was taking place. There was never a moment of stability when a proven model pioneered in the Americas could be painlessly reproduced in Europe.

Covisint and its shareholders were facing a combined human and systems challenge of formidable dimensions, and doing it at the very moment of maximum risk to companies trading in an already unstable market. Under these circumstances, it is not so surprising that they issued their own challenge to one of their closest strategic partners: Cap Gemini Ernst & Young, which gladly took it up.

1999 – "Café terrace in Paris" – Claude Sauzet (claude.sauzet@laposte.net)

Adaptive thinking in action

The challenge was deceptively simple. The project team took on the task of establishing the Covisint corporate body within the European market to the point where it could open for business with complete security as quickly as possible. Yet this had to be done while avoiding the obvious potential pitfalls ahead: that of either taking on massive fixed costs by creating a traditional business up to a year before those full resources were really needed, or of launching with a skeleton organization, with the risk of being overwhelmed by initial demand.

The chosen approach was, instead, a model of adaptive thinking and systems in action. Here is how it worked: Under the terms of the agreed action plan, Cap Gemini Ernst & Young staff carried out the roles of a full services staff for Covisint in Europe. That involved personnel from both consulting and technology backgrounds, able to work as a team to address all the core issues. When the first stage of the project was complete in May 2001, Covisint was effectively up and running in Europe, complete with core processes, systems and a sales pipeline. All of this was achieved at exceptionally high speed and low risk.

A new business model in an unproven marketplace

It was a good example of a new sort of flexible outsourcing project. Outsourcing has traditionally focused on achieving efficiency gains and cost savings by reproducing a series of proven routines supporting core functions. In this case, however, Covisint and Cap Gemini Ernst & Young joined forces to create a new business model in an unproven marketplace, using cutting edge technology in an extraordinarily volatile trading atmosphere.

The strategy called for a seamless blend of skills ranging from end to end across the consulting and technology spectrum, yet all of them had to be mobilized and managed in the most flexible way possible, and subject to continuous revision, updating and sometimes quite radical change. Covisint is a pioneer among adaptive enterprises, so it is no wonder that only a very adaptive form of outsourcing could hope to deliver the right results.

1996 – "The little ice-cream seller in the Tuileries" – Robert G. Schmidt (Galerie Saint-Roch)

Outsourcing as a key to the Adaptive Enterprise

Covisint is now fully operational in Europe and, as it has continued to develop, so its business model also continued to adapt. A full-time management team was recruited and the core processes developed in the outsourcing contract were fully implemented. The company has achieved rapid lift-off and the flexible outsourcing relationship with Cap Gemini Ernst & Young remains in place, but now in a different form following yet another major adaptation to change.

The new approach is based on a concept known as "the Hub," in which a range of professional, human and technical resources can be drawn on and configured rapidly to cope with any requirement. The central management team of Covisint thus stays extremely lean while the business, as a whole, is able to face challenges successfully, as and when needed.

One of the key characteristics of an adaptive enterprise is the "variable geometry" approach: being able to "morph" into new shapes to take advantage of new opportunities. Outsourcing has a key role to play in fostering this kind of capability and the alliance between Covisint and Cap Gemini Ernst & Young is a key example of this approach being successfully implemented here and now.

Lars Olrik
Managing Director
Covisint Europe

Archie Cameron
Global Account Executive
Cap Gemini Ernst & Young

Aguas de Portugal in the new Europe

The water supply industry worldwide is facing a prolonged period of potentially disruptive change. Throughout the European Union, in particular, the regulatory regime is being progressively liberalized over the next few years. The aim is to achieve a single, transparent system for regulating all major utilities, within a single, open market.

In this context, Aguas de Portugal (AdP) is a significant European player. Not only does it have to deal with the same organizational issues as are faced by other water companies across Europe, AdP is also engaged in a major redevelopment of virtually the entire Portuguese water infrastructure.

In a very short period industries that have traditionally been publicly owned and either managed on a national or (more usually) municipal and regional basis will become genuine commercial entities able to operate anywhere in Europe. This is a tremendous challenge to governments, public opinion, management skills and organizational culture. Enterprises caught up in this process of change are now having to reinvent almost every aspect of how they organize, manage their people, deal with their customers and plan their future strategies. They also have to make all of these changes against a strict time plan, as the count down to full liberalization continues.

As the largest player in the national marketplace, AdP is now working with the European Union and the Portuguese government to bring about radical improvements in the water supply and waste treatment systems right across the country. Not only must the company be reorganized for part privatization (in the near future), by this time the standard of service provided throughout the home market must also have been significantly upgraded.

Immediate change/immense responsibility

AdP is a big player in the field, serving 70 percent of the Portuguese population, and with 3.5 million customer connections in its 9 overseas subsidiaries, operating from East Timor in the Pacific, via Mozambique and Angola in Africa, to Brazil and other Latin American countries in the West. Yet the true situation is even more complex than that. The nature of the water business is such that supply is normally managed through local concessions or regionally operated companies. AdP has no less than 70 individual subsidiary companies, together with a large number of part-owned water concessions. All of these have a high level of operational autonomy; many have local shareholdings from municipalities and local governments. They have their own histories, cultures and methods. They are all subject to tight regulation and do not allow the freedom of action that management normally requires when carrying out major change processes.

For AdP, therefore, the challenge of immediate change is very complex. It involves achieving rapid efficiency gains, in order to make the business competitive in an open market. It means implementing a common culture in order to deal with a very different future, while consolidating the multiple trading entities in the group to make them a source of critical mass and commercial strength, rather than a hindrance to agility and growth within the open market.

IT infrastructure for a different future

Cap Gemini Ernst & Young became involved in working with AdP's management in 1999, when the strategy consulting team was asked to advise on how to develop a new business model for what was now becoming a new type of company. The work was comprehensive in scope, covering the need to align employees with their changing roles in the business; to redesign core processes; institute new management procedures and controls; rethink the systems and redevelop the IT infrastructure for the very different future now in prospect.

The proposed plan was adopted by the Board of AdP late in the year and implementation began early in 2000. A key element of the new model was a Business Unit approach, consolidating the multiplicity of autonomous local units into six entities linked by natural interests. In this way, greater responsibility was devolved to line management, while the new units were also designated as centers of excellence in their field, with the mission to drive cultural change and build a group level sense of identity among the employees.

This change was linked to the development of a centrally managed shared services organization, which is now providing back office, IT and administrative support to units right across AdP. Though roll out is not yet complete, cost savings, efficiency gains and service improvements on a large scale have already been delivered. Finally, a major re-engineering of core processes is now underway, based on implementation of SAP R3.

An unfolding story

Aguas de Portugal (AdP) is a company that has had to reinvent itself for a very different future. That has involved a major leap of imagination, leading to radical change in virtually all aspects of the way that it operates. The pressure for change is irresistible and the timing unforgiving. In the new European marketplace AdP has to adapt successfully or face a very uncertain future. The story demonstrates how adapting to these new conditions can be achieved through rapid, incremental change: from strategy to organization of business units; from redevelopment of core functions to rethinking of IT infrastructure; from a new approach to marketing to new ways of fulfilling the marketing promise via cultural change.

It all has to happen in parallel, with action on all fronts taking place simultaneously, yet all guided by a single, adaptive vision. Today, the new AdP is a faster moving, higher quality, more competitive business than it was three years ago. This story, however, is far from over and the next three years are likely to prove even more eventful as the next stages of change make themselves felt.

Justino Carlos
Administrador
Aguas de Portugal - Serviços Ambientais S.A.

Isabel Marques
Principal, Account Manager
Cap Gemini Ernst & Young

1997 – "Once upon a time in Venice" – Gérard Hellis (Galerie Célia B. Guedj - www.celiabguedj.com)

Telia: a telecommunications leader turns to Adaptive IT

Telia is one of the foremost telecommunications companies in the Nordic countries. Within its home market, Sweden, it has over 4 million residential customers for its fixed line services, making it a clear market leader. As a long-established, widely trusted service provider, Telia should be well positioned for steady, profitable growth into the future. The marketplace, however, is becoming increasingly unpredictable, competitive and volatile.

Over the past two years, it has become clear to Telia's management team that long-term success will not be achieved by a "business as usual" approach. Instead, more radical change is needed.

The telecommunications marketplace has seen plenty of upheaval in recent years, with dramatic increases in data traffic combining with the continued mobile revolution across Europe to fuel relentless growth. A year ago, the whole marketplace was hit by its first downturn in more than a decade. The impact on manufacturers was immediate and painful but service providers have also been rethinking their strategy as well. For Telia, the goal was clear: respond to the sharp increase in competitive pressure by moving closer than ever to the customer.

The market for standard telecommunication services is becoming increasingly commoditized. It is sometimes hard to tell one proposition from another, which means that price is often left as the only real differentiator. To develop competitive advantage and build more value back into the business, therefore, it was clearly essential to seek new ways of differentiating Telia's services from those of other providers. That meant a strategy to speed up the creation of new, added value services; to bring them to market much faster and to target them more precisely. While this drive to improve the value of customer transactions was taking place, it was equally essential to achieve radical improvements to the efficiency of internal systems and processes.

In other words, a dual track approach was needed to develop internal efficiency combined with higher value, better-targeted external services.

New system to support customer services

The problem for Telia was that, after decades of operating in a fragmented marketplace, the company's own systems were in no position to support the drive toward a more logically structured, much more efficient approach to the marketplace. Different systems had developed over time to support traditional residential services, mobile telephony and online business. Even such a basic requirement as billing has been handled quite differently in the various operating divisions. A range of separate customer services departments existed, while there was no effective way of bringing reliable intelligence about customers into the planning and management processes. It was simply impossible to analyze customer buying patterns or preferences to enable better segmentation.

At root, all of these difficulties come back to system issues. The complex infrastructure in place, representing different and often incompatible applications, built up over time to answer highly specific

1990 – "Death of a toreador" – Mikhaïl Turovsky (Galerie Célia B. Guedj - www.celiabguedj.com)

needs, was making it difficult to act in the flexible, adaptive way demanded by the new business strategy. In particular:

- To provide a single point of contact to the customer at all times, for all services, reducing the chances of error and improving the level of satisfaction.
- To build up a real depth of knowledge about customers, in order to offer them the most appropriate services, thus fostering loyalty while raising transaction value.
- To enable a range of external partners to be securely integrated into the product development processes, allowing new services to be brought to market faster than ever.

Without resolving the system issues, the new, much more adaptive business plan envisaged by Telia's leadership team could not be realized.

Rethinking IT strategy

Cap Gemini Ernst & Young started working with the residential division of Telia Communications as key strategic partner for systems and infrastructure in April 2001, in order to carry out a reliable analysis process, followed by an effective, practical action plan. Initially, this was to have a three-year time frame but it soon became clear that the speed of change in the marketplace made this impractical. Instead, a year-by-year implementation of infrastructure development was chosen, and this, in turn, was linked to a strategic rethinking of the company's positioning, business structure and resourcing.

By the end of the year, the combined Cap Gemini Ernst & Young-Telia Communications team had completely rethought the residential division's IT strategy in order to make it serve the company's business imperatives. Key features of the activity included an advanced development methodology, using key features from Cap Gemini Ernst & Young's unique ASE (Accelerated Solutions Environment) approach to ensure very fast yet reliable joint planning. With combined teams involved at all stages, the result was early buy-in from the client side based on the primacy given to the business vision. This also made it possible to unlock the mass of knowledge that already existed in the organization but which had never been adequately recorded or put to use.

In addition, the process followed by Cap Gemini Ernst & Young ensured a clear definition of priorities, with emphasis on customer relationships as the main focus for activity. This was supported by an implementation plan that involved creative use of flexible outsourcing, together with use of intelligent network architecture to ensure the best possible use of existing systems, without compromise to the service requirements identified by the client's own business teams.

Actions speak louder than words

The thinking and talking part of the project is now over. The client has a sophisticated action plan that is focused on recreating the business as a truly adaptive enterprise. The telecommunications marketplace is inherently unpredictable and will definitely stay that way for a long time to come. In this volatile context, the only fixed point is the customer, and service providers have to do everything they can to stay close and provide added value to those all-important, hard to understand and easy to lose individuals.

Any hint of inflexibility in systems and processes can cripple this effort to stay competitive. Telia Communications has now taken a major stride toward assuring a more profitable future for its residential services by planning for an Adaptive IT infrastructure: in which the business strategy leads and the enterprise systems serve the drive for competitive advantage through superior customer service. Today, other parts of the company are building on this initial experience to bring Adaptive IT thinking into their own operations as well.

Anna Rukila
Manager IT Strategy
Telia Communications

Maria Andersson
Account Manager
Cap Gemini Ernst & Young

Ford puts its customers in the driver's seat

The Ford Motor Company is one of the world's leading automotive companies, and has been for most of the 20th century. Many millions of its products are now on the roads of every country on earth. As a result, the distinctive Ford logo is one of the most widely recognized commercial symbols in the world and is representative of an extraordinarily powerful consumer brand.

The integrity of that brand has been secured, decade after decade, by the quality of the customer experience as it applies to every aspect of ownership: product quality, routine maintenance and dealer support of the customers' vehicles. In this essential area of the customer relationship, parts supply to the dealers has a vital role to play. In the increasingly competitive automotive market, with higher levels of customer choice and more intense price competition, no aspect of the customer experience can be neglected. Continuous improvements in performance must be achieved in order to keep customer satisfaction levels as high as possible.

The unpredictability of parts supply

Parts supply is, of its very nature, an unusually complex matter. The Ford Customer Service Division (FCSD) supplies service parts to more than 10,000 dealerships throughout the world. As a matter of routine, over 500,000 unique part numbers are supplied on the network to dealers and the customer demand volatility level in this process is remarkable. It is clear that many aspects of parts supply are unpredictable, because no one can say for certain which parts will be required for any given service or repair. As a result, variation from the average level of requirement for any given part can range from as low as 30 percent per time period to as high as more than 400 percent per time period. Yet somehow the delivery system has to take all of this volatility into account and yet provide virtually on demand availability for each service or repair.

In reviewing its service parts supply chain back in 1999, Ford's goal was simple: to deliver best-in-class performance. In an increasingly competitive market, this meant planning for a significant improvement over the levels of support being achieved at the time. Some legacy systems would need to be replaced, others upgraded. This was a relatively long term effort and left one major question to be answered: What could be done to improve performance significantly in the short term, while planning for change on a larger scale took place?

Toward 100 percent availability

Cap Gemini Ernst & Young had been an adviser to different parts of the Ford Motor Company for several years already, and they were invited to review this challenge and suggest how to meet it. Precise targets included reducing inventory levels, improving customer fill rates, and reducing customer back order lines.

The plan agreed with Ford included a blend of technology, process improvements, new metrics, and human skills, aimed at finding pragmatic and achievable ways to gain more from installed systems, while also preparing for the future systems. A key aspect of the solutions delivered under the plans facilitated by Cap Gemini Ernst & Young was the way that its staff and client staff formed themselves into a single, focused team. The result was added speed and efficiency in achieving near-term improvements, while delivering a high level of skills and knowledge transfer to the FCSD staff.

Specific solution ideas focused on the need to improve aspects of the current legacy systems in order to achieve much greater efficiency. These included software tools to improve Distribution Resource Planning, forecasting and inventory visibility throughout the supply chain. Other tools were developed to measure volatility and to streamline inventory flow, thus shortening supply-chain lead times. Cap Gemini Ernst & Young brought their unique levels of supply chain expertise to bear on planning, developing, and helping FCSD deploy a wide range of high impact solutions.

1993 – "The barn at Buci" – Jacques Léonard (Opera Gallery - www.operagallery.com)

Customer satisfaction brings brand loyalty

This story is far from over but, even in the relatively short term, some very clear results have been achieved by the joint efforts of the many dedicated FCSD and Cap Gemini Ernst & Young people who have worked so hard on this project. Cap Gemini Ernst & Young's work was performed in parallel with process improvements being implemented by FCSD in its supply base and in the FCSD Parts Depot network. A few statistics summarize the impact of all of these improvements:

- Customer Fill Rates (the percentage of customer lines completely filled on time) was 93 percent in the U.S. and 93.6 percent in Europe. After the project, the numbers were, respectively, 98 percent (an improvement of 5 points) and 96.8 percent (an improvement of 3.2 points).
- Open customer back order lines were over a full day's business in both the U.S. and in Europe. The figures now are, respectively, less than 15 percent of a day's business in the U.S. (an 85 percent reduction) and less than 40 percent of a day's business in Europe (a 60 percent reduction).
- Inventory value was $1,045 million in the U.S. and in Europe. This figure today has been reduced to $838 million (an improvement of $207 million).

In terms of speed and efficiency, these are remarkable enough achievements, but when translated into higher customer satisfaction and thus increased brand loyalty, the true significance of the project becomes clear. Ford Motor Company is now approaching best-in-class levels, and the upcoming strategic changes to systems and processes will extend Ford's lead over its competitors. In one of the most volatile areas of a fast moving, fast changing market, this is a good example of how adaptive thinking, backed by ingenious planning and top quality teamwork, can achieve great results.

Don Johnson
Director Global Parts Supply and Logistics
Ford Customer Service Division

Archie Cameron
Global Account Executive
Cap Gemini Ernst & Young

1999 – "Bouquet on blue background" – Mikhaïl Turovsky (Galerie Célia B. Guedj – www.celiabguedj.com)

Stef-TFE: one-stop expertise in products, logistics and technologies

Stef-TFE is the European specialist in cold chain logistics, with 200 facilities in France and the rest of Europe, annual sales of 1.15 billion euros and 12,000 employees. The strategic challenge in this business is to combine the flow of goods and the flow of information. Stef-TFE has now met that challenge.

Faced with intensifying competition, pressures from customers' demand for just-in-time delivery and increasingly stringent food safety regulations, logistics companies specializing in fresh and frozen produce must be flexible, responsive and adaptive. As a result, information systems have now joined transport and logistical services as key components of these companies' offerings. Says Francis Lemor, Stef-TFE's chairman: "Logistics depends on transport, but both depend on information systems, which are a prime means for us to differentiate ourselves from our competitors."

From transporter to full-service provider

Transport and logistics companies are providing customers with an ever-wider range of services: co-manufacturing, product maintenance – even call-center management. Agrifood companies and mass retailers now expect their transport and logistics providers to handle all or part of their IT needs. Since these providers risk losing market share in their regular business if they are unable to offer a comprehensive service, they have no choice but to incorporate information technology into their strategy. And since tenders will fail to be considered unless they are one-stop proposals that include IT, it is becoming impossible to dissociate the information system component from the rest of the bid. Moreover, now that these information systems have become business-critical, they must be able to handle complex interfaces between producers and retailers on a national and European level. This requirement is underscored by wide-scale concerns about food safety and product traceability.

Ambitious objectives

To meet these challenges, Stef-TFE decided to put in place a complete and credible IT service for its major customers... and to do it quickly. At the same time, it had to structure its internal processes with a uniform IT architecture while keeping a firm grip on costs. In addition, both the service and the internal architecture had to be open-ended to keep pace with new technologies.

Stef-TFE had three possible options. One was internal, since the company has substantial IT resources and business expertise as well as know-how in SAP implementation; it also has experience in software development, with its Agrostar Applications, the number-one supply-chain management tool for the agrifood industry. The other two options were external: a conventional outsourcing approach or a strong alliance. "We opted for the third solution, which would take us further and get the job done quicker," explains Lemor.

Innovative choice

For its internal IT system, Stef-TFE relies on SAP throughout the group. Under a strategic agreement, Stef-TFE asked Cap Gemini Ernst & Young to bring its information systems together under a single architecture and provide Applications Management services for its present and future systems for a ten-year period.

For the "external" portion of the contract, Cap Gemini Ernst & Young France took an equity stake in Agrostar, a Stef-TFE company that specializes in information systems and also holds software marketing rights. Combining the capabilities of a logistics specialist with those of an IT specialist enhances the range of services that the two groups will be able to offer the agrifood and distribution industries. It also attests to the ambition of both Stef-TFE and Cap Gemini Ernst &Young to be major service providers to the agrifood supply chain.

Surprising results

"Our move to expand the logistics services we offer customers has led us to develop IT capabilities in cooperation with our partner," adds Lemor. This sharing of skills and goals is spurring Stef-TFE toward a new stage in its development: a full-service logistics offering with service-level commitments. Stef-TFE will thus be able to satisfy all three of its customers' needs – product transport, logistics and local warehousing, and information management – by combining its product expertise (agrifood) and business expertise (logistics) with its technological skills.

Francis Lemor
Chairman
Stef-TFE

Laurent Bourgeois
Account Manager
Cap Gemini Ernst & Young

2001 – "Talk Phone" – Troy Henriksen (Galeries W Eric Landau - www.galeriew.com)

New Horizon System Solutions: a growing venture with a broad vision

In common with many other energy markets around the world, the Canadian power industry is in the process of large-scale liberalization. In Ontario, Canada's most populous province, Ontario Power Generation (OPG), a government owned, former vertically integrated monopoly, is transforming itself in order to thrive in an open market environment, in which new competitors are being encouraged to enter and provide a wider range of choice to consumers.

This new regulatory climate is bringing massive changes to all participants in both scale and competitive focus. The former monopoly, Ontario Hydro, has already been separated into a power generation company; Ontario Power Generation, a power transmission business; Hydro One and its subsidiaries, and a systems operator; Independent Energy Market Operator (IMO). When full market liberalization opens on May 1, 2002, Ontario Power Generation, will have divested about 20 per cent of its former generating capacity and will be required to divest up to 65 per cent in order to comply with the new regulations. The company has therefore been faced with the need to reinvent itself in order to trade competitively in the marketplace.

Smaller means bigger

After Ontario Hydro split up its business, the first challenge for OPG was in the fact that it was becoming smaller and focused on its core generation business. In order to strive for operational efficiency within a vast, complex operation, OPG had possessed its own in-house IT and systems support. After the split of the business much of its infrastructure, both in terms of administrative processes and systems, were no longer relevant to the new reality.

In the new marketplace, OPG is one of several potential competitors aiming to win business from consumers now able to pick and choose their provider. In service terms, the emphasis has to move toward building customer relationships, managing risk, wholesale trading, achieving higher standards of efficiency, being able to market new service offerings and, above all, reducing costs.

It became obvious to management at OPG that the fixed costs invested in running large scale IT systems could be better leveraged across other companies who understand IT systems operation. In addition, since OPG was in the process of selling generation facilities, an external partner was required to operate the systems for OPG and sell the services to potential new owners of plants sold. After reviewing a range of potential partners, OPG concluded that Cap Gemini Ernst & Young had both the capability and the innovative approach needed to be its chosen partner.

Inventive outsourcing partnership

The strategy jointly agreed upon by OPG and Cap Gemini Ernst & Young was first announced in November of 2000, and has evolved into one of the most inventive and truly adaptive strategic outsourcing partnerships to be found anywhere in the worldwide energy and utility marketplace. The key to its success has been the inventive and aggressive determination shown by both partners to use their strategic partnership not just to achieve efficiency gains on existing business (vital though this was) but also to create a sustainable business for the future. The relationship was structured with this goal very much in mind.

The main features of the plan are:

- Both parties agreed to set up a transitional joint venture as the vehicle to provide the IT outsource services. Known as New Horizon System Solutions (NHSS), the company is jointly owned by OPG and Cap Gemini Ernst & Young, the latter owning 51 percent as majority shareholder.
- The former IT employees of OPG were offered employment at NHSS, which then agreed to supply service to OPG at an appropriate level as OPG continued to reduce its size.
- Consistent with the strategy, NHSS sold related IT outsource business to Bruce Power, the new owners of the Bruce nuclear power facility, which had been sold by OPG under the terms of the new regulatory framework.

1996 – "The farmhouse of the beautiful lady" – Jean Navarre (Galerie Célia B. Guedj - www.celiabguedj.com)

The key element of this approach, and the factor that takes it to a different level from basic outsource deals, is the way that both partners built service and financial incentives into the relationship from the outset. NHSS is challenged to achieve increased efficiency gains for delivery to its clients by a benefit sharing contractual arrangement. For OPG it means that a former fixed overhead cost has become a potential source of continuous added value. For Cap Gemini Ernst & Young, it creates a strategic partnership in which there is a strong joint incentive to search for cost reduction.

An adaptive model for the energy markets

The announcement of NHSS was greeted with great interest both in the North American outsource market and in the global energy and utilities industry. The challenges faced by OPG, dealt with in innovative fashion through the NHSS approach, are virtually universal in their significance. Large utilities the world over are seeking ways to create value from the non-core internal support functions. This is a model that has much to offer many other businesses. This model, however, is of its nature dynamic, and change is constant.

The success of the model has convinced OPG to sell its interest in NHSS to Cap Gemini Ernst & Young, a full year before OPG was contractually obligated to do so. OPG will remain its largest customer and continues to benefit from performance gains, while NHSS has complete freedom to extend its services across the marketplace.

Customers of NHSS will see the power of fully integrated service from Cap Gemini Ernst & Young's end-to-end solutions, ranging from strategy to process management and from applications management and infrastructure solutions to NHSS separate service.

With emphasis on the energy and utilities sector, and, with a working model based on truly adaptive outsourcing, this approach is proving hard to resist. Significant new contracts have followed OPG, and as the business grows, the clients continue to gain in terms of service efficiency and financial return from this increasingly strategic relationship.

NHSS has extended its footprint in the energy industry to serve the IT requirements for not only a generation company, but also a transmission and distribution business.

The justification for an Adaptive Enterprise approach can be seen with stark clarity in market sectors worldwide. Commercial and regulatory changes, alike, make both an innovative vision and an adaptive approach a basic necessity in many different areas of business. The NHSS story demonstrates how flexible outsourcing can be a key ingredient in helping large enterprises transform themselves quickly and efficiently into the competitive, agile businesses likely to be successful in the years ahead.

Deitmar Reiner
Chief Information Officer
Ontario Power Generation

Darren Saumur
Account Manager
Cap Gemini Ernst & Young

1997 – "Don't forget Venice" – Guy Thiant (alanglois@terre-net.fr)

DARA's flight to an independent future

The Defence Aviation Repair Agency (DARA) is a business in the middle of unprecedented change, within an industry that has, itself, seen extraordinary volatility in recent years. Once part of the UK Ministry of Defence, DARA is now on the fast track toward becoming a totally independent business, and is already trading commercially on the open market.

DARA was formed in 1999 through the amalgamation of two separate agencies, those of the Royal Air Force and Royal Navy. Between them, they shared responsibility for servicing and maintenance of all the aircraft owned by the British defense establishment. This included several hundred fast jets, a substantial fleet of helicopters and large jets used for passenger transport and in-flight refuelling. Given the strategic nature of the business, the two agencies had always focused on exceptional levels of quality performance, while not always matching technical excellence with equivalent commercial thinking.

The challenges of transformation

As part of a new approach to some aspects of defense management in the U.K., it was decided that DARA should aim to become an independent company, able to continue its work for the Ministry of Defence but also able to work in the commercial sector and for clients in overseas countries. The first step was to become a "trading fund" within the Ministry of Defence, with operations and commercial results being made separate from the Ministry. The move toward full spares inclusive trading is currently scheduled for 2005 – an ambitious goal for such a major development. The importance of this change can hardly be overstated. It involves new thinking, new attitudes, new strategies and a clear-sighted evaluation of its own systems and operations in order to achieve the levels of efficiency needed to compete on the open market. That market, of course, has been subject to extraordinary pressures in recent years, with great fluctuations in demand, competitive pressure and costs. For DARA, the drive for transformation brings major challenges.

In simple terms, DARA has to move from being a government agency to a fully competitive commercial organization; it has to move from having one overwhelmingly important customer to seeking business all over Europe; and it has to move from being purely a defense business to servicing commercial companies as well. This has to be managed in the context of an industry in which competition is intense and contractual relationships are rapidly evolving into new forms. Scalability is essential to cope with rapid variation in demand, while clients are moving toward service contracts in which payment is linked to guaranteed results. Flexibility, speed and high efficiency are basic requirements for success in this environment.

Managing such changes requires a revolution in culture, attitudes and skills. Yet before any effective movement can lead toward a new future, there is another major challenge to be overcome: the need to transform processes and systems. DARA has inherited an infrastructure that physically and in system terms reflects the past, not the future. It has four widely scattered sites, chosen for their proximity to major defense establishments rather than on the basis of commercial logic. At the same time, many years' haphazard investment has left DARA with a legacy of 52 separate systems built up over a long period by the two predecessor agencies. Decisive action was clearly needed in order to make DARA ready to compete in the commercial world.

Replacing the tangle of legacy systems

DARA had already taken the decision to make processes the first priority, reasoning that no radical change in performance could be possible until the tangle of different systems had been replaced by a single, integrated set of enterprise processes, optimized for speed, efficiency and scaleablility. The client invested in the Baan aerospace ERP system, and asked Cap Gemini Ernst & Young to lead the implementation across the business.

There have been several key elements in the work done so far:

- There has been a single, seamlessly integrated team, with Cap Gemini Ernst & Young staff along with Baan and DARA personnel coming together to work in a highly efficient way, without artificial boundaries between team members.
- Recognizing that skills and experience are critical aspects of the work, there has been a strong emphasis on skills transfer, with DARA people being given unqualified support to develop their own expertise to new levels as the project continued.
- The work has always been highly customer focused, with emphasis on the kind of results most valued by commercial clients. That includes giving them full visibility across the full supply chain, backed by the capability to provide them with holistic solutions to their needs.
- Not only will DARA's specific implementation of the Baan ERP approach provide greater responsiveness and flexibility in action, it will enable better management of all key processes in one comprehensive system. That includes assessing the value of contracts, improving financial controls and ensuring close integration of production, scheduling and supply chain.
- Long term management of these specialized systems has been turned into a flexible outsourcing contract, again managed by Cap Gemini Ernst & Young, in order to ensure maximum scalability and efficiency.

Flexible and ready for change

Driving this process of rapid implementation and development are the facts of life that DARA now deals with: the need for responsiveness – being able to cope at high speed with the need to expand or contract to fit the fluctuating demands of the market. There is the need to deliver a set of customized solutions that precisely fit the non-standard requirements of very different customers; the need to have a transparent, highly efficient but very secure supply chain, based on flexible relationships and, potentially, facilitated by digital exchanges. Above all is the need to manage costs in a business where lack of accurate information at the right moment can potentially wipe out the profit on a major piece of business. The work carried out at DARA is ultimately about assuring the very future of the company.

The project has been implemented on a stage-by-stage basis. The new system is now live at the smallest of DARA's four major sites; it will be introduced to the others over the next few months, when all legacy systems will be switched off. Once the core ERP issues have been dealt with, the process will be extended to cover the "outer circle" activities, connecting up DARA's own enterprise systems with core external industry systems and with one of the world's most sophisticated online marketplaces: DECS (Defence Electronic Commerce Service), developed by the UK Ministry of Defence and Cap Gemini Ernst & Young. Major performance gains have already been achieved. The full maintenance of a VC 10 tanker aircraft has now been reduced from 180 days to 95 days. Servicing time for Sea King helicopter engines has been cut from 185 to 57 days.

Most important of all, the entire DARA organization has now become more flexible and ready for change. The success of the changes undertaken so far has helped to breed more adaptive attitudes throughout the company. This, together with the inherently greater fluidity of the new processes now in place, have made DARA able to face the future in this highly unpredictable market with confidence.

Steve Hill
Chief Executive
DARA

Don Elliott
Account Manager
Cap Gemini Ernst & Young

1994 – "Naxos" – Robert G. Schmidt (Galerie Saint-Roch)

Aventis: adapting in a post-merger enterprise

There is no greater challenge to a management team's ability than the period that follows a large-scale merger. This is when the full impact of change is felt and when the skill and professionalism of managers is tested to the full. Few mergers are on a scale larger than the coming together of Hoechst and Rhône-Poulenc in 1999, in order to form Aventis: one of the global giants in the pharmaceutical industry.

This merger involved far more than the normal requirement to marry systems and processes, to avoid duplication, to ensure rapid efficiency gains and to develop new revenues. This was also a marriage between key players in their own national economies: those of Germany, France and the U.S., so the complexity of international, cross-border alliances was also involved.

The pharmaceutical marketplace is becoming global very quickly, to the point where the future increasingly seems to belong to a smaller number of very powerful players. The scale of investment needed to develop innovative new compounds is beyond the scope of smaller companies. In this marketplace, it is necessary to be large and extremely creative to be a leader. For the newly formed Aventis, the scale issue had been solved but the need to demonstrate that the merger was successful in terms of speed, efficiency and innovation remained as the defining challenge to the combined management team.

How to be effective from day one

Aventis needed to prove by results that the merger was being successfully carried out, ideally with no significant disruption to normal business and with competitive gains being demonstrated as quickly as possible. There was tremendous interest in the merger from analysts and business partners alike, yet the time immediately following a merger is an especially vulnerable period for a newly created company. The managers of the companies concerned are likely to have spent months on the details of the merger agreement and, having successfully concluded the deal, they are then expected to act as an effective, unified entity from day one. The management team at Aventis was committed to deliver what it had promised to the market.

During the run up to the merger, Aventis management had been working to evaluate processes, identify synergies and build an agreed, practical integration plan. Before the merger agreement had even been completed, the combined management team identified the key next steps needed to ensure the fast achievement of merger benefits. In simple terms, these can be defined as ensuring a continuous flow of innovative pharmaceutical compounds, while strengthening strategic branding and steadily improving all aspects of financial performance.

In parallel with these actions, Aventis started to reassess all financial management processes and practices, with the aim of achieving three critical goals: *harmonize* the key processes; *simplify* them, ensuring that selecting procedures from both partner companies does not lead to unnecessary complexity; and *federate* all information from any source within the new, enlarged business.

"e-magine": a program for adaptive financial management

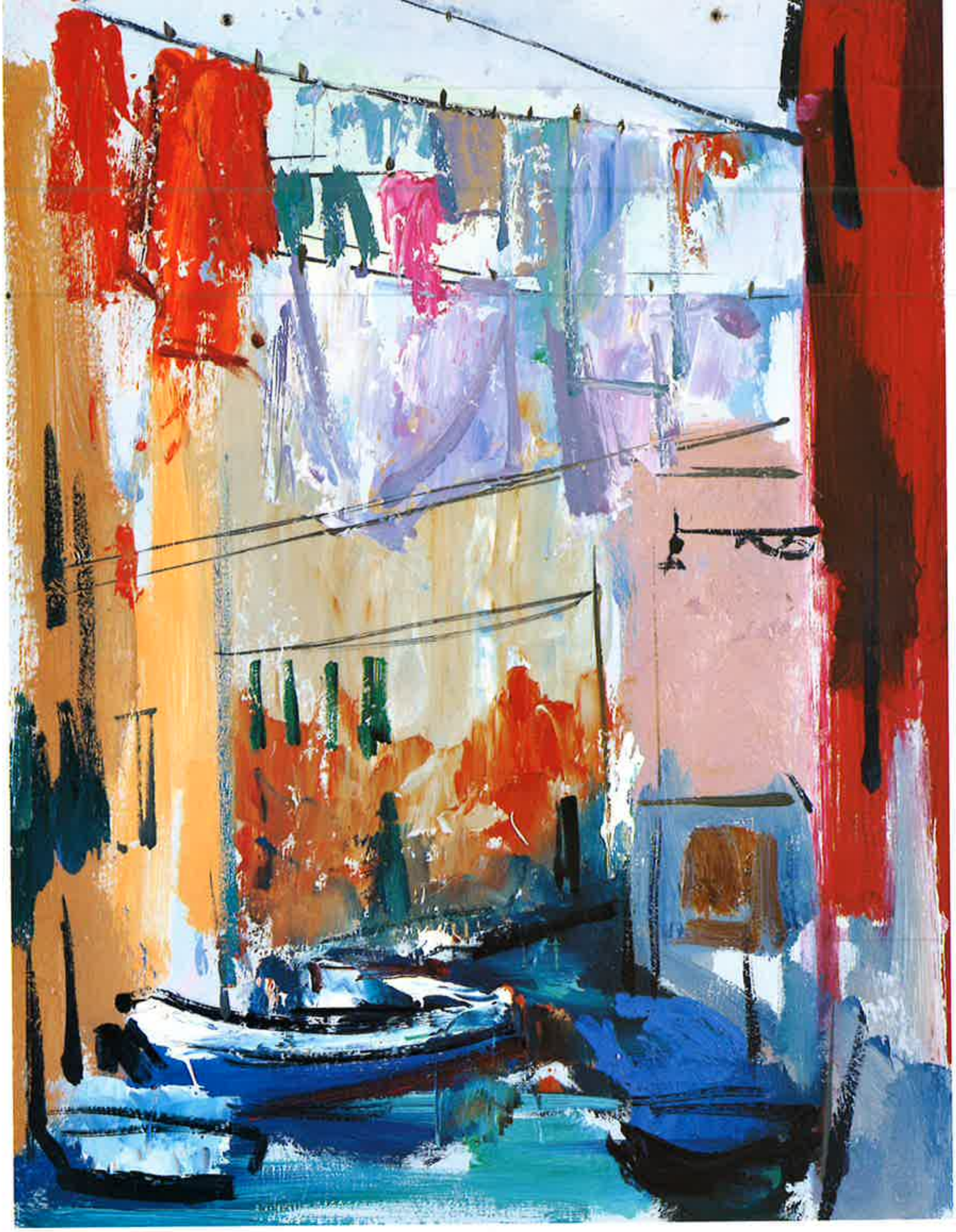
Cap Gemini Ernst & Young was identified by Aventis management as a source of industry best practice in developing management tools for reporting, planning, consolidating and presenting reliable and homogeneous knowledge in a complex environment. Building on experience gathered in improving the financial and operational systems of the two original companies, the "e-magine" program provides an evolutionary, highly responsive set of financial management solutions. In some ways, this program offers a model for developing the adaptive management tools needed by a global pharmaceutical company within an increasingly complex business environment. E-magine was designed to deal with all business processes – R&D, industrial, marketing, legal – which potentially have an impact on financial management and thus on strategic and operational decision-making.

The financial systems and processes were then federated in a Web solution designed for Aventis. "My e-magine" is a personalizable tool which enables controllers, analysts and managers – 1,700 users in all – to obtain operational and financial data in a consistent and unified way. This approach enabled Aventis to avoid carrying out a full-scale overhaul of its operational systems, which would have been both high-risk and costly. All those in responsible positions now have immediate access to quality information, leading to better and faster decision-making.

With "e-magine," Aventis had access to a set of rules and criteria deployed uniformly throughout regions and functions which facilitated the merger and gave the new company a competitive advantage from day one.

Prize-winning results

The pharmaceutical market is a very demanding one. Companies are judged by results, with quality of research, market development and financial management being the three key measurement criteria. Aventis spends about 2.7 billion euros on R&D each year. Any inaccuracies in financial management can quickly lead to serious consequences, so information that is timely, precise and comprehensible is the basic requirement for corporate good health. So far, the news has been encouraging for Aventis. Market sentiment has remained positive from the date of the merger onwards.



1999 – "Venice, San Pietro quarter" – Hervé Loilier (Galerie Míckael Marciano - www.galerie-marciano.com)

Results have been above expectation and the share price has performed above average. The new management systems developed by the Aventis-Cap Gemini Ernst & Young team have played a significant role in ensuring that the merger has been a success. Certainly the industry analysts think so, which is why *CFO Europe* magazine, one of the most respected financial publications in Europe, selected this project to receive its 2001 Best Practices award for use of information systems in supporting business management processes.

Philippe Peyre
Senior Vice-President
Management Board member
Aventis Pharma AG

Daniel Camus
Chief Financial Officer
Management Board member
Aventis Pharma AG

Christian Lévi
Associate Director
Cap Gemini Ernst & Young

1990 – "The half-open window" – Guy Thiant (alanglois@terre-net.fr)

INTRODUCING THE CAP GEMINI ERNST & YOUNG GROUP

**The Cap Gemini Ernst & Young Group
is one of the world leaders in management consulting
and IT services,
dedicated to helping its client companies
to develop and transform their organizations
at every step of their value chain.**

**With a workforce of more than 56,000 people throughout
Europe, North America and the Asia-Pacific region,
in 2001 the Group reported revenues of 8.4 billion euros.**

WHAT THE GROUP DOES

The Group offers its local and international clients, in more than 30 countries, services in:

- management and technology consulting;
- systems transformation;
- systems management (outsourcing);
- local IT engineering (Sogeti).

Management and technology consulting

This is an activity geared to achieving marked improvements in the performance of client companies, calling upon professional expertise, knowledge and experience in strategy formulation and process optimization and implementation of the most advanced technologies.

The *Strategy & Technology Consulting* service offering (representing 15 percent of 2001 consolidated revenue) includes both strategic and organizational consulting and technology consulting, which covers infrastructure architecture and IT systems.

Systems transformation

Aimed at making significant improvements or opening new opportunities in a client's business, systems transformation projects generally fall into three categories:

- systems integration projects, in which design, architecture, development and implementation result from the involvement of several players (hardware manufacturers, software package developers, etc.);
- customized software development, tailored to a specific client;
- adaptation of processes and behaviors to meet the demands of a new business environment.

The Group provides a complete range of services headed "Business Solutions & Technology":

- CRM-DareStep encompasses all Customer Relationship Management issues. A CRM Index℠, launched in 2001, enables clients to benchmark their own status against industry norms. Cap Gemini Ernst & Young has also established key partnerships with the most prominent specialists in the field: Siebel, Oracle, SAP, Nortel/Clarify and Broadvision. Meanwhile, DareStep (the Group's interactive Internet agency) offers a distinctive range of skills for building relationships, internally and externally, via an online presence.

- B2B Supply Chain focuses on delivering gains in speed, efficiency and flexibility. Cap Gemini Ernst & Young was the first company to formulate an effective Adaptive Supply Chain Point of View, which achieved wide acceptance in the marketplace during 2001.

- Finance & Employee Transformation targets another major concern of management today: the efficiency of internal processes. This practice brings together a range of capabilities from technology to accounting to human resources.

- EEA/ERP (Extended Enterprise Applications/Enterprise Resource Planning) is a service offering which delivers ERP implementations based on solid working relationships with the key players in the field: SAP, Oracle, PeopleSoft, JD Edwards. In addition, the EEA suite of offerings makes it possible to take the ERP process a great deal further.

- Advanced Development and Implementation complements the work of other teams through a network of Accelerated Solutions Environments (ASEs) and Advanced Development Centers (ADCs), which provide the resources and capabilities to make effective IT strategies come to life for the client.

- "M-Commerce" covers all aspects of mobile technology and mobile terminals providing direct access to information. This offering is aimed at developing solutions to serve the needs of a company's "nomadic" workforce.

- Finally, Network Infrastructure Solutions (NIS) specializes in Internet network design and build, and network hosting. Working closely with Cisco Systems, this activity is carried out mainly in the Group's Telecom Media Networks Global Business Unit.

Cap Gemini Ernst & Young offers this complete range of services from which it selects the most advanced architectures based on the latest technologies and proven methods, gathered and standardized within a groupwide, ISO 9001 certified methodology called ***DELIVER***.

Systems management (outsourcing)

Cap Gemini Ernst & Young has developed a range of services responding to clients' expressed wishes to concentrate on their core business, reduce the costs related to the operation and maintenance of their existing systems and, in certain cases, to transform their systems (known as transformational outsourcing). This type of activity may involve taking full management responsibility for all or part of a client's IT resources, in the form of Applications Management (AM) services, Distributed Computing Services (DCS), or Central Computing Services (CCS).

Outsourcing (which represents 22 percent of 2001 consolidated revenue) integrates all the skills and expertise of Cap Gemini Ernst & Young's AM service offering in which the Group is the European leader. Client applications are maintained and managed from a network of twelve Applications Management Service Centers (AMSCs). The offering also includes services covering Network Infrastructure Management and Business Process Management.

Local IT engineering

Delivered by Sogeti, these Local Professional Services involve offerings of technical assistance and support to IT-department projects. Among the numerous services proposed:

- software development;
- infrastructure management;
- hardware and network management.

These services are all provided in close proximity to local IT decision-makers. In 2001, they represented 7 percent of the Group's consolidated revenue.

1992 – "Masks in front of the Salute" – Hervé Loilier (Galerie Mickael Marciano - www.galerie-marciano.com)

MANAGEMENT TEAM **April 24, 2002**

General Management

Executive Chairman  Serge Kampf (*)

Chief Executive Officer  Paul Hermelin (*)

Central Functions

Chief Financial Officer	Frédéric Lemoine (***)
Development & Risk Management	Hubert Giraud (***)
Human Resources	Jean-Pierre Durant des Aulnois
Communications	Florence Mairal
University	Jacques Collin

Central Operations

Chris van Breugel (**)

Alexandre Haeffner

Mark Hauser (***)

Clive Williams

Sectors

Consumer Products/ Retail/Distribution	Fred Crawford
Energy, Utilities & Chemicals	Colette Lewiner
Financial Services	Jim Greene
High-Technology & Automotive	Kevin Mahanay
Life Sciences	Stephen Phillips

Offerings & Alliances

Strategy & Tecnnology Consulting	Tom Manning
Business Solutions & Technology	Chell Smith
Outsourcing	Duncan Aitchinson

Operational Units

North America	Terry Ozan (*)
U.K./Ireland	Maurice Abell
Nordic	Björn-Erik Willoch
Benelux	Henk Broeders
Germany/ Central Europe	Antonio Schnieder
France	François Mazon
Italy	Richard Dicketts
Spain/Portugal	Domingos Oliveira
Asia-Pacific	Paul Spence
Sogeti	Berend Brix
Telecom Media Networks	Philippe Donche-Gay

(*) Administrator

(**) Censor

(***) Deputy General Manager

THE SECTORS

Six global units, dedicated to specific industry sectors, provide management consulting and IT services to Cap Gemini Ernst & Young clients worldwide.

Telecom Media Networks (TMN)

The Telecom Media Networks (TMN) Global Business Unit rose to the challenges presented by the telecommunications and media industries' tough market conditions in 2001. Thanks to its ongoing research program, The Leadership Connection® – conducted in cooperation with Ernst & Young – TMN was able to stay in tune with the needs of industry players and tailor its services accordingly.

TMN has over 30 years' experience in developing solutions for telecommunications providers, media distributors and creators, and large corporate enterprises leveraging next-generation network technology. Drawing on the skills and resources of its 6,500-strong workforce and extensive partnership network, the organization continued to help both the established operators and start ups achieve return on investment.

TMN is able to offer its clients a truly end-to-end service – from initial market entry strategy, through service development, back-office infrastructure design and installation, Customer Relationship Management and billing, to outsourcing and applications management. TMN is consistently ranked in the top tier of consultants serving the telecommunications and media industries.

Consumer Products, Retail and Distribution (CPRD)

Clients operating in these sectors are looking for the necessary expertise to develop strategies that will help them increase their sales in what are generally mature and highly competitive markets, while preserving or improving margins.

Cap Gemini Ernst & Young's CPRD unit offers the innovation and strategies required to take up this challenge. Examples include:

- Consumer Relevancy℠, a strategic framework that was developed following research with more than 16,000 consumers conducted by Cap Gemini Ernst & Young. The research identified a significant gap between consumers' expectations and companies' ability to meet them. An exclusive strategic methodology has been developed and successfully applied to several major market players, helping to pinpoint the exact needs of consumers and to improve growth, profitability and competitive positioning.
- Customer-Driven Transformation℠ focuses and prioritizes operational improvements and IT investments, aligning them with a consumer-centric strategic framework to drive business results and help CPRD companies realize their transformation agendas.

During 2001, the Group conducted projects for a large number of clients, including Danone, Ahold, Carrefour, Deutsche Post, Coca-Cola, Heineken and TPG Post (TNT Group).

Energy, Utilities & Chemicals

From oil and gas companies seeking to grow through acquisition or absorb already-acquired entities, to electricity, gas or water utility companies unbundling their value chains to prepare for deregulation and globalization, the sector continues to evolve rapidly. Personnel at all levels in these industries have had to acquire new skills and build new business models in order to deal with such a diverse set of new challenges.

Cap Gemini Ernst & Young is playing a major role in enabling an orderly, yet high-speed transition to the new industry paradigm. As one of the top three global energy & utilities consulting firms, the sector has about 6.000 professionals working regularly on projects related to the EU&C industries, in which it has developed and rolled out cutting-edge, industry-specific service lines such as Trading and Risk Management and Communication Hubs.

During 2001, key projects were carried out by the sector for several major clients worldwide. Among them NEMMCO in Australia, ChevronTexaco in the U.S. (see page 8) and New Horizon System Solutions in Canada (page 40).

Financial Services

Financial Services Institutions are facing challenging times with the global economic slowdown resulting in an urgent need by many players to scale down operations and reduce their fixed cost base. Future success in the financial services arena will depend on building a lean and efficient organization, focusing on core competencies and using innovative solutions to service the core business. In this context, Cap Gemini Ernst & Young has greater potential than ever before to build value-creating partnerships with global institutions.

In 2001, the Group achieved a leading position in Financial Services and now counts 35 of the world's 50 largest financial institutions among its clients. This privileged position is supported by a comprehensive service offering, ranging from strategic consulting to implementation, focusing on outsourcing, cost efficiencies, Adaptive IT, and Client Relationship Management, among others. Moreover, local delivery, backed by readily accessible global expertise, has earned the Group a reputation for superior client service in this sector as in others. To further enhance the service it provides to its global financial institution clients, the Group has embarked on a multi-dimensional development effort to bring together its capabilities and "go-to-market" strategies across the traditional industry lines of banking, insurance and securities.

High-Technology and Automotive (HT&A)

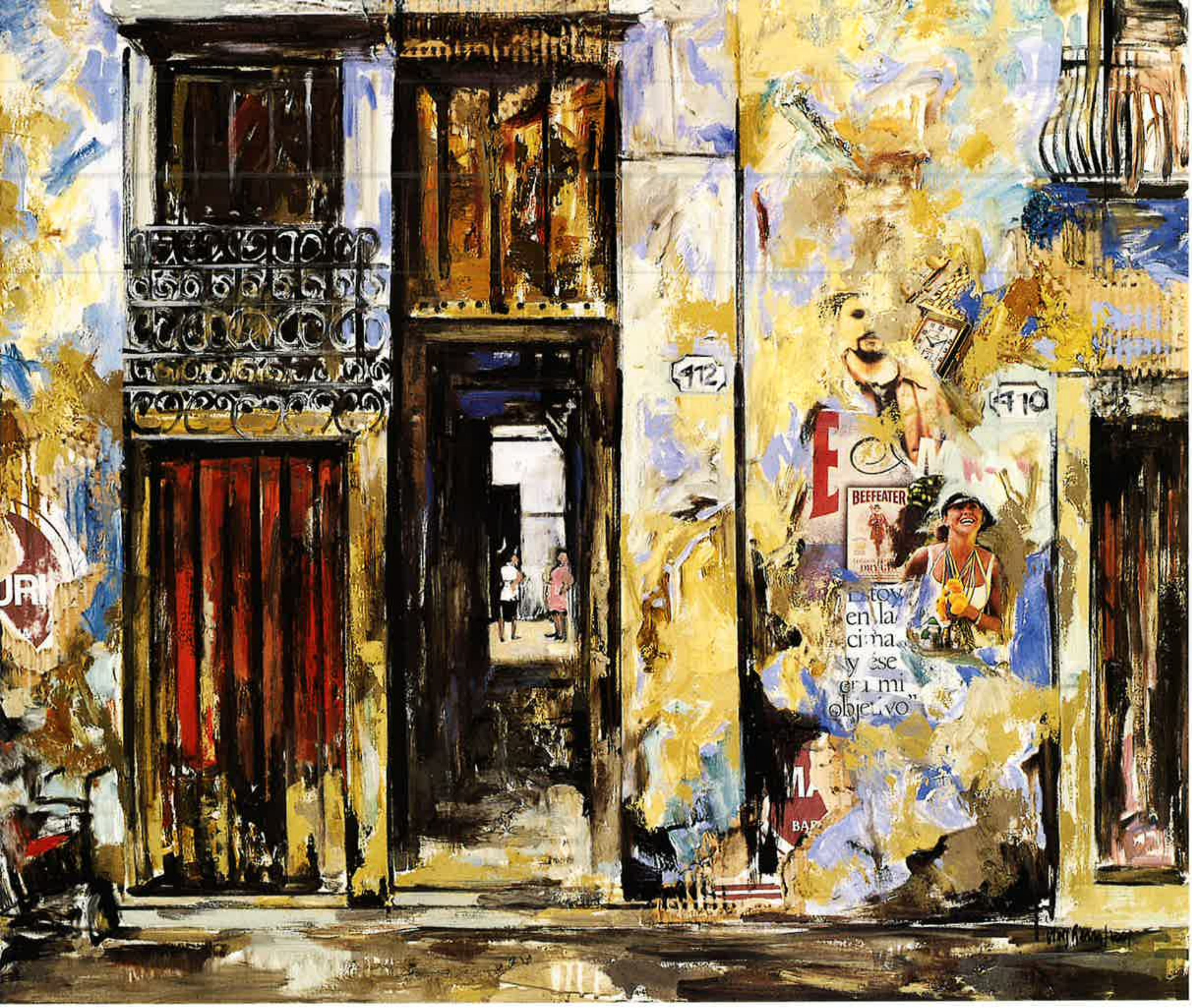
In 2001, Cap Gemini Ernst & Young strategically grew its client relationships both globally and locally, generating significant value for each of the world's twelve largest automotive OEMs, many of the world's largest automotive suppliers, each of the world's eight largest telecommunications equipment manufacturers, most of the leading computer and electronics manufacturers, and many of the world's top aerospace and defense companies.

Through its Centers of Excellence, the HT&A sector generates best practices, thought leadership and industry-specific solutions. The third annual Cars Online survey and the second annual Telecommunications Equipment Manufacturing surveys were published during 2001.

In 2001, Cap Gemini Ernst & Young's manufacturing clients experienced the effects of a highly volatile, uncertain economy. By embracing components of the Group's Adaptive Manufacturing Enterprise (AME) blueprint, many were able to improve operations and achieve meaningful savings.

In the automotive industry, the Cap Gemini Ernst & Young model supports the industry's movement to Build and Locate to Order, Collaborative Product Development, Adaptive CRM, B2B Exchanges, and Telematics. In recognition of a significant contribution to this industry, the Institute of Transport Management (ITM) named Cap Gemini Ernst & Young the Automotive Consultancy Company of 2001.

With its Adaptive Manufacturing Enterprise, Adaptive Supply Chain Management, CRM and major business transformational outsourcing offerings, Cap Gemini Ernst & Young also serves the High-Tech segment, most uniquely perhaps with its significant focus on developing and maintaining technical software residing in its clients' products – from mobile phones to networking equipment and laser printers.



2001 – "Patio interior" – Antoni Vives Fierro (Galerie Modus - www.galerie-modus.com)

Life Sciences

The combination of dedicated account focus, highly experienced industry specialists and a commitment to investing in innovative sector-specific service offerings has resulted in a very strong Life Sciences Global Sector Unit for Cap Gemini Ernst & Young.

Since 1996, the Life Sciences team has been working with 17 of the top 20 Life Sciences companies worldwide including Aventis, GlaxoSmithKline, Johnson & Johnson, Novartis, Pharmacia, and Syngenta. Its work across CRM, Salesforce Effectiveness, Clinical Development & Product Approval, Global Supply Chain, Global Finance Re-engineering, IS Strategy, IT Outsourcing, and delivering Food and Drug Administration compliance brings together deep technical insight and proven industry consulting skills.

Research collaboration with the INSEAD Business School Healthcare 2002 Forum, and close relationships with technology partners such as Siebel, SAP and Microsoft, help maintain a highly contemporary perspective in all client work.

2001 – "The Aodaï" – Josée Goudard (Galerie Gala Amalvy)

CONSOLIDATED FINANCIAL STATEMENTS

The summarized financial information presented below is extracted from the "2001 Financial Report"

Summarized consolidated statement of income for years ended December 31, 1999, 2000 and 2001

(in millions of euros)	1999	2000	2001
Operating Revenue	**4,310**	**6,931**	**8,416**
Operating Income	**469**	**703**	**423**
Net income before amortization of goodwill	294	453	183
Net Income	**266**	**431**	**152**
including dividends paid	78	149	50
Net Margin	**6.2%**	**6.2%**	**1.8%**
Earnings per share			
* Adjusted average number of shares	77,261,741	107,920,778	127,514,674
* Diluted earnings per share (in euros)	3.44	3.99	1.20

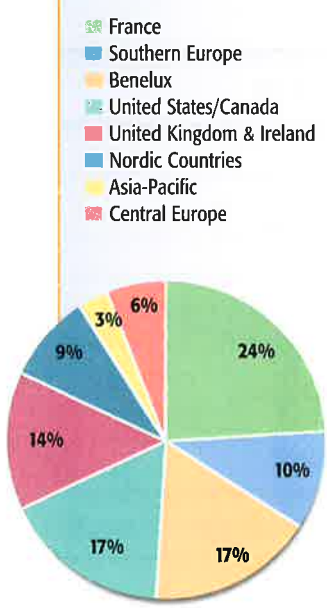
Number of employees	1999	2000	2001
Total number of employees as of December 31	**39,626**	**59,549**	**57,760**
Average number of employees	**39,210**	**50,249**	**59,905**

Summarized consolidated balance sheet as of December 31, 1999, 2000 and 2001

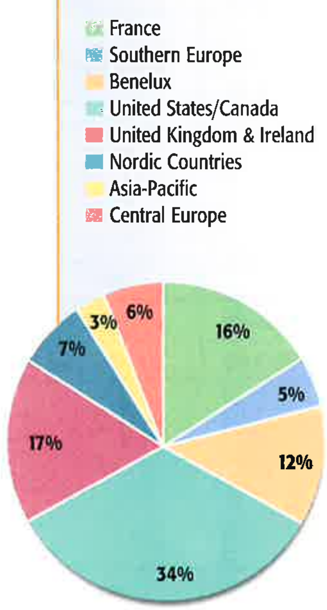
(in millions of euros)	1999	2000	2001
Assets			
Intangible assets	1,589	1,646	1,830
Other assets	361	545	579
Total non-current assets	**1,950**	**2,191**	**2,409**
Long-term deferred tax assets	86	786	863
Accounts and notes receivable (net)	1,063	2,312	2,176
Other current assets	932	1,456	1,309
Total assets	**4,031**	**6,745**	**6,757**
Liabilities and shareholders' equity			
Shareholders' equity, including minority interests	**2,638**	**4,223**	**4,342**
Long-term liabilities	322	302	357
Short-term liabilities	1,071	2,220	2,058
Total liabilities and shareholders' equity	**4,031**	**6,745**	**6,757**
Net debt	**(508)**	**(849)**	**(698)**

ACTIVITY ANALYSIS

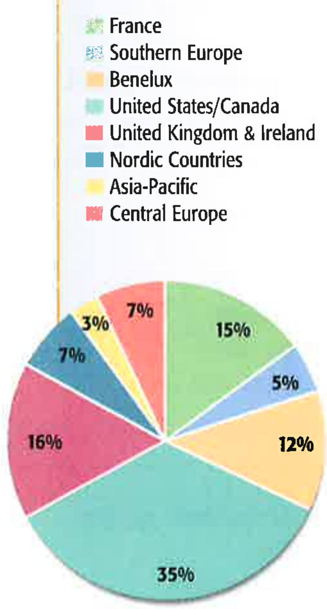
EMPLOYEE BREAKDOWN BY REGION AT DECEMBER 31, 2001
(BASED ON WORKFORCE OF 57,760)



2001 REVENUE BREAKDOWN BY REGION
(ALL SERVICE LINES INCLUDED)

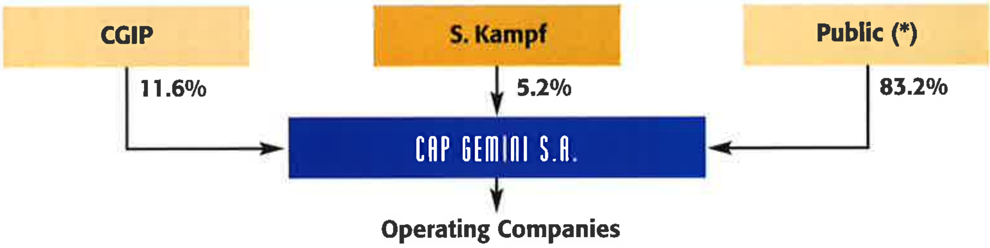


2000 PRO FORMA REVENUE BREAKDOWN BY REGION
(ALL SERVICE LINES INCLUDED)



STOCK EXCHANGE OVERVIEW

Distribution of capital on December 31, 2001



(*)Including capital held by managers, particularly those who have exercised stock options in the past and retained their shares, as well as shares received in May 2000 by former Ernst & Young Consulting partners who became Group employees after the acquisition of the Ernst & Young Consulting businesses.

Dividends

Year ended December 31	Total dividend *(in millions)*	Number of shares	Dividend per share
1996	MFF 121	60,356,666	francs 2
1997	MFF 214	61,198,877	francs 3.50
1998	MFF 380	69,130,658	francs 5.50
1999	M€ 78	77,945,108	€ 1
2000	M€ 149	124,305,544	€ 1.2
2001	(*)M€ 50	125,244,256	(*)€ 0.40

(*)recommanded to the Ordinary Meeting of April 25, 2002.

Share price from January 1, 2000 to March 31, 2002

(in euros)

Source: Reuters.

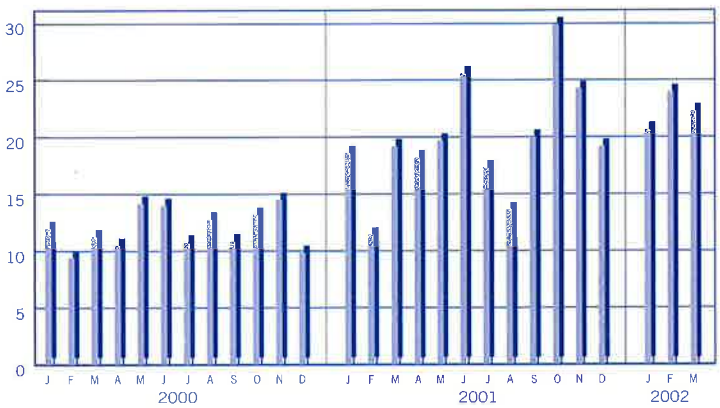
Market capitalization: January 1, 2000 to March 31, 2002

(in billions of euros)

Source: CMF.

Monthly trading volume from January 2000 to March 2002

(in millions of shares - including trading in the Netherlands)



Source: Euronext.

1999 – "Venice" – Mikhaïl Turovsky (Galerie Célia B. Guedj – www.celiabguedj.com)

MAIN LOCATIONS

Cap Gemini Ernst & Young - Corporate Headquarters

Place de l'Etoile - 11 Rue de Tilsitt - 75017 Paris - France
Telephone: 33 (0)1 47 54 50 00
Internet: www.cgey.com

Cap Gemini S.A.

Paris	33 (0)1 47 54 50 00
Grenoble	33 (0)4 76 59 63 00

Cap Gemini Ernst & Young

Paris	33 (0)1 47 54 50 00

University

Béhoust (Yvelines)	33 (0)1 30 88 38 38

Sector Management

Telecom Media Networks		
	Paris	33 (0)1 47 54 52 00
Consumer Products/ Retail/Distribution		
	New York	1 (212) 773 58 40
Life Sciences		
	London	44 (207) 340 30 00
Energy, Utilities & Chemicals		
	Paris	33 (0)1 49 67 30 00
	Houston (Texas)	1 (713) 982 17 00
Financial Services		
	New York	1 (212) 773 58 40
High-Technology & Automotive		
	Rosemont (Illinois)	1 (312) 879 25 00

France (33)

(Note: If dialing these numbers within France, add a 0 before the first digit.)

Paris	Corporate Headquarters	1 47 54 50 00
	Finance	1 49 67 30 00
	Industry	1 49 01 80 00
	Institute	1 44 74 24 10
	Operate (outsourcing)	1 41 26 51 00
	Public Services	1 49 01 77 09
	Telecom	1 49 00 40 00
	Tertiaire	1 49 01 70 00
Bayonne	Industry	5 59 25 34 00
Bordeaux	South	5 56 46 70 00
Brest	West	2 98 30 46 30
Caen	West	2 31 94 51 20
Clermont-Ferrand	Rhône-Alpes	4 73 28 23 81
Grenoble	Rhône-Alpes	4 76 52 62 00
Le Mans	West	2 43 57 45 00
Lille	North-East	3 28 36 31 31
Lyon	NIS (Network Infrastructure Services)	4 72 74 03 26
	Rhône-Alpes	4 72 75 48 60
Marseille	South-East	4 91 16 57 00
Montpellier	South-East	4 67 20 92 92
	Banking Systems	4 67 20 64 90
Mulhouse	North-East	3 89 36 33 66
Nancy	North-East	3 83 95 85 85
Nantes	West	2 51 17 35 00
	West (Training Center)	2 51 17 35 01
Nice	South-East	4 93 72 43 72
Niort	West	5 49 06 84 30
Orléans	West	2 38 24 01 01
Pau	South-West	5 59 84 12 23
Rennes	West	2 99 12 55 00
	Telecom	2 99 27 45 45
Rouen	West	2 35 12 20 20
Strasbourg	North-East	3 90 22 86 10
Toulouse	South-West	5 61 31 52 00
Tours	West	2 47 60 67 60
Valence	Rhône-Alpes (Training Center)	4 75 41 80 22

Europe (outside France)

AUSTRIA (43)		
	Vienna	(1) 211 63 0
BELGIUM (32)		
	Diegem	**(2) 708 11 11**
	Gent	(9) 240 15 11
	Hornu	65 715 211
	Wavre	10 23 66 11
CROATIA (385)		
	Zagreb	1 481 12 30
DENMARK (45)		
	Gentofte	**70 11 22 00**
	Viby, Jylland	87 38 70 00
FINLAND (358)		
	Espoo	**(9) 452 651**
	Helsinki Operate (outsourcing)	(9) 452 651
	Oulu	(8) 551 51 99
	Tampere	(9) 452 651
	Turku	(2) 251 26 66
GERMANY (49)		
	Berlin	**(30) 88 59 42 0**
	Cologne	(221) 91 26 44 0
	Dresden	(351) 478 13 0
	Düsseldorf	(211) 470 68 0
	Frankfurt/Sulzbach	(6196) 9 99 0
	Frankfurt	(69) 1 52 08 02
	Hamburg	(40) 2 53 18 0
	Heilbronn	(7131) 939 0
	Munich	(89) 94 00 0
	Russelsheim	(6142) 60 34 0
	Stuttgart	(711) 5 05 05 0
	Walldorf	(6227) 73 390 0
HUNGARY (36)		
	Budapest	(23) 506 800
IRELAND (353)		
	Belfast	2 (890) 51 12 30
	Dublin	1 661 32 66
ITALY (39)		
	Genoa	(010) 537 531
	La Spezia	(0187) 98 451
	Milan	(02) 42 261
	Naples	(081) 606 89 11
	Padua	(049) 823 5874
	Rome	**(06) 231 901**
	Syracuse	(0931) 463 565
	Turin	(011) 65 38 11
LATVIA (371)		
	Riga	(7) 50 32 50
LUXEMBOURG (352)		
	Luxembourg	440 49 81
THE NETHERLANDS (31)		
	Utrecht	(30) 689 89 89
NORWAY (47)		
	Oslo	**24 12 80 00**
POLAND (48)		
	Warsaw	(22) 528 75 00
PORTUGAL (351)		
	Lisbon	**(21) 412 22 00**
	Porto	(22) 608 06 00
SLOVAKIA (421)		
	Bratislava	(2) 444 556 78
SPAIN (34)		
	Barcelona	(93) 495 86 00
	Madrid	**(91) 657 70 00**
SWEDEN (46)		
	Borlänge	(243) 922 00
	Fagersta	(223) 418 00
	Gävle	(26) 63 28 00
	Göteborg	(31) 335 46 00
	Helsingborg	(42) 17 60 00
	Jönköping	(36) 34 85 00
	Kalmar	(480) 49 66 60
	Karlshamn	(454) 32 59 50
	Karlskrona	(455) 568 50
	Karlstad	(54) 14 63 00
	Linköping	(13) 24 81 00
	Luleå	(920) 24 26 00
	Malmö	(40) 607 72 10
	Örebro	(19) 17 32 00
	Oxelösund	(155) 25 50 00
	Stockholm (Bromma)	**(8) 704 50 00**
	Sundsvall	(60) 59 47 00
	Umeå	(90) 10 81 00
	Uppsala	(18) 18 52 30
	Västerås	(21) 10 58 00
	Växjö	(470) 74 79 60
SWITZERLAND (41)		
	Basel	(0) 61 685 27 27
	Geneva	(0) 22 879 52 00
	Lausanne	(0) 21 621 71 00
	Zürich	**(0) 1 560 24 00**
UNITED KINGDOM (44)		
	Bedford	(1234) 328 111
	Birmingham (Aston)	(121) 333 3536
	Birmingham (Gravelly)	(121) 328 8200
	Bristol (Aztec)	(1454) 626 626
	Bristol (Toltech)	(1454) 612 211
	Corby	(1536) 385 350
	Dingwall	(1349) 860 500
	Edinburgh	(131) 339 9339
	Glasgow	(141) 331 0414
	Greenford	(20) 8970 52 44
	London (Docklands)	(20) 7537 0926
	London (Shaftesbury Avenue)	**(20) 7434 2171**
	London (South Bank)	(20) 7735 0800
	London (Wardour Street)	(20) 7734 5700
	Manchester (Sale)	(161) 969 3611
	Rotherham	(1709) 710 071
	Swansea	(1792) 792 777
	Teeside (Wynyard Park)	(1740) 645 500
	Watford	(1923) 211 311
	Woking	(1483) 786 217

North America

CANADA (1)		
	Calgary	(403) 206 5600
	Montreal	(514) 874 4488
	Ottawa	(613) 598 4410
	Toronto	(416) 943 3232
	Vancouver	(604) 899 3535
UNITED STATES (1)		
	Atlanta (Georgia)	(404) 541 7100
	Austin (Texas)	(512) 703 7000
	Bala Cynwyd (Pennsylvania)	(610) 668 4626
	Baltimore (Maryland)	(410) 783 3800
	Bellevue (Washington)	(425) 990 6800
	Birmingham (Alabama)	(205) 458 7666
	Cambridge (Massachusetts)	(617) 761 4000
	Charlotte (North Carolina)	(704) 331 1900
	Chicago (Illinois)	(312) 879 6700
	Cincinnati (Ohio)	(513) 333 4555
	Clark (New Jersey)	(732) 382 5400
	Clayton (Missouri)	(314) 290 8000
	Cleveland (Ohio)	(216) 583 3300
	Columbus (Ohio)	(614) 895 4960
	Cupertino (California)	(408) 861 1800
	Dallas (Texas)	(214) 303 7600
	Denver (Colorado)	(303) 796 4000
	Detroit (Michigan)	(313) 628 7540
	El Segundo (California)	(310) 727 8400
	Englewood (Colorado)	(303) 796 4000
	Freehold (New Jersey)	(732) 358 8900
	Hartford (Connecticut)	(860) 524 3300
	Honolulu (Hawaii)	(808) 535 6820
	Houston (Texas)	(713) 982 1700
	Hudson (Massachusetts)	(978) 562 0330
	Indianapolis (Indiana)	(317) 977 1300
	Irvine (California)	(949) 440 3500
	Irving (Texas)	(214) 303 7600
	Kansas City (Missouri)	(816) 480 5546
	Leawood (Kansas)	(913) 253 2100
	Los Angeles (California)	(213) 240 7000
	Louisville (Kentucky)	(502) 585 6444
	Lyndhurst (New Jersey)	(201) 872 4100
	McLean (Virginia)	(703) 747 0500
	Miami (Florida)	(305) 415 1515
	Minneapolis (Minnesota)	(612) 371 8300
	Morristown (New Jersey)	(973) 285 9000
	New York	**(212) 944 6464**
	Newton (Massachusetts)	(617) 928 7600
	Philadelphia (Pennsylvania)	(215) 448 3800
	Phoenix (Arizona)	(602) 452 5900
	Pittsburgh (Pennsylvania)	(412) 644 0600
	Rosemont (Illinois)	(312) 879 2500
	San Francisco (California)	(415) 951 3200
	Tampa (Florida)	(813) 225 4747
	Tarrytown (New York)	(914) 345 6041
	Walnut Creek (California)	(925) 287 2323
	Westlake Village (California)	(818) 735 8300
MEXICO (52)		
	Mexico City	55 8503 2400

Asia-Pacific

AUSTRALIA (61)		
	Adelaide	(8) 8233 6100
	Melbourne	(3) 9288 8361
	Sydney	(2) 9248 4414
CHINA		
	Hong Kong	(852) 2918 7300
	Shanghai	86 (21) 6841 9696
INDIA (91)		
	Mumbai	(22) 518 7000
JAPAN (81)		
	Tokyo (3)	(3) 3279 9210
MALAYSIA (60)		
	Kuala Lumpur	(3) 2163 6800
NEW ZEALAND (64)		
	Auckland	(9) 377 1440
	Wellington	(4) 499 7750
SINGAPORE (65)		
	Singapore	6484 3188
TAIWAN (886)		
	Taipei	(2) 8780 0909

Sogeti

HEADQUARTERS:

BELGIUM (32)		
	Brussels (Sogeti N.V./S.A.)	(2) 639 08 30
	Antwerp (Gitek N.V.)	(3) 231 12 90
	Zaventem (Twinsoft N.V.)	(2) 716 52 80
FRANCE (33)		
	Paris	(0)1 49 24 53 00
GERMANY (49)		
	Düsseldorf (IQUIP Deutschland GmbH)	(211) 522 85 0
THE NETHERLANDS (31)		
	Diemen (IQUIP Informatica B.V.)	(20) 660 66 00
	Rotterdam (G&D)	(10) 289 09 00
	Vianen (Twinsoft)	(0347) 358 200
SWITZERLAND (41)		
	Petit-Lancy	(22) 879 16 50
UNITED STATES (1)		
	Centerville (Ohio)	(937) 433 3334

A publication of Cap Gemini Ernst & Young
Text: Corporate Communications
Cover: ***2001 – "Vietnamese women" – Josée Goudard (Galerie Gala Amalvy)***
Design: Les Editions Stratégiques
Production: Gutenberg on line
Printed in France

CAP GEMINI
ERNST & YOUNG