

Annual Report

2002





Gina Pellon is a genuine colorist, an artist of passionate energy who gives free reign to her fascination with faces and features which suggest the influence of expressionism on her work.

The works of Gina Pellon are on exhibit at the gallery:

Marie-Claude Goinard
11, rue Visconti
75006 PARIS

Tel. : 33 (0) 1 46 34 13 75
www.galerie-mc-goinard.com



Jean-Pierre Rives plays with the proportion between objects, with the distribution of mass. He builds his compositions and structures his elements around a central energy source or imaginary space in which the original matter can be cleverly transformed.

To discover the world of Jean-Pierre Rives, contact the gallery:

Enrico Navarra
16, avenue Matignon
75008 PARIS

Tel. : 33 (0) 1 45 61 91 91
www.enriconavarra.com

Permission to reprint these works has been kindly granted by the individual artists. Thanks also to the galleries which assisted with the selection.



Letter from the Chairman

Grenoble, March 23, 2003

It is Sunday and France is enjoying some fine weather.

Over Baghdad, it is raining bombs. The tanks are racing across the desert; marines are dying to make the world a safer place, longtime allies are hurling invective at each other, denying two centuries of friendship; Europe is coming to terms with its divisions, the United Nations is meeting day and night to debate its own impotence; the menace of terrorism is as strong as ever...

And here I am, one eye on the television screen and the constant barrage of war images, the other on the blank page on which I am supposed to be writing my thoughts about the past financial year. Yet I just cannot rid myself of the idea that all of this is pretty trivial compared to what is happening in the world outside today. But then someone whispers to me: "Forget your qualms, the printer is waiting and *you* are the Chairman."

So, since we must, let us talk about the Group and the dreadful year that it has just been through. A massive drop in revenue (-14%) and in staff levels (-8%); operating margin only just in the black (1.6%); a net loss of more than 500 million euros: now that is a "performance" one definitely does not want to boast about. There are, however, no shortage of explanations for this (*), some of which could even count as excuses. This is the case with the severe crisis that hit all western economies from the spring of 2001, and which the September 11th terrorist attacks only served to amplify and accelerate. Everyone knows that virtually all market sectors have suffered and continue to suffer because of this crisis, but one is perhaps less aware that it has particularly affected consulting and services companies, and for a very simple reason: the services they provide – so valuable in times of growth – are (along with advertising) the very easiest to cut back when, in the enterprise, cost cutting and retrenchment are the order of the day.

() in particular, the Group management's focus on the problems raised by a difficult merger (consultants / IT staff) at the very moment when the external situation should have mobilized their efforts around sales, adapting our offerings to the changing needs expressed by clients, a more rigorous management of hiring levels, etc.*



CONTENTS

- 2 Letter from the Chairman
- 9 Key figures
- 13 2002, a year of reconstruction
- 23 Client commentary
 - 24 Westminster City Council
 - 27 Procter & Gamble
 - 29 Uni2
 - 31 Nissan
 - 34 Dexia Crédit Local
 - 37 Farmers Insurance Group
- 41 Outstanding events of 2002
- 51 Introduction to the Cap Gemini Ernst & Young Group
- 57 Cap Gemini Ernst & Young in community life
- 59 Les Fontaines: a new international conference center
- 63 Main points of contact

But the Group – and the sector to which it belongs – have already seen crises of this kind. Strangely enough, they tend to happen every ten years or so! I remember that in 1972, C.A.P., which was back then already the largest French IT services company, was forced to make scores of programmers redundant and that, at the time, this had a big impact. In 1981/82, the very existence of service companies – reduced to the status of temporary employment agencies and treated as such – was called into question by the new authorities in France. In 1991/92, the first Gulf war, and the economic crisis that came with it, led the Group to record the first losses in its history. Finally, after the euphoria of the move to the new millennium, came the new crisis in 2001/02, which directly led to a new plunge in the Group's results.

To have survived (not without difficulty) three or four major crises is absolutely no guarantee that we will get through the next one without problems, but it does at least demonstrate a certain ability to respond and especially to once more mobilize around a number of objectives and key values that we may occasionally lose sight of in easier times.

These objectives of Cap Gemini as a company, the organizational and management principles that it has put in place and the values which govern it were not created yesterday but date back a good twenty years. At that time, no one talked about "governance," nor of the new economy nor of Internet, and no one imagined that top managers of multinational companies could ever be capable of turning the golden rules of accounting to their own advantage. But the Group already believed it necessary to set in stone a certain number of golden rules, respect for which made it a unified, conquering force. By these I mean:

- its objectives
 - its organizational principles
 - its values
-

Let us begin with **OBJECTIVES**, which I had reduced to four, with the simple goal of not setting too many hares running at once. These are the ones that remain ours more than ever following the disappointments we have endured over the past two years:

- the first objective is **profitability**: Cap Gemini is a company with a mission of an economic nature, i.e. a company aimed at solving creditworthy clients' needs and, in doing so, making a profit. What it then does with the money earned is another question: it might leave it to accumulate in its balance sheet, redistribute it to those who have contributed their hard work or capital, invest it in costly research efforts, finance acquisitions, use it for charitable programs, and so on. But the prime objective of a company is to make money and that is how it demonstrates its own usefulness and effectiveness. Today, despite heavily deteriorated economic conditions, our priority objective is still to be a profitable company again.

- the second objective is **growth**: like every living being, the enterprise seeks to get bigger, to develop, to struggle against and overcome those that compete for territory and food. This objective of growth, if it is pursued long enough, can enable a company to occupy a “leadership position,” which gives it some clear advantages over less enterprising competitors. For its employees, this translates into a higher status, better career prospects and the prestige that everyone shares simply by being part of a business leader. We want to remain one of the leaders in our profession and, therefore, by redefining our service offers and taking advantage of the consolidation of our sector, we will once more become a high-growth company as fast as we can.

- the third objective of Cap Gemini as a company, and maybe this is less obvious than the first two, is **independence**. Independence for a company is what I would happily call “sovereignty,” by which I mean the ability to form its own judgments and make its own decisions without letting its actions be influenced or dictated by external pressures, whether these be financial, political, economic, philosophical, religious or any other kind. For its managers, the independence of their company is synonymous with freedom, personal responsibility, initiative and creativity (as well as with the risks these bring because, in this situation, one cannot blame others for one’s mistakes or use them to excuse one’s own failures). In an increasingly complex profession, with a growing need to build up strong alliances, where business relationships with clients are becoming true partnerships, we must insist on maintaining our objectivity and traditional independence in every area.

- the fourth and last of our main business objectives is **perenniality**. Companies have a natural life span, and so do their managers! But if there is an age limit for managers, there is nothing of the kind for companies, and managers can certainly aspire to make their companies outlive them. This concern for perenniality – if it is combined with a desire for innovation, capacity for adaptation and pragmatism – is a key factor in the confidence that both clients and employees have in a company and therefore in the loyalty they demonstrate. The Group has been in business for 35 years and has the strong resolve still to be in business in another 35 years.

These four major objectives – which may seem self-evident but which, however, one would be wrong to assume are universally shared – give rise to some obvious strategic choices (but this letter is not designed to talk about those), and also lead to some **ORGANIZATIONAL PRINCIPLES** among which I would assign special importance to:

- **decentralization** with its natural corollaries: delegation of responsibility; incentives for entrepreneurship and innovation; strong involvement of managers placed in a position similar to that of leading a small business, but with the advantage of being allowed to make a few mistakes...

- the systematic application of the **subsidiarity principle**, which ensures that decisions should be made as closely as possible to the location and level at which they are implemented, and that only those possibly impacting other business units should be escalated to a higher level.

- **management structures that are light**, and pruned back from time to time, with a minimum of hierarchical levels and limited central functions.

- **performance evaluation** based on objectives that are both broad-based and quantifiable, with people being judged more by results than by potential.

These few principles, supported by a continuous drive for efficiency and quality (being careful not to give way to perfectionism), linked also to pragmatic attitudes (ability to adapt, speed of response, mobility of our people), form the basics of the Group's organization from the very beginning. We were unfortunately diverted from this path in May 2000, which explains in large measure our bad performance in the past two financial years – but Paul Hermelin has progressively set things back in order over the past year and the organization has now once become flexible again and relatively simple in a market that is certainly not.

To these objectives which guide its movements, and to these principles that determine its organization methods, Cap Gemini a long time ago added a certain number of **VALUES**, i.e. a set of behavioral rules deemed virtuous and praiseworthy, and which it is important both to respect and defend. There are seven of them and they are often expressed through words with slightly different meanings in the different languages spoken within the Group:

- the first is **honesty**, loyalty, integrity, uprightness, a complete refusal to use any underhanded method to help win business or gain any kind of advantage. Neither growth nor profit nor independence have any real worth unless they are won through complete honesty and probity. And everyone in the Group knows that any lack of openness and integrity in our business dealings will be penalized at once.

- **boldness**, which implies a flair for entrepreneurship and a desire to take considered risks and show commitment (naturally linked to a firm determination to uphold one's commitments). This is the very soul of competitiveness: firmness in making decisions or in forcing their implementation, an acceptance periodically to challenge one's orientations and the status quo. Boldness also needs to be combined with a certain level of prudence and a particular clear sightedness, without which a bold manager is, in reality, merely dangerously reckless.

- **trust**, meaning the willingness to empower both individuals and teams; to have decisions made as close as possible to the point where they will be put into practice. Trust also means giving priority, within the company, to real openness toward other people and the widest possible sharing of ideas and information.

- **freedom**, which means independence in thought, judgment and deeds, and entrepreneurial spirit, creativity. It also means tolerance, respect for others, for different cultures and customs: an essential quality in a group of 50,000 people of thirty or forty different nationalities.

- **solidarity** meaning team spirit, friendship, fidelity, generosity, fairness in sharing the benefits of collective work; accepting responsibilities and an instinctive willingness to support common efforts when the storm is raging.

- **modesty**, that is simplicity, the very opposite of affectation, pretension, pomposity, arrogance and boastfulness. Simplicity does not imply naivety (simple does not mean simpleton!); it is more about being discreet, showing natural modesty, common sense, being attentive to others and taking the trouble to be understood by them. It is about being frank in work relationships, loosening up, having a sense of humor.

- **fun**, finally, means feeling good about being part of the company or one's team, feeling proud of what one does, feeling a sense of accomplishment in the search for better quality and greater efficiency, feeling part of a challenging project.

There has never been any question of imposing these values on every one of the 50,000 employees in the Group, nor of forcing our people to respect them: I know only too well that to talk about values is also to point out the existing gap from them; to put our finger on our own weaknesses, to open up our inevitable shortcomings to criticism. I also know that people working in any company always fear, and with good reason, being manipulated or having cultural dogmas imposed upon them. Yet everyone understands that in a service company, attitudes count as much as aptitudes, behavior as much as know-how. Everyone knows perfectly well that paying more attention to values is a valid alternative to a proliferation of operating rules and of system failures. And that it is our values which remind us of the meaning of our shared adventure when difficult times cast doubt on so many things.

As I reach the end of this far too long letter, I find myself wondering if, in this world at war, in the midst of new dangers created by the "great schism of the West," in the climate of profound crisis that makes even the greatest optimists feel uneasy, all of these thoughts about principles and values are likely to interest many of our readers.

But we can always hope that, when this Annual Report leaves the printers at the beginning of May, the war will be over, the flare-up defused, friends reconciled and the crisis overcome. Then, they might read this with a little more attention...or a little more indulgence.

SERGE KAMPF

N.B.: This is a translation of the original letter, written in French.



CHRISTIAN BLANG



BRUNO ROGER



SERGE KAMPF
Chairman



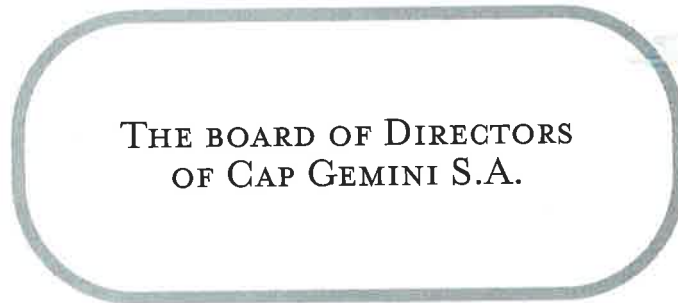
ERNEST-ANTOINE SEILLIÈRE
Vice-Chairman



JEAN-RENÉ FOURTOU



JEAN-BERNARD LAFONTA



PHIL LASKAWY



MICHEL JALABERT



PAUL HERMELIN



RUUD VAN OMMEREN



TERRY OZAN

NON-VOTING DIRECTORS



PIERRE HESSLER



GEOFF UNWIN

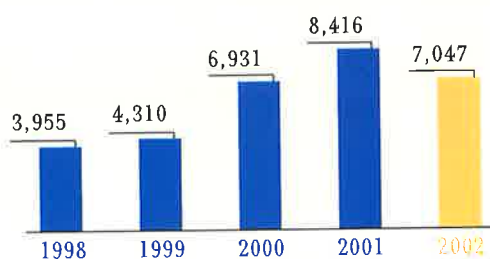


At the Senate, Paris - Untitled, Jean-Pierre Rives, 2002 - Steel - 165 x 59 x 59 inches

KEY FIGURES

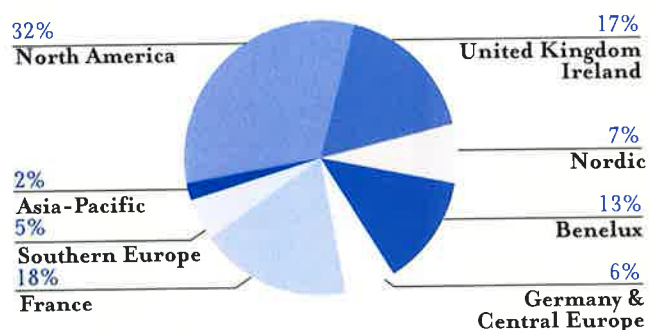
REVENUE

IN MILLIONS OF EUROS



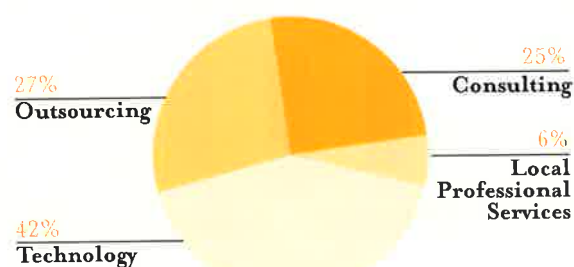
2002 REVENUE

BREAKDOWN BY REGION



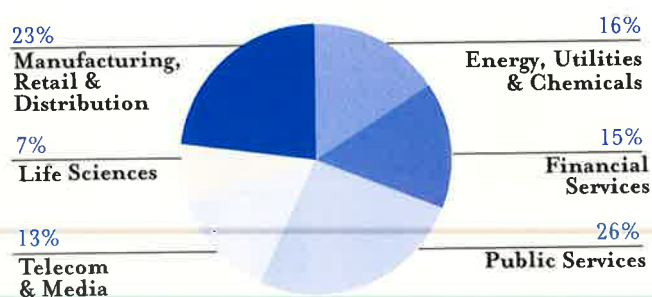
2002 REVENUE

BREAKDOWN BY DISCIPLINE



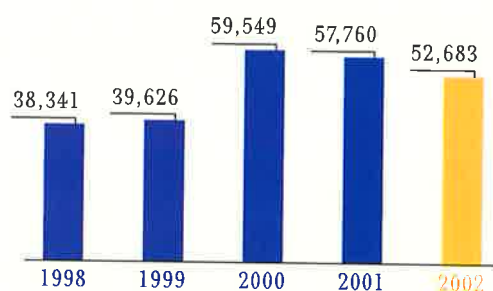
2002 REVENUE

BREAKDOWN BY INDUSTRY SECTOR



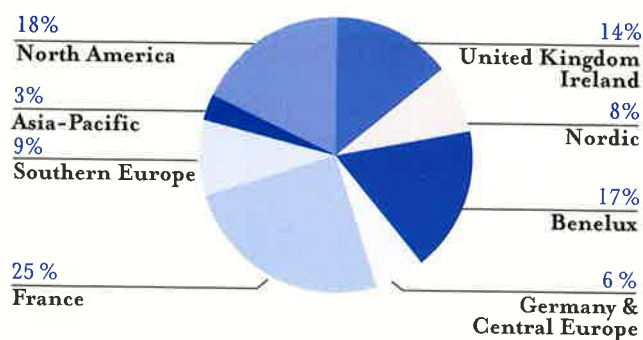
TOTAL WORKFORCE

AT DECEMBRE 31, 2002



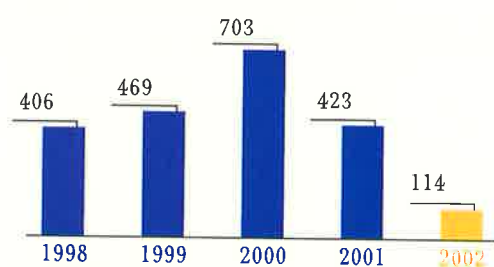
2002 WORKFORCE

BREAKDOWN BY REGION



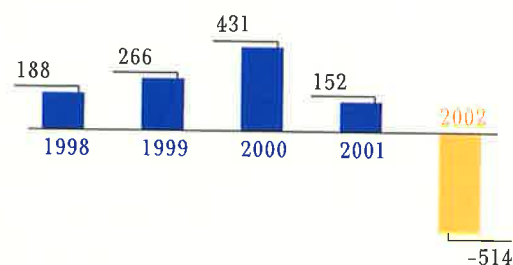
OPERATING INCOME

IN MILLIONS OF EUROS



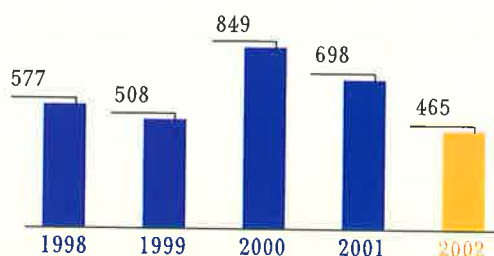
NET INCOME

IN MILLIONS OF EUROS



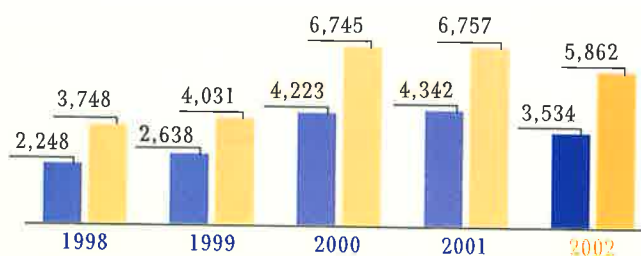
NET CASH

IN MILLIONS OF EUROS



SHAREHOLDERS' EQUITY / TOTAL ASSETS

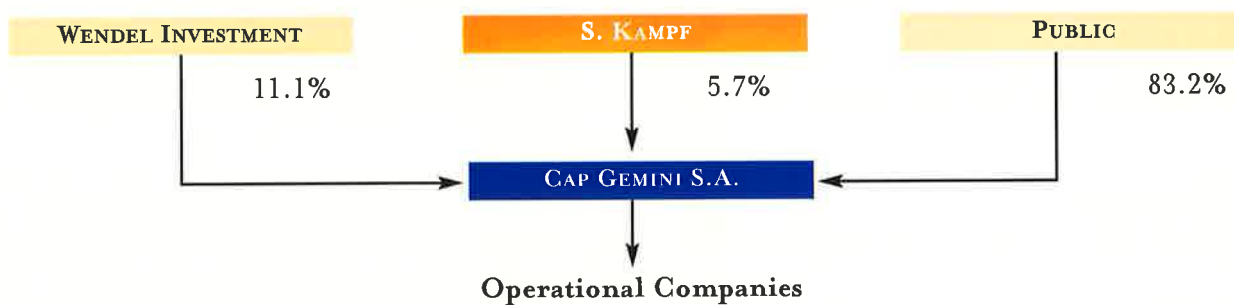
IN MILLIONS OF EUROS



Shareholders' equity ■
Total assets ■

CAPITAL DISTRIBUTION

AT DECEMBER 31, 2002



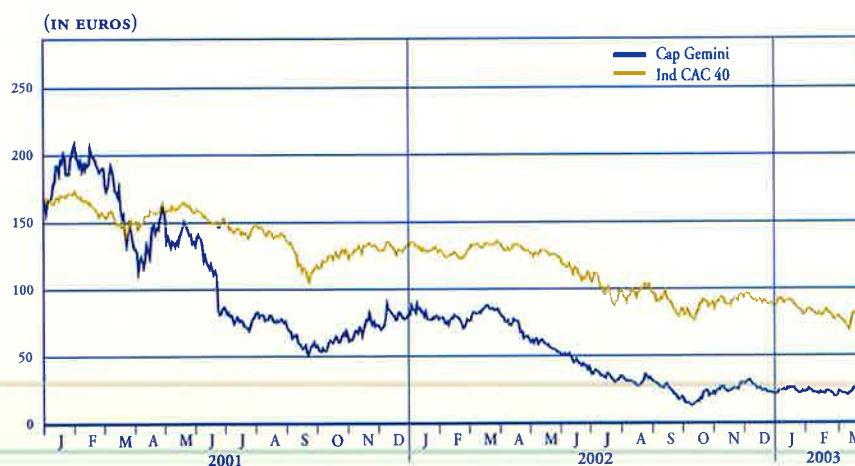
DIVIDENDS

Year ended December 31	Distribution (In millions)	(In %)	Number of shares at December 31	Dividend per share
1997	214 MFF	28%	61,198,877	3.50 francs
1998	380 MFF	31%	69,130,658	5.50 francs
1999	78 M€	29%	77,945,108	1 euro
2000	149 M€	35%	124,305,544	1.20 euro
2001	50 M€	33%	125,244,256	0.40 euro

Your Board of Directors proposes that no share dividend will be distributed for 2002

SHARE QUOTATION

FROM JANUARY 1, 2001 TO MARCH 31, 2003



SOURCE: REUTERS



Mauritius Island - Untitled, Jean-Pierre Rives, 2001 - Treated steel - 98 x 39 x 19 inches

2002, A YEAR OF RECONSTRUCTION

Made vulnerable by a market in abrupt recession and a complex organization – effective perhaps during a period of growth but unsuitable to the new economic conditions – the Group decided, in 2002, to commit to a full-scale transformation initiative. Known as the LEAP program, it expresses our desire to adapt quickly to the new conditions and get back on the road to success within an environment that has changed for the foreseeable future. The result is a new Group, much more “maneuverable,” able to commit to clients and partners, able to confront the difficult challenges of 2003... knowing full well that an unwavering discipline and a highly realistic approach to the market remain the order of the day.

At the end of the 1990s, our industry enjoyed unbridled growth, thanks to the increasingly strategic role of new technologies in business, and to inventive offerings adapted to the big challenges of the new century that management consulting and services companies had brought to market: client-server architecture, business re-engineering, integrated application management packages, Year 2000 and euro conversions, Internet and e-business solutions.

Like other companies, and perhaps even better than others, the Cap Gemini Ernst & Young Group knew how to ride this wave. The merger in May 2000 placed the Group, according to the most prominent financial analysts, within the first rank globally in CRM (Customer Relationship Management), Supply Chain Management and support service optimization. And no one disputes that it has become the first or second global partner of the major software developers (SAP, Siebel, Oracle, PeopleSoft, and others).

A few months to adapt the Group's profile, skills and offers

But at the very moment that this merger was accomplished, market conditions changed radically and without warning. Our clients' priorities were quickly redirected as they abandoned the deployment of new services and growth strategies in favor of cost control, productivity gains and a rapid return on investment. From that point on, we had to manage retrenchment rather than growth and a change in priorities from speed to price. It also meant accepting the idea that these changes would be long lasting, and that we had to adapt the Group's profile, skills and offerings without delay.

Demand was redirected toward outsourcing and technical adjustments of information systems – both generating short-term profits. In response to this demand, the Group has made serious efforts to strengthen its outsourcing business, which accounted for only 15 percent of revenue in 2000, and which today represents 27 percent, a figure which will no doubt increase in the coming years.

Another consequence of this redirection is the return of “technology” to center stage. Five new targeted offerings have been launched and a specialized sales channel has been implemented known as “Technology Direct” (piloted in 2002, and placed in wider circulation as of January 1, 2003).

As for the industry sectors in which we operate, the first order of business was to mitigate the downturns in demand in telecommunications, financial services and high-tech, and to refocus our energies on more stable clients (even during a time of recession) such as those in the public sector, energy, utilities, the environment, and the health care industries.

This rebalancing of the Group's business mix is now largely completed.

The LEAP program: a framework for transformation

To accomplish this deployment – but also to speed up reaction within the Group and lighten a cost structure that was incompatible with changes in pricing – an important program, involving both thorough and rapid turnaround measures and longer-term transformation initiatives, was designed and then implemented. It is first of all intended to simplify our organization and cast off an out of date line management structure in favor of lighter, more reactive methods built around:

- **a structure consisting of nine geographic regions** – and as many operating accounts – making it easier to adjust to variations in demand and to better manage our resources. In addition to these nine geographic regions, is a global subsidiary created with Cisco Systems in the telecommunications sector – Telecom & Media (T&M) – and Sogeti, whose business is focused on local professional services;
- **a management structure** built around our four major disciplines in each of these regions: namely, consulting, technology, outsourcing and local professional services.* It was then possible to set specific objectives for allocating resources, pricing, and managing projects indigenous to each discipline – conditions essential for increasing profit margins and improving sales efficiency. Obviously, the objective continues to be the “bundling” of these different services (especially those of consulting and technology), which is a strong point for the Group and one of its key competitive differentiators. This organization in four disciplines is also a way of stimulating revenue growth by encouraging each discipline to refresh its offerings and organize its own sales efforts. (This produced results in 2002, with the launch of “Technology Direct,” with the renewal of some of our consulting services – e.g., managing innovation cycles – and with a new type of Applications Management);
- **a stabilization of operations**, mainly through the rationalization of structures that are not directly productive and reducing the number of hierarchical levels. Lowering infrastructure costs and spending on support functions (to keep pace with diminishing revenues), rationalizing and limiting external purchases and refurbishing some of our elementary management processes (accounting, HR and marketing) have also contributed to lightening the organization. Likewise, stricter management control methods, implemented at the beginning of 2002, have paved the way for stricter analyses and more transparent performance. In this “pruned” organization, notions of forecasting and engagement once more have some relevance.

Regaining growth and the pioneer spirit

Thus we have achieved a certain stability, given priority to cost control and launched a dynamic reappraisal of our offerings. Now we must confirm the recovery of our margins armed with newly deployed sectors and strong service lines, which will set the Group on the growth track again.

For that, the Group is ready to engage in several areas being touted as the “musts” of tomorrow. So, without making naïve wagers about impending or important “revolutions,” we can nevertheless anticipate an increase in demand from the emergence of mobile (nomad) technology, made possible by new network equipment and electronic components; the long awaited arrival of “object-oriented technology” (and Web services) based on universal standards; and the potential for “urbanization” influenced by the availability of large server networks. Another area of development is the extension of large contracts for outsourcing management processes not strictly limited to IT – referred to as Business Process Outsourcing or BPO – such as purchasing, customer relationship management, or administration and finance.

Lastly, there is the arrival in the market of extraordinary skills coming from developing countries (with India in the forefront), which will have a profound impact on production methods within our services industry. We are prepared for this and, flush with some early successes, we expect to be pioneers in this field as in many others. A particular case in point is our development of the “Rightshore” concept of delivery, to combine most effectively the best interests of our clients with the talents of the Group, whether they may be found in our traditional geographies, in neighboring countries or far away places.

* These disciplines are described in greater detail on pages 16 - 21.



"Foam of tears"
Gina Pellon, 1999

Airborne again

Clearly, no transformation, reorganization or reordering of the market is a foregone conclusion. Nor can it be accomplished without great effort or without weathering some rough times. It is the entire Group and its more than 50,000 members who hold their future in their hands, and who stand solidly together in this new success scenario.

In just a few months, Cap Gemini Ernst & Young has regained a certain maneuverability, a renewed energy and – if I dare the aerodynamic imagery – an upward force, so that at the merest sign of more favorable winds, at the slightest indication that the skies are clearing, I'm sure the Group will be airborne once again.

Paul Hermelin,
Chief Executive Officer

Consulting Services Overview

The mission of Consulting Services is to help our clients accelerate and improve their business performance in a volatile environment.

The Group's new Consulting Services discipline brings together the vision, deep capability and resources needed to address the priority concerns of business leaders consistently, on a global basis. We work with clients to help them set and execute their agendas. Together, we can define what they need to do in order to make their companies more successful, no matter how unpredictable the market may be. Then we work with them to make positive change happen.

Even before the reorganization driven by LEAP!, the Group was one of the world leaders in this area of business. Leading

analysts have placed us at number three in the world for size and in the top ranks for capability. We intend to build on this position of strength.

To be a valuable strategic partner for the best and most ambitious clients, we need to demonstrate outstanding capability and real content expertise in four key service categories:

- **Transformation**, our new adaptive methodology enables us to analyze key client issues rapidly and help them set the agenda for key initiatives that drive performance.

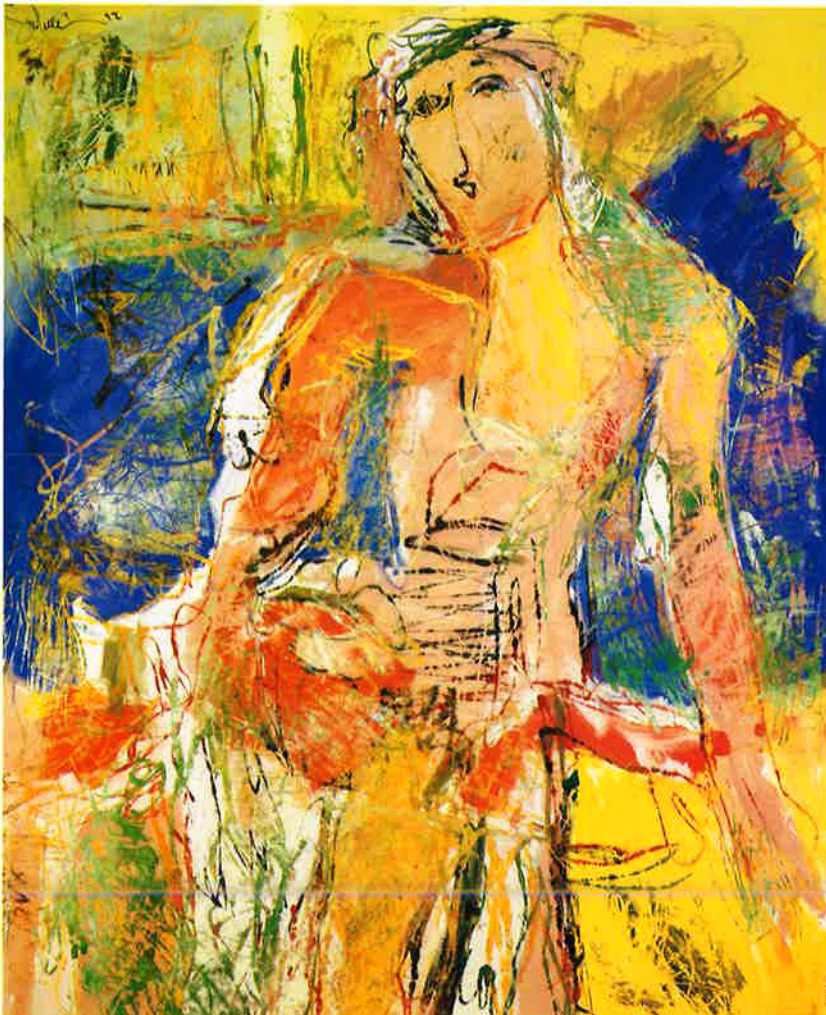
- **Customer Relationships**, from the total customer experience to technology optimization to employee skills and mobilization.

- **Supply Chain and Operations**, improving competitive performance, reducing costs and offsetting risk by making best use of external resources and internal operations.

- **Finance & Employee Transformation**, improving the reliability, speed and efficiency of internal systems, including people management, knowledge systems and financial management.

At the core of our ability to deliver strong returns for our clients through these service categories is the depth of our peoples' capability. By giving a very strong priority to capabilities we will build the depth of know-how and human skills that clients expect of world-class consultancies today. We focus on building world-class capability in these areas:

"Night flower on a faded dress" - Gina Pellon, 1992



- *Enterprise functions*, building deep knowledge and skills concerning the key areas of activity in any corporation including operational management, finance, marketing, product development, executive management and many more.
- *Consulting skills*, with a strong focus on the key professional capabilities that clients look to consultants to provide, such as business analysis, cost accounting, change management, process design and others besides.
- *Industry expertise*, with a deep understanding of key market sectors, enabling us to bring relevant knowledge and added value to clients in energy, public services, financial services and many other significant industries.

- *Role based skills*, focusing on the different tasks that need to be undertaken in specific projects, from subject matter expertise to delivery management to account management.

Based on these carefully selected, strategically vital core competencies, we will be a true best in breed player in every part of the marketplace where we choose to compete.

This will help us to establish a position of leadership in consulting while also enabling the broader mission of the Group: to be one of the elite band of global specialists that create the agenda and achieve real leadership in the international marketplace.

Technology Services: helping clients achieve competitive advantage

In the current economic climate, most of our clients have two main priorities: reduce costs now and position for growth in the future. These key imperatives are at the top of business leaders' agendas whenever they talk to us about technology-related strategies or projects.

We meet our clients' needs by bringing together our world-class capability within a single global organization. That makes it easier for us to identify best practice, share knowledge and reuse methods and patterns with maximum efficiency, to the benefit

of our clients and ourselves. It also allows us to combine our deep capability and proven track record in strategically vital technology projects with in-depth industry knowledge, and then leverage these resources on a global basis.



Galerie Enrico Navarra, Paris
Untitled, Jean-Pierre Rives, 2000
Treated steel - 967 x 35 x 15 inches

Technology Services focuses on a limited number of key priorities. These include:

- *Product development*, selecting existing solutions that can be “industrialized” for rapid reuse, together with emerging and proven technologies that can be packaged for early market launch.
- *Capabilities*, developing the deep skills that give a real competitive edge in the market and that also act as the foundation for TS solutions and services.
- *Accelerated development*, building on our state of the art global network of centers to maximize use of pre-assembled modules, ready to go project environments and reusable processes, thus speeding up and reducing the cost of system development.
- *Alliances*, focusing on a short list of world-class technology partners and being a “best in breed” partner to them all. In this way we can shape the future technology market and convey technology insights in a business context.
- *Delivery*, using advanced concepts such as “Rightshoring”: the best possible combination of onshore, near-shore, offshore or Distributed Delivery techniques to provide faster, more productive, more flexible yet also more reliable implementation than most alternatives.

This focused, efficient organizational model enables us to give effective answers to clients’ most urgent questions. These include:

To cut costs today, how can we do more for less? Achieve faster time to value? Measure real return on investment (ROI) and total cost of ownership (TCO) on technology investments and make sure that we profit from effective knowledge transfer on every project?

To position for growth tomorrow, how can we identify the best, most relevant thought leadership for our organization? How can we be sure to work only with companies capable of turning leading edge ideas into practical reality? How can we be sure that our technology partners really know how to deliver on their promises, especially in more complex environments?

Clients seek deep knowledge, relevant experience and world-class capability; and they want proof for every claim. In Technology Services we have the critical mass with 30,000 people, backed by capabilities that the most demanding clients are looking for. That’s how we can bring the best to bear on every market opportunity, playing to our strengths and unlocking our full potential to the benefit of our clients.

Clients understand that technology investments are not just a cost they have to bear but a potential source of strategic advantage. Our Technology Services discipline has the proven capability to help clients achieve this competitive advantage.

Outsourcing: world-scale organization and ambition

In recent years, outsourcing has become a strategic force for managers seeking to make their companies more agile, flexible and responsive. Outsourcing currently accounts for nearly half of the world's IT and consulting revenue and is steadily growing when other activities in this sector are finding the going tough.

Multidimensional dynamics

This dynamic has an effect at several levels: markets, offers, targets. Geographically speaking, Germany, the Netherlands and France are the latest countries to open up to outsourcing. The offer has also become wider-ranging: initially focused on the management of infrastructures, networks and applications, it now embraces Business Process Outsourcing (BPO), a form of high added-value systems management applicable to central and strategic business functions. What's more, outsourcing is reaching beyond the realm of major groups to take in key SME/SMIs and even smaller businesses.

LEAP! puts outsourcing in focus

By positioning outsourcing as one of the Group's four core businesses, served by a worldwide organization and a specific business model, LEAP! has broadly legitimized the outsourcing offer of Cap Gemini Ernst & Young and clearly affirms its leadership in the field.

The objectives are to increase the share of outsourcing to more than 30 percent of the Group's activities and to confirm and expand our leadership in Applications Management (AM), where Cap Gemini Ernst & Young has 7 percent market share globally (and 17 percent in Europe).

Major efforts are also being made in terms of delivery. The reorganization process is aimed at rationalizing and optimizing the twenty-four AM centers and thirty-two IM (Infrastructure Management) centers worldwide. A common organization has thus been created among the European IM centers to ensure flexibility, reactivity and greater efficiency for clients. This is in line with the "Rightshore" concept specific to Cap Gemini Ernst & Young, which consists of configuring the centers and their resources to suit the needs of individual clients: a combination of "On-shore," "Near-shore" and "Off-shore" services designed to rationalize costs while maximizing quality and performance. This "customized" approach responds effectively to market expectations.

The concept has already helped win some prestigious contracts: an applications maintenance contract with General Motors Europe, involving centers in Britain, Germany and India, and a ten-year contract with Steilmann worth 85 million euros.

BPO, where skills converge

Business Process Outsourcing meets a growing demand and has become a major line of development for the Group's outsourcing offer.

The convergence of Cap Gemini Ernst & Young's skills – consulting, technology and outsourcing, which are the key elements of an effective BPO solution – gives the Group impressive credentials. With such assets, it mainly targets three types of BPO: supply chain processes, finance and administration, and customer relations. The contract signed in 2002 with Canadian energy giant Hydro One (one billion Canadian dollars) covers the outsourcing of the company's finance and administration processes.

Strong commitment in a highly competitive market

From the outside, outsourcing looks like an El Dorado rich in growth opportunities. However, it is a business requiring real commitment, resources, know-how and skills. With nearly 12,000 of its people around the globe dedicated to the field and revenues of 1.9 billion euros, the Group is one of the world's major outsourcing players. And it has no intention of stopping there.

SOGETI aims high in Local Professional Services

Two IT worlds co-exist in today's companies: the world of top management, for whom IT is a driver of strategy and a source of competitive differentiation; and that of IT services management, with its focus mainly on operations. Over recent years, the Group has learned that one cannot set strategic IT – consultancy and conception – against the daily resource of operational IT.

**Local IT services:
I want it all, and I want it now!**

Lacking visibility, means and projects, companies today are counting on their operational resources, on making past investments pay and on the performance of their current IT systems.

This puts considerable pressure on operational IT. Efficiency, quality, simplicity, reactivity: people want it all, and they want it now! This calls for proximity, availability, skills, methods... in other words, and above all, people focused on serving a company's needs.

**6 core solution areas, 6,000
staff, 6 percent of Group
revenue**

This is exactly what led, in January 2002, to the founding of Sogeti, with a staff of about 6,000 – all IT specialists drawn from Cap Gemini Ernst & Young – all focused on 6 core solution areas: operations, network management, applications development, project management, test methodologies, and advanced technologies.

Operating mainly in France, the U.S., the Netherlands and Scandinavia, these

"The choir master doesn't know his scales"
Gina Pellon, 1992.

professionals have contributed 6 percent of the Group's consolidated revenue in 2002. That's quite a performance, given the slowdown in certain markets and the number of competing companies engaged in sometimes fatal price wars. Sogeti has succeeded in avoiding this deflationary spiral and has remained competitive by concentrating on its core skills, its rapid response time, and playing the one card that really counts: quality.

Local presence combined with "multinationality"

Sogeti derives its special character both from its local presence and its multinationality. Working alongside or in close proximity to their clients, Sogeti consultants live the same geographical, cultural and economic realities. Many of these clients look to Sogeti to manage their IT infrastructure. Some have done so for more than 20 years.

Sogeti's divisions benefit from being part of a larger entity. The Dutch, for example, share their experience in test methodologies with their American counterparts. Specialists in mobile IT, the Swedes communicate closely with the French. In turn, the French put their experience in operations at the service of the rest of the Group. The Americans possess know-how in Enterprise Applications and data certification, which in turn benefits the Europeans. Encouraged by the Group and its management, this cross-fertilization contributes to enriching the skillset of each Sogeti consultant, to the benefit of all their clients.

2003-2004: a leading European player in IT services

Whether through internal growth or acquisition, Sogeti will continue to expand.



The integration of its Swedish teams, planned launches in the U.K. and Spain, and a major external transaction: all aimed at the emergence – within 24 months – of a leading European player in the IT industry.

Beyond achieving critical mass, Sogeti's first priorities will be to instill a sense of mission in its staff, establish shared values and a shared vision, and build a common culture that offers a promising future to each and every team member. These are the goals driving Sogeti today.



Galerie Enrico Navarra, Paris - Untitled, Jean-Pierre Rives, 2000 - Refracted steel - 130 x 35 x 23 inches

CLIENT COMMENTARY

How does a company prove its worth in the marketplace? The ultimate test is working with clients. This year Cap Gemini Ernst & Young collaborated with companies large and small, public bodies, household names and emerging newcomers around the world. For most it was a tough year and their need for support and for innovative solutions was greater than ever. A few of these engagements are featured here, chosen to show the variety of the Group's capability and the range of its experience.

For the **City of Westminster Council** in the U.K., Cap Gemini Ernst & Young developed a new solution for customer relationships, tailored to the needs of a public service. **Procter & Gamble** in France needed creative design and portal expertise while, in Spain, telecommunications provider **Uni2** was assisted in improving its cost base with a ground breaking flexible outsourcing approach. **Nissan** is using the consulting and automotive industry skills of Cap Gemini Ernst & Young to support rapid performance improvements. **Dexia Crédit Local**, an expert in financial services to European public bodies, has improved its client services by adopting a multi-faceted CRM solution. Finally, **Farmers Insurance Group** in the U.S. has achieved new levels of competitive advantage through an innovative, web-enabled service approach.

Different sectors, countries, disciplines, all with common goals: reduced costs, greater efficiency, higher service levels – proposed, enabled and delivered by Cap Gemini Ernst & Young last year.

Westminster City Council: treating citizens as valued customers

In all sectors of the economy, there are organizations that are striving to gain a full understanding of a truly customer-centric approach and its implications for the way they work. Contrary to popular prejudice, public services and government institutions are in many cases at the forefront of this revolution, treating the issue as a key priority and pursuing change programs that will transform customer experience for the better.

All of us as citizens are affected by public services, one way or another; our attitudes are to some extent shaped by the quality of those services. Treating citizens as valued customers is therefore a key factor in building healthy, functional democracies. Nowhere is this issue felt more strongly or urgently than in one of the world's greatest cities: London, where Cap Gemini Ernst & Young and the local authority have been working together on a major program of improvements affecting the lives of millions each year.

The City of Westminster is located in the heart of London and the City Council has customers that include businesses large and small, a residential population of over 200,000, the million-plus people who commute daily into the area and the 28 million tourists who visit London every year.

Customer expectations on the rise

Independent surveys and government inspections showed that the Council is achieving consistent excellence across the vast range of services it offers, with one significant exception: doing business with the Council was not always easy. Like other local authorities, it had a "silo" structure with few links between different departments. The structure was efficient but it presented an obstacle to those customers – the vast majority – who didn't clearly understand the organization.

To make matters worse, customer expectations, influenced by their dealings with leading-edge commercial companies, were moving constantly upwards. The Council was determined to achieve the best-in-class standards reached by global leaders in the private sector and developed a new "Customer First" strategy to transform its vision into reality.

Greater efficiency at lower cost

The Council wanted to minimize risk and additional cost, so any solution would have to leave council services unimpaired during and after the transition. Neither a major up-front investment nor any long-term increase in running costs could be contemplated. Indeed, the Council wanted self-funding proposals that would achieve the transformation while actually reducing costs via more efficient ways of working and more effective use of technology.

Westminster City Council selected Vertex (providing business process outsourcing skills) in alliance with Cap Gemini Ernst & Young (providing IT consulting, IT outsourcing, e-business and CRM implementation skills), and Accord (providing blue-collar facilities management skills). The winning solution had three key elements:

• New Front Office

A new Customer Service Center, functioning as a "front office" first point of contact for anyone wishing to access the Council's

"Strip-tease"
Gina Pellon, 1991

services. The center has multi-channel capabilities, providing phone, fax, email, Internet, post, interactive digital television or face-to-face contact through three existing One Stop Shops across the city.

- **New Back Office**

Back-office changes involve developing effective interfaces between the information systems used to support customer service staff and existing departmental IT systems, and putting in place processes to ensure that enquiries too complex to be resolved by those staff can be passed smoothly to departmental specialists.

- **New Technology**

Customer-facing staff need the tools to do the job and – given that their jobs revolve around information – that clearly means new IT, including a new CRM system combining ease and immediacy of access with appropriate security. Also included in the plan is new enabling technology such as Document Management and Workflow to ensure that activities on behalf of customers are completed exactly as promised, and new integration to ensure seamless links between front and back office systems. Cap Gemini Ernst & Young was entrusted with planning and implementing the new systems underpinning "*Customer First*," and with running them – along with all the Council's legacy systems – on a long-term outsourcing basis.



Benefits to customers, taxpayers and staff

For customers, the transformation brings a single point of contact for all their questions and problems, with no need to negotiate the labyrinth of Council departments, with issues resolved rapidly, and with most callers achieving satisfaction via a single call. It is a huge step forward. Customers can choose their preferred means of communication and, with 24x7 access for email or Internet enquiries, enjoy the benefits of "any time, any place" contact.



Axa, Paris
Untitled, Jean-Pierre Rives, 2000
 Refracted, painted steel -
 78 x 130 x 47 inches

Customer-facing staff now have a recognized career path. Responsible to a Customer Services Director, they are no longer scattered across several departments and seen as “poor relations.” They also have the satisfaction of being able to better fulfill their public sector ethos via better service.

The efficiencies required to enable the realization of the Council’s vision for “*Customer First*” are being introduced by Cap Gemini Ernst & Young and their partners to keep costs down, giving the Council a high and rapid return on investment (ROI) and taxpayers better value for money. The project will also enable national e-government targets to

be met ahead of schedule. This is a model of how effective government services in the future must be managed: accessible, efficient, easy to understand, designed to enhance citizenship and improve effective interaction where it matters most – a key factor in supporting the democratic process.

With the kind participation of:

PETER ROGERS

Chief Executive Officer
 Westminster City Council

PETER SHILTON

Account Manager
 Cap Gemini Ernst & Young

Procter & Gamble: more user-friendly IT systems

Even the most "intelligent" software is of little value unless potential users find it easy to understand and work with. For a truly intuitive interaction between people and tools, you need to put the human factor at the very heart of program design. With the help of Cap Gemini Ernst & Young, Procter & Gamble showed exactly how important this is in the development and launch of its promotion management tool in France.

Procter and Gamble is an international giant in the field of consumer products. With revenues of around 40 billion US dollars in 2002 and 300 lines selling in 140 countries, Procter & Gamble's business is not simply vast in scale but is also extremely complex. Managing these diverse transactions with distributors and supermarket chains worldwide is challenging enough and, as Laurent Frampas, Information Systems Director of the French marketing organization tells us: "promotions impact heavily on our entire distribution chain. We cannot know what to produce unless we also know what is going to sell."

That's how the idea for a program that manages the whole cycle of promotional activity was born. It is a complex, highly iterative process, involving many different capabilities (marketing, sales, production, supply chain, etc.) and, to be successful, requires all of the hundred professionals involved to be instantly updated and informed.

Specifications are followed but users are frustrated

It took Cap Gemini Ernst & Young two and a half years to plan and build the new software (known as IAPS – Information About Promotional Services), from detailed analysis to process modeling, right through to deployment.

According to Laurent Frampas, "Functionally, at first, the program did everything required of it but it did not take long for potential users to give a generally negative response." People were either using it very little or incorrectly; they were simply not sharing information. "It certainly did not help that the menus were unclear, and the user interface was heavy and inefficient," says Frampas.

Users at the core of a new solution

Deeply committed to solving the Human-Computer Interface dilemma, Laurent Frampas set out with Cap Gemini Ernst & Young to tackle the problem – and save the investment already made in IAPS. They called upon consultants from the User Centered Design team at DareStep: Cap Gemini Ernst & Young's interactive agency. To everyone's surprise the UCD team did not focus on the software but spent their time interviewing individual users at work. The aim was to understand the context for their activities and work out exactly why they were so reluctant to use the new program. Their conclusion, said Frampas, was that "the entire user interface would have to be redesigned" because users found that the current version slowed them down. The program did not take into account the realities of their daily work: a mass of last minute changes driven by an intensely competitive market; the need for a common language to enable efficient collaboration and data suitable for use at every level.



"ONU soit qui maly pense"
Gina Pellon, 1991

Prototype, evaluate implement

The team from UCD developed an effective solution in a few weeks, first by defining a mental model of the tool to assure intuitive use of the interface. Next, they prototyped the Human-Computer interactions suitable for different users with different objectives. As a result, users found their work greatly simplified and speeded up.

Satisfaction levels, as noted by the people working with the program, rose sharply. This is borne out by the satisfaction indexes gathered from users: Ease of use scored 4 out of 5 after the UCD intervention as opposed to 2.6 before. Availability of the tool was evaluated at 4.1 versus 2.8, and quality of data

displayed received a score of 3.8 against 2.7 before. As Laurent Frampas noted enthusiastically: "Moreover, this work of simplification and based on common sense has enabled us to increase the speed of interaction 10 or 15 times compared to the first version." So much so, that IAPS is now used quite naturally by all the managers who have made it one of their daily tools.

Knowing how to innovate

There is one simple lesson to learn from this experience. "Even if you invest heavily in change management, you cannot force people to evolve against their will if there are too many barriers to change. If the tool you're proposing is not intuitive nor easy to use, nor even interactive, and if the approach is not focused on the user, then any change will be impossible." Laurent Frampas concludes: "Cap Gemini Ernst & Young should be commended for the intelligence – perhaps even the courage – of its innovative approach to applications design. They knew how to make the most of skills outside their core competence, experts in human factors, interaction designers, graphic designers, etc. This precious know-how should be applied to virtually all projects."

With the kind participation of:

LAURENT FRAMPAS
Director Information Systems
Procter & Gamble, France

ARNAUD BONHOMME
Director Technology Services
Cap Gemini Ernst & Young

Uni2: a force for change in the Spanish telecom market

Following liberalization of the Spanish telecommunications industry, several new "start-ups" entered the market. One of the most successful of these is Uni2, which began offering fixed line services in Spain from 1998 onwards. With France Telecom as a parent company, this was a newcomer with a difference: a great heritage of providing quality services and a determination to be a successful competitor in a fast-changing market.

Uni2 decided to outsource some aspects of its IT function from the beginning, and chose Cap Gemini Ernst & Young as its partner for a range of services. These included PC desktop maintenance, help desk support and some related activities.

The start-up phase

In this start-up phase, an efficient internal IT department managed the company's overall needs and achieved very satisfactory service levels. Yet, by the time the company was just three years old, it became clear to management that the cost base remained too high for comfort.

Continued efforts were being made to reduce costs wherever possible but there was a limit to how far such cuts could go. Uni2 simply lacked the critical mass needed for maximum efficiency in IT services. There would come a point when normal cost cutting could go no further. Even when all available savings had been made, however, the underlying cost base would still be too high for the company to bear. As Laura Garrido, Uni2 IT Operations Manager tells us, the company lacked the critical mass to support a fully

functional IT department in house. Management could see that it was now time to try something more radical.

A new vision for a tough market

In 2001, therefore, the company started the process of outsourcing virtually all of its remaining IT Operations and Infrastructure functions, but placed one important condition in the draft contract. *The service was to be scalable and flexible.* That is, all services should relate to the needs of the business, so the volume and scope of services could be raised or lowered within agreed limits with no penalties, no notice and no change in the unit price.

The advantages of this approach to the client are quite clear, especially at a time when the telecommunications market has been so volatile, with unpredictable movements down and up in recent years. For Cap Gemini Ernst & Young, this seemed a natural requirement on the client's part and reflects the movements toward the highly flexible *transformational outsourcing* that we are helping to pioneer in other markets. We saw no problem with this approach and were successful in our bid, based very much on a good existing relationship with Uni2 that was rooted in client satisfaction with the quality of our work to date.



Mauritius Island
Untitled, Jean-Pierre Rives, 2001
 Treated steel - 98 x 137 x 39 inches

Making the change

The contract took effect in the middle of 2002 and, following a successful transition period, the operational benefits are now beginning to show through. Once again, Laura Garrido explains some of the details: "There are eleven main services," she says, "and each one has agreed performance and cost criteria. Within defined limits, we can vary the volume of work without change to unit cost. For desktop support, for example, cost is dependent on the number of PCs and we could, if necessary, reduce this number by 10 percent and gain an instant 10 percent cost saving – with no penalty."

The result of this approach is IT functionality and service that tracks the realities of the business. Scalable support of this kind gives management greater freedom to respond flexibly and fast to unpredictable market conditions, reduces risk and increases their choices. It is a good example of how a transformational outsourcing relationship can develop: as an intelligent, shared response to volatility.

Building for the future

As for the future, plans are already being developed to extend the relationship further and to introduce new levels of partnership. Together, Uni2 and the Cap Gemini Ernst & Young team are looking at further improvements to operational efficiency, and not just those directly related to infrastructure development. We are taking up the challenge to save more money for the client, and to share the rewards for doing so. In this way, we are jointly, as partners, opening up new possibilities in creative outsourcing and helping our client to become more competitive than ever.

With the kind participation of:

LAURA GARRIDO
 IT Operations Manager
 Uni2

JOSE A. SANCHEZ-FRUTOS
 JM Delivery Manager
 Cap Gemini Ernst & Young

A combination of skills for Nissan

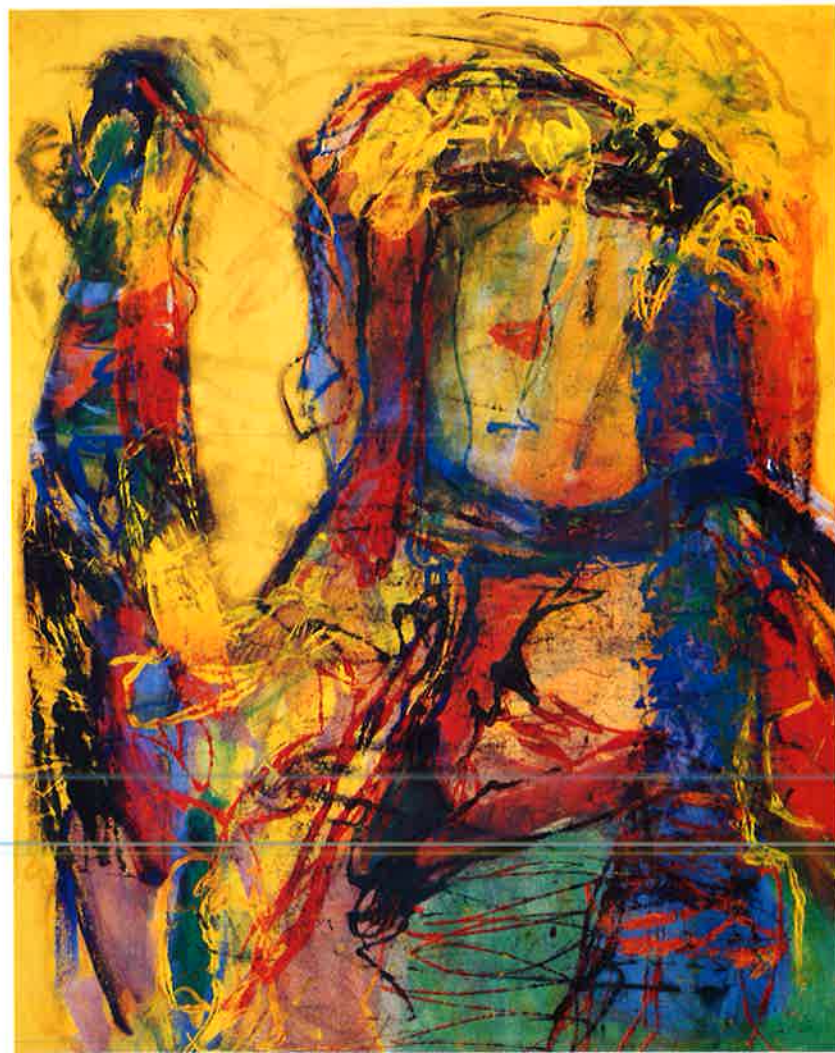
No industry has faced greater or more difficult challenges in recent years than the automotive business. Companies like Nissan, for example, have been working to transform the efficiency of their operations in order to rebuild profitability in the face of intense competitive pressures. To do this successfully, accurate, timely management information is the most vital necessity.

Providing timely management information in a business as complex as Nissan requires a combination of advanced technology, deep industry understanding and teamwork across company and functional boundaries. This combination of skills in action makes our work for Nissan a source of particular pride to us.

Nissan Motor Company is one of the world's largest corporations, manufacturing 2.6 million vehicles a year, generating sales of around 6.2 trillion yen (approximately 47 billion U.S. dollars) and employing 125,000 people worldwide. Nissan operates in one of the world's most competitive industrial sectors, in which the need for huge levels of investment and a continuous drive both for

innovation in design and improvements in performance lead to intense pressures. Success in this market depends on being both extremely efficient and very agile.

After decades of strong growth, the company faced stagnation during the 1990s. Not only was product innovation seemingly in decline, the company's financial position was also becoming difficult. Drastic action clearly needed to be taken and so it was that, in late 1999, the fight back to health and profitability began. Following significant investment from Renault, an international team of 200 executives worked intensively to develop the Nissan Revival Plan, a three-year strategy to transform the company and restore it to full profitability.



"The gypsy girl"
Gina Pellon, 1991

The road back to full profitability

At the very center of this strategic effort was one major unanswered question: how to measure financial performance across the whole of this widespread, complex business quickly and accurately enough to ensure that the plan stayed on track? Nissan's many different subsidiaries used a wide array of different accounting systems, based not just on different technology platforms but also on different accounting standards. This made precise comparisons of performance levels both difficult and time consuming. Nissan management identified the need for reliable, speedy financial control as a central aspect of their turnaround and Cap Gemini Ernst & Young was chosen as a key partner in delivering the necessary results, which included the design of:

- monthly financial reporting using International Accounting Standards (IAS);
- regulatory financial reporting integrating Japanese GAAP standards with IAS;
- non-consolidated closure within three to five days, and consolidated closure in ten days, together with integrated management reporting by such key indices as company, function, product line and markets.

The first stage of the project was to develop and implement a web-based system to facilitate measurement and tracking of the Revival Plan against key performance indicators. This was much more than simply a technology engagement, involving workshops with Nissan management to define how to capture and measure the

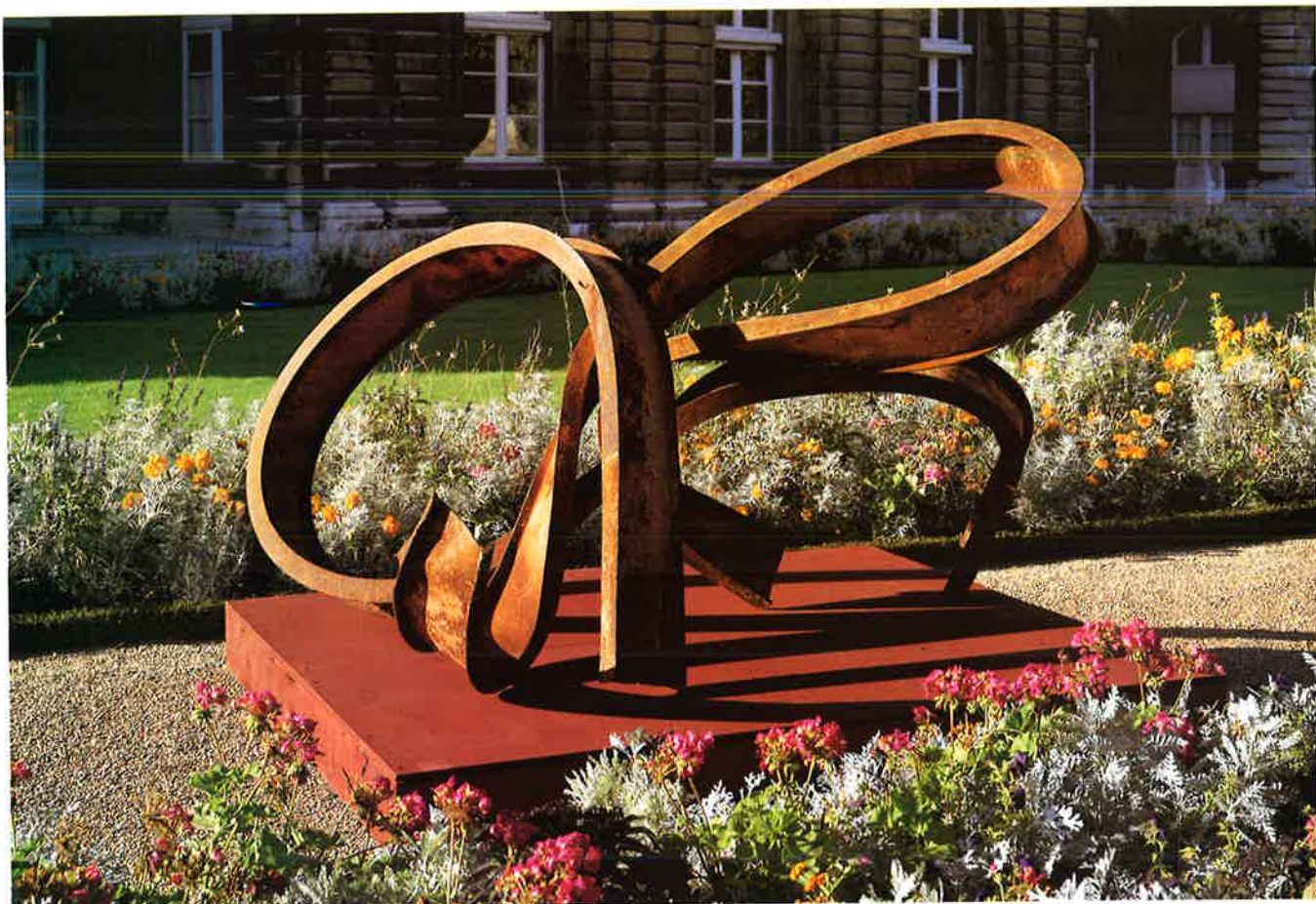
indicators. The short-term requirement was achieved on time, being implemented within three months, and was available for the start of the next financial year. This was the first system of its kind to be used in Japan and proved of immediate benefit for management of the Nissan Revival Plan.

A Revival Plan leads the way

Larger scale follow-up work was commissioned almost at once, with the aim of delivering on all of the longer-term accounting requirements defined in the Revival Plan. Cap Gemini Ernst & Young teams led multiple projects in standardizing accounting data, unifying manufacturing information, and implementing process solutions to reduce the monthly close cycle. Cap Gemini Ernst & Young teamed with Nissan in order to select the right ERP platform to implement (SAP R/3), and led the implementation effort in North America.

These projects are fundamentally important to the realization of Nissan's strategic goals, and time remained a key factor throughout. The analysis and design phase lasted six months before the prototype was piloted in North America. Full implementation followed in North America and Japan, with the rest of the global roll out now underway. The professional management of the project was appreciated by Nissan management. As Ron Petty, CFO for Nissan North America commented: "Without Cap Gemini Ernst & Young, these projects would not have happened. We needed their leadership, expertise and knowledge to deliver in the period we had committed to."





At the Senate, Paris
 Untitled, Jean-Pierre Rives, 2002
 Steel - 51 x 71 x 67 inches

Cap Gemini Ernst & Young also led the design and implementation of the monthly Executive Report Package for the CEO. These monthly reports, and the team in charge of their production, have been set up within six months and are, according to Philippe Monegier, GM CEO Office, "key in enabling Nissan to make the link between financial results and business operations."

Nissan's results are a matter of public record and reflect great credit on the professionalism and skill of its management team. The Nissan Revival Plan aimed to restore the company to full profitability in three years; in fact, this goal was

achieved in just two years. In addition, Nissan published its best ever full year earnings in 2002, and announced a fourth consecutive record half year operating profit. The company is now again establishing itself as a world class, competitive global automotive company, poised for long-term profitable growth. Cap Gemini Ernst & Young is very proud of its association with such a dynamic company.

With the kind participation of:

PHILIPPE MONEGIER
 Head of Executive Report Team
 NML CEO Office

RON PETTY
 Chief Financial Officer
 Nissan North America

PEGEAN JAMES, AURORE SAGLIO
 Account Managers
 Cap Gemini Ernst & Young

"Liquid flower"
Gina Pellon, 1990



Dexia Crédit Local: effective joint management

With rationalization and optimization of resources in full swing, there couldn't be a better time to launch a strategic project. That's just what the local development bank Dexia Crédit Local decided to do – subject to tightly controlled deadlines and budget – to improve customer relations management and give some five hundred employees a high-performance, integrated information system. Positive feedback should be quick to follow.

With about 3,000 employees in 12 countries, and 30,000 customers in France alone, the long-established Dexia Crédit Local, world leader in public finance and financial services for local governments, has to fend off strong competition despite its sizeable market share.

Its response? Optimized management, an innovative spirit and always more added value for its customers. Because customers are key to DCL's strength and development, the bank decided to launch a Customer Relationship Management (CRM) project at the end of 2001.

Knowing and targeting customers

The needs of local governments and the relationships they have with the bank vary greatly, depending on their scale and activities. DCL's Internet and Commercial Information Systems Manager, Philippe Perrin, describes the project's three "vocational" challenges: "First, there are the major customers who are in very frequent contact with various people in our group, such as experts, sales staff, managers and legal specialists. We need a tool that can faithfully keep track of the nature of this multi-contact relationship, so as to give us a coherent, all-encompassing picture of

their needs. Then there are the other customers, who are just as important to the bank. They generally require attractive but simple products and a less intensive relationship. Our objective via this IT tool is to improve our reactivity to their demands and enhance the close links we maintain with them, while at the same time improving productivity. Lastly, we have our sights set on expansion in the local government sector in France beyond community level (subsidized housing, hospitals, public institutions, associations, etc.). In this case, the CRM tool must be able to accompany our prospecting for new business."

Clearly defined needs and a made-to-measure contract


From the applications standpoint, the bank's sales staff had been using a range of functionally heterogeneous, not altogether consistent tools. In terms of architecture, the solution chosen lays the foundations for a commercial, modern and integrated information system which, like a portal, enables the 500 or so users concerned (including 350 sales staff) to access all the applications essential for their work. "Over a period of a year and a half we established our strategic approach, produced a functional analysis, selected a solution (Peoplesoft CRM) and, following a specific call for tenders, chose our integrator: Cap Gemini Ernst & Young, plus a consulting firm for the change management aspects of the project," says Perrin. "Too many service companies try to offer everything, making little distinction between the nature and level of their services. Our goal is to differentiate between offers and have the most effective

integration possible. Cap Gemini Ernst & Young understood our approach immediately."

That was reassuring because Dexia Crédit Local had another need that was definitely not run-of-the-mill: to integrate the company's IT specialists right from the start, allowing them to acquire skills in the required technologies and be able to ensure the system's maintenance on their own. "By formalizing a contract for what was neither outsourcing nor a fixed-rate service, we established a flexible joint management formula in which Cap Gemini Ernst & Young made clear commitments and defined its responsibilities, notwithstanding the presence of our IT specialists," says Pascale Haour, appointed by Dexia Crédit Local to coordinate the different technical areas of the project.

Meeting commitments

Among these commitments is "full execution of the commissioning, on time and within budget – as expected from a financial institution." Rigorous supervision and an excellent working relationship in the service-provider/client team were key factors in the project's success. "We appreciated our service provider's technological skills, responsiveness and strong commitment. Today, we are on schedule



At the Senate, Paris
 Untitled (detail),
 Jean-Pierre Rives, 2002
 Steel - 236 x 59 x 59 inches



"Jupe en vacances d'un évêque plissé"
Gina Pellon, 1995

and well on the way to success," says Perrin. And while it's still too early to talk about profits and return on investment, it seems that the promises made in the business case (increased productivity, a more flexible structure, profitability and sales growth) are becoming a reality.

Of course, the credit goes to Dexia Crédit Local, but as Mr. Perrin suggests, it is also the result of "the undeniable cultural closeness of our two entities which makes things easy, reliable and pleasant."

With the kind participation of:

PHILIPPE PERRIN

Manager Internet and Commercial
Information Systems,
Dexia Crédit Local

PASCALE HAOUR

Head of Internet and Commercial
Projects Department,
Dexia Crédit Local

YAFFA ALBO

Account Manager
Cap Gemini Ernst & Young.

Farmers Insurance Group takes a transformation journey

Every consumer-focused company wants to reduce costs while improving quality of service, leading to higher levels of satisfaction and loyalty. That is why financial service companies have been early adopters of CRM systems and related technologies. One of our long-term clients, Farmers Insurance in the U.S., has now come closer than most to making the vision become reality, with close support from Cap Gemini Ernst & Young.

Farmers' Insurance is part of the global Zurich Financial Services Group and is in the top 10 for property, automotive and casualty insurance in the U.S. It has spent more than a decade, working with Cap Gemini Ernst & Young, building a highly sophisticated technology infrastructure supporting both front and back office mission critical business applications. During the 1990s, Cap Gemini Ernst & Young led the transformation of Farmers core business applications supporting Personal Lines and Billing functions, providing "straight through processing" in these vital areas of the business. These strategic mainframe applications proved highly successful, and their flexible and scaleable architectures have paved the way for the company to extend this revolutionary approach to the Web, both to improve agency/other distribution channel support and to improve customer service.

Web-enabled customer service

Farmers Insurance was thereby taking the logical next step on its own journey of transformation, but it was also doing something more. Launching a completely web-enabled approach to customer service would make it a real leader in its field. It would be one of the first, perhaps the first major insurance company to have a fully-integrated system managing all customer related data, accounts, applications and products from a single point of access and a single, unified view of the customer.

The headline facts about this initiative are impressive. The program was launched in December 2001, and went live less than a year later. By March 2003, close to 40 percent of all exclusive agents and customer support representatives had access to this new, integrated web-enabled suite of application systems, which ultimately will support 40,000 users. Cap Gemini Ernst & Young is responsible for development and implementation of the program and for its Production Support and Maintenance for the next 15 months. This is transformation on a massive scale, but the potential competitive advantages fully justify the risk involved.

One portal for all customer-related data

Put simply, Cap Gemini Ernst & Young has led the development of a single user portal that gives immediate access to all key data, records and applications needed to deliver complete service to its agency force, putting tremendous sales and service power at the fingertips of each agent. The portal enables agents to view all policy relationships and information detail for a given customer household, across all lines of business that Farmers offers, including Personal Lines, Life and Commercial. All relevant information is made instantly accessible, without requiring detective work in different applications and databases. Capability offered through this portal can dynamically alert agents on matters of interest as they are speaking to the customer, suggesting new options and

potential service improvements immediately. The agent can then drill down into any individual policy and execute policy administration transactions, all within the Web. Finally, the portal also includes capabilities which empower customers to execute inquiry and simple policy administration transactions with assistance from their agents via password-protected access to the portal.

Easy to do business with

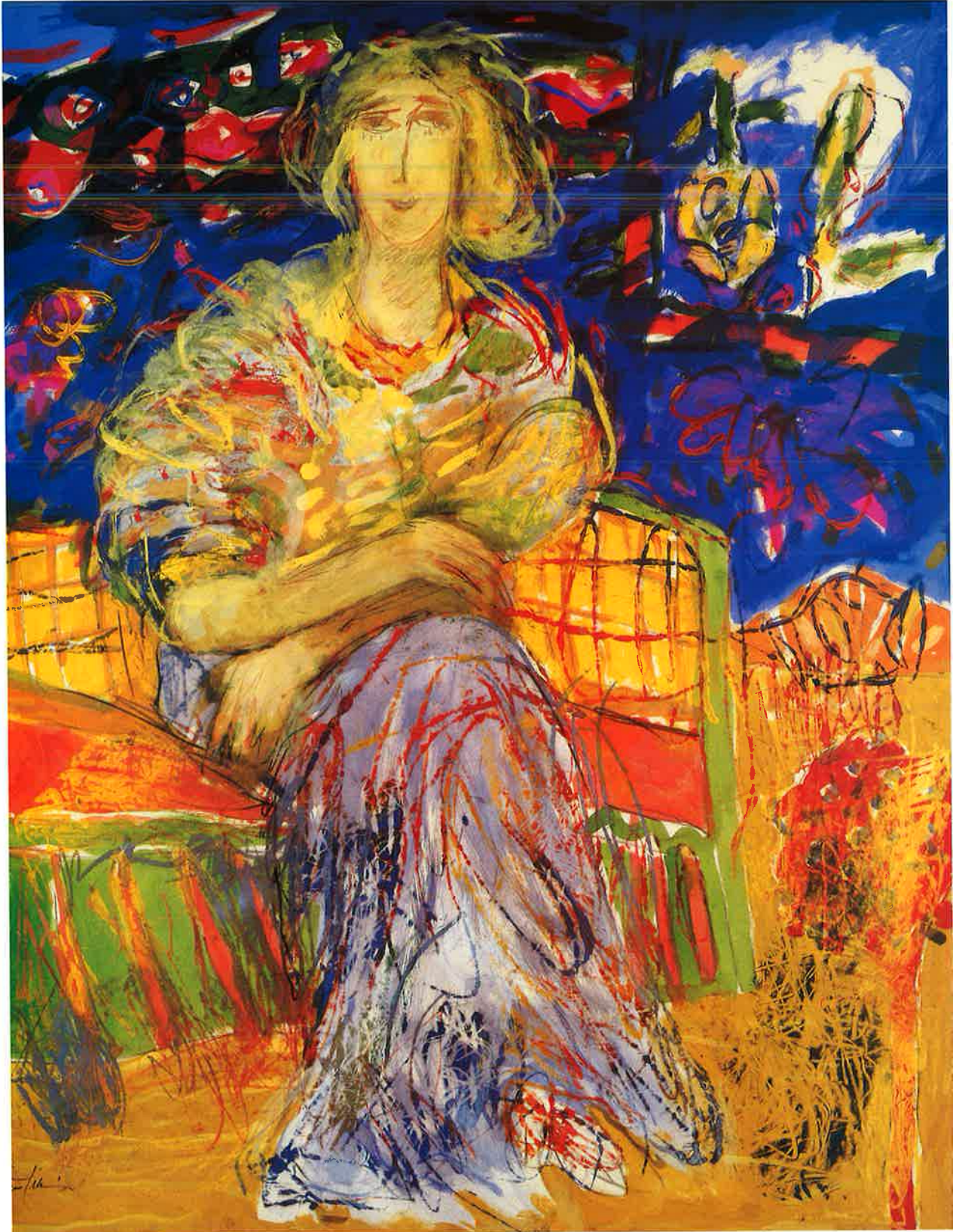
The true value of these applications lies in the improved customer experience and competitive advantage that they provide. Integrating all applications and data on a single web-enabled platform further enhances the straight through processing capabilities already developed with the assistance of Cap Gemini Ernst & Young, which facilitated processing for about *85 percent of all Personal Lines transactions without human intervention.*

It once took approximately 28 days to confirm a new piece of business. Today, the same activity can be done in minutes. Farmers tells the world that it is "easy to do business with." The new integrated technology platform makes the claim an everyday reality for its agents and customers.

This story of transformation on a huge scale is the result of consistent vision and long-term strategy. It has been achieved over a thirteen-year journey of incremental improvement, facilitated by functional "roll outs" along the way which have reduced risk at each step. In the new "web-enabled" world at Farmers, the mission-critical legacy systems have also been retained and fully leveraged, without the need for major re-engineering or large-scale hardware investment. Sponsorship on the client side was held at the very top, with weekly meetings between the client's executive board and Cap Gemini Ernst

Private collection, Spain
Jean-Pierre Rives, 1988





"Night at the river's edge"
Gina Pellon, 1999

& Young's project team to review progress and resolve any pressing issues. With this kind of trust-based partnership over an extended period, great things can be achieved and positive transformation, leading to real competitive advantage, becomes reality.

With the kind participation of:

NANCY BALLANCE
Vice President – e-business
Farmers Insurance Group

MARK SMITH
North America Account Executive
Cap Gemini Ernst & Young



At the Senate, Paris - Untitled, Jean-Pierre Rives, 2002 - Steel - 74 x 315 x 71 inches

OUTSTANDING EVENTS OF 2002

January

■ GE Aircraft Engines chooses Sogeti as its IT consulting partner

Sogeti USA is providing IT consulting expertise to support a multi-million dollar, multi-year Government Industry Logistics Systems (GILS) project at GE Aircraft Engines (GEAE). GEAE is the world's largest producer of jet engines for commercial and military aircraft.

Providing total life cycle logistics support for GEAE F414 engine and device assembly, the GILS initiative represents a landmark partnership between GEAE and the U.S. Military. The key objectives of the project are to decrease engine life cycle costs and improve engine availability, reliability and maintainability.

The GILS project links U.S. Military customers worldwide and delivers systems designed to help ensure the technical accuracy and timeliness, leading

indicators, supportability metrics and configuration management information required by the engineering community.

The Cincinnati-based Sogeti team deployed Industrial and Financial Systems (IFS) applications for aviation software at GEAE's Central Distribution Facility and Evendale (Ohio) and Lynn (Massachusetts) plants, where the engine is produced and managed. Sogeti implemented IFS as the Maintenance, Repair and Overhaul (MRO) and material management solution, because its modules allow for selective deployment and upgrades.

Sogeti program managers, business analysts and technical architects have been part of this initiative since February 2001, building strong and long-term client relationships with GEAE managers, leveraging Sogeti's local proximity to client decision makers and its locally-based delivery team, and delivering excellent service and expert project management.

March

■ Ground-breaking Transformational Outsourcing project for Hydro One Networks

March 1, 2002 marked the beginning of a ground-breaking, billion dollar, transformational outsourcing contract that sees Cap Gemini Ernst & Young delivering comprehensive technology-enabled and business process management services to Hydro One, one of the largest transmission and distribution utilities in North America.

Cap Gemini Ernst & Young has been providing consulting services to Hydro One for a number of years. This long-standing relationship convinced Hydro One that here was the company that would help the utility realize its business goals over the longer term, and also provide it with an opportunity for competitively priced services and cost savings.

In its management of business processes at Hydro One, Cap Gemini Ernst & Young is handling finance and accounting, payroll, settlements (wholesale, retail, data management) customer care (contact center, billing, collections), and supply management services (procurement, strategic sourcing, logistics). It is also providing IT services which include infrastructure management, applications management support and help desk and desktop support.

As a result of this engagement, Hydro One can continue to

focus on its core wires business, with the flexibility to adapt to changing business requirements; develop a competitive pricing structure for its customers based on cost savings; and enjoy cost-savings from economies of scale shared among other Cap Gemini Ernst & Young clients.

Hydro One management, in turn, retains focus on its core wires business with the knowledge that essential back office functions are in capable hands.

April

■ Dutch Social Security opts for Outsourcing

In an important IT outsourcing agreement covering Infrastructure Management (IM) and Applications Management (AM), Cap Gemini Ernst & Young is taking over Werklinq, the IT division for government employment services in the Netherlands.

The agreement, which involved the transfer of more than 350 of Werklinq's staff, resulted from the government's decision to privatize the agencies in charge of employment issues.

Cap Gemini Ernst & Young has been an important player in

the Dutch social security sector for many years now. This prominent position is expected to increase with the take over of Werklinq, which is responsible for about 20 percent of IT services in the market.

Moreover, with the recent passage of the Work and Income Structure Implementation Act, the sector is expected to undergo considerable changes in the years ahead. As a result of this agreement, Werklinq's customers – who represent some 9,000 users of 200 applications in 400 locations – will be assured of continuous service provision.

■ World's largest mySAP-HR system at Deutsche Post

Deutsche Post World Net is one of the world's largest and most powerful logistics companies. It offers customers global mail, express delivery and logistics services, and a wide range of financial services. Deutsche Post is part of the worldwide operating group and manages mail and express delivery services in Germany.

Deutsche Post asked Cap Gemini Ernst & Young to help the company retire existing HR systems and replace them with a modern ERP-based platform that leveraged mySAP standards and had SAP-HR

Restaurant Guy Savoy, Paris
Untitled, Jean-Pierre Rives, 2000
40 x 68 inches



"A metallic bird"
Gina Pellon, 1990

at its heart. The goal was cost reduction to increase efficiency, the reduction of activities adding little value, and the creation of opportunities for added-value work.

The result was the largest mySAP-HR application in the world and the first including an SAP database. The new application, with 300,000 master data records from different employee structures, was a huge undertaking.

Cap Gemini Ernst & Young set up a dedicated team to support management of the large-scale project. On time delivery ensured that Deutsche Post realized benefits at the earliest opportunity, with significant annual cost savings identified since going live.

July

■ Redefining IT Outsourcing with Clarian Health Partners

Clarian Health Partners and Cap Gemini Ernst & Young US LLC are redefining the concept of IT outsourcing in the healthcare industry with the announcement of a sweeping \$100 million, multi-year "transformational" relationship.

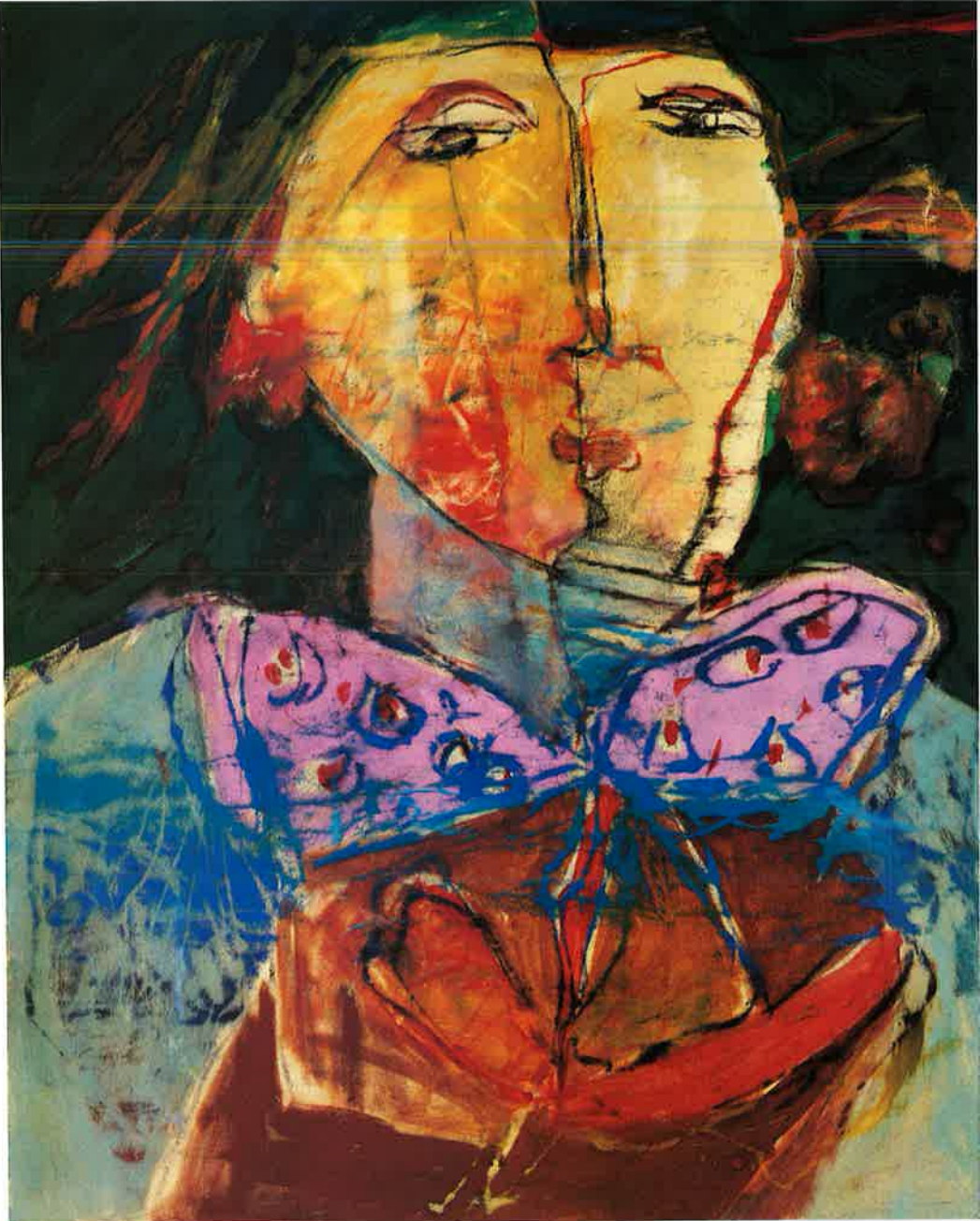
The agreement also encompasses the implementation of a new clinical information system

for Clarian's three main hospitals, and anticipates a comprehensive care management process redesign. The new system will incorporate principles of evidence-based healthcare, thereby making the findings of scientific research readily available to physicians to support their decision-making.

Under this innovative arrangement, Cap Gemini Ernst & Young will help Clarian redesign its care management processes and implement the

Cerner Millennium clinical information system. Within three years, Clarian expects to generate \$30-\$70 million in economic benefits from the arrangement.

Referred to as "transformational outsourcing" – an approach being pioneered by Cap Gemini Ernst & Young – this process involves going beyond merely assuming responsibility for existing applications and infrastructure.





Mauritius Island

Untitled, Jean-Pierre Rives, 2001
Treated steel - 98 x 70 x 47 inches

country's high voltage and extra high voltage public power transmission system. RTE was officially created on July 1, 2000, within the framework of an act passed earlier that year concerning the modernization and development of public services in the electricity market.

This decree calls for the opening of the French electricity market and stipulates that the transmission system operator must be independent of the national electricity services' (EDF) other activities.

RTE's role is to provide fair and non-discriminatory access to the transmission network for all market players – with constant oversight over the balance between consumption and generation of electricity – taking into account that electricity cannot be stored on an industrial scale. It is also responsible for the continuity and quality of the public power transmission service and for network maintenance and development.

In July 2002, a team of consultants and IT architects from Cap Gemini Ernst & Young's Energy, Utilities & Chemicals Sector was engaged for a Balancing Mechanism Project to help RTE design and implement an information system, provide

In this case, it means partnering with Clarian and Cerner to design new care management processes and implementing the best available information technology solutions. Cap Gemini Ernst & Young will also have broad responsibility for implementing Clarian's new system – including upgrading technical capabilities and integrating

existing applications – as well as managing it on a go-forward basis through a traditional outsourcing role.

▣ High voltage project for Electricity Transmission Network

The French Réseau de Transport d'Electricité (RTE) is owner and operator of the

project management and change management assistance and redefine the balancing mechanism.

September

■ Cars Online Study reveals industry discord

As part of its on-going program to provide thought leadership and solutions to the automotive industry, Cap Gemini Ernst & Young published "Cars Online 2002: The Adaptive Automotive Enterprise Study." This global consumer survey, in its fourth year, focused on critical consumer and automotive retail trends and made it clear that uncertainty abounds in today's volatile automotive industry.

Among the key findings was the fact that there is little agreement among manufacturers, dealers and consumers about fundamental issues in the industry. The rift was most notable when people were questioned about four major shifts in the automotive sector: the role and influence of the Internet; the relationship

between dealers and manufacturers; the impact of Block Exemption on the European landscape; and the alignment between retail and consumer priorities.

The study found that the Internet is becoming a more powerful information resource for consumers, with more than 13 percent of consumers saying they would consider independent Internet sites and 20 percent saying they would consider manufacturer websites as primary sources for their next car purchase. This clear warning for both manufacturers and dealers masks a general lag in their responses to consumer demand for Web-based information and functionality.

October

■ Swedish Migration Board - Outsourcing in the Public Sector

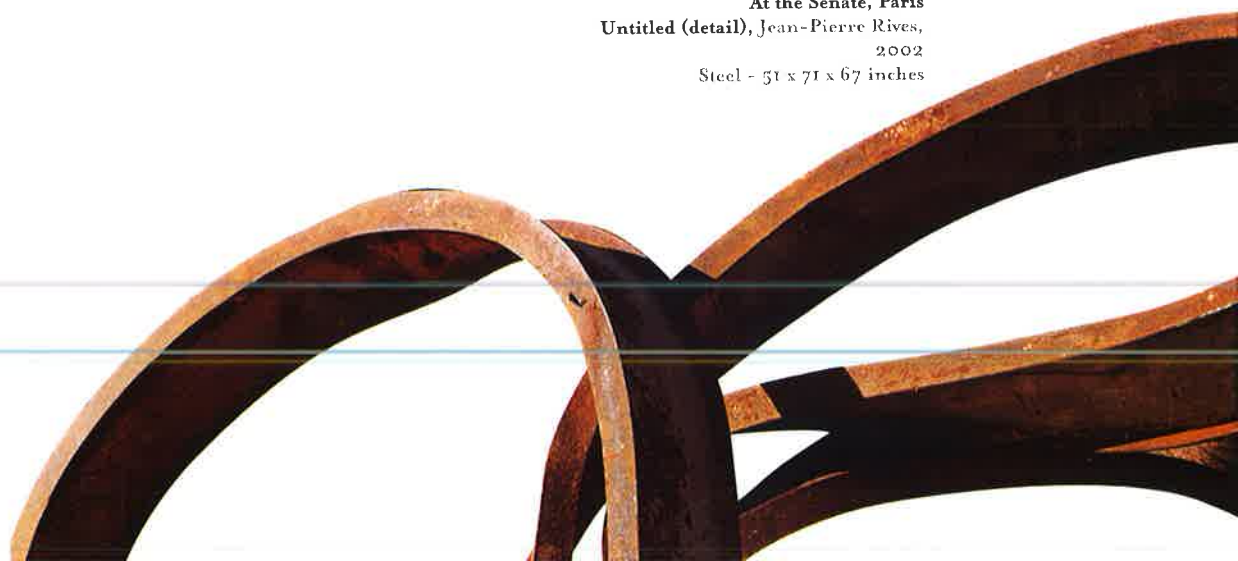
The Migration Board, Sweden's central government authority for immigration and alien affairs, is outsourcing the hosting, operations and helpdesk function of its IT

applications to Cap Gemini Ernst & Young. This three-year engagement – with an option for an additional two years – is valued at about 2.4 million euros, exclusive of other consulting assignments.

The agreement comprises user support, technical maintenance and installation of PC products. The operational management commitment will be handled from the Migration Board's headquarters in Norrköping, Sweden.

This project links two of today's most potent business areas: outsourcing and the public sector. As many corporations and authorities and administrative agencies review their IT costs, a growing number of them are discovering the advantages of outsourcing.

At the Senate, Paris
Untitled (detail), Jean-Pierre Rives,
2002
Steel - 51 x 71 x 67 inches



Of the more than 2,500 consultants currently at Cap Gemini Ernst & Young in Sweden, 500 of them are specialists in outsourcing.

► "Landmark study" endorsed by Global Commerce Initiative

Our leadership role in the consumer products and retail business was demonstrated by the Global Commerce Initiative's (GCI) official endorsement of the Cap Gemini Ernst & Young/GCI report titled "The

Case for Global Standards: Creating the Business Case for Global Data Synchronization in Your Company." The report provides the background and business rationale for adopting and implementing global standards in the retail and consumer products industry. It was called "a landmark study" by the co-chairman of GCI.

Early in 2002, GCI, whose membership consists of some of the world's best known companies, asked Cap Gemini Ernst & Young to help in developing

the business case for global standards. Companies involved included Carrefour, Metro, Sears, Target, Tesco, Coca-Cola, Gillette, Henkel, Johnson & Johnson, Kraft, Nestlé, Philips, Procter & Gamble and Unilever.

The report represents the first time that the benefits of global standards have been quantified. The study found that retailers and manufacturers can reduce their supply chain costs by 1 percent to 3 percent, a significant number given the enormous size and narrow margins of the consumer products and retail industry.

In addition, a positive impact on revenues could be realized as a result of the recommended improvements. The business case also unveiled important long-term benefits, as these standards will enable the large-scale implementation of collaborative business processes.

► Barcelona Football club scores with new website

Spain's renowned Barcelona Football Club and Cap Gemini Ernst & Young's interactive Internet design agency DareStep have joined forces to launch a brand new website for the club, which welcomed 264,000 visitors in its very first month.



"Imaginary garden"
Gina Pellon, 2000

Mauritius Island
Untitled, Jean-Pierre Riess, 2001
Treated steel - 90 x 59 x 23 inches

Working with alliance partner Beaweb Logic, this project includes strategy consulting, on-line visual concept and brand design, building a whole new architecture and maintaining the delivered applications.

Employing a methodology called DareStep Accelerated Program, the new site was delivered within four months instead of eight as originally planned. The first phase involved developing the concept, look and feel and planning the functionalities. This was followed by the first prototype, delivery and customization of the site to clients' needs.

The site contains a number of innovative, multimedia features. For instance, fans can watch clips from matches and catch up with scores. There are games, player profiles, late news and the possibility to purchase brand items.

Another outstanding feature of the site is that it is in three languages: Spanish, English and Catalan, which is more than just a language but part of a unique cultural identity, with the Football Club as one of its chief standard bearers.

This engagement also gives Cap Gemini Ernst & Young and DareStep a privileged relationship with some of the club's major sponsors.



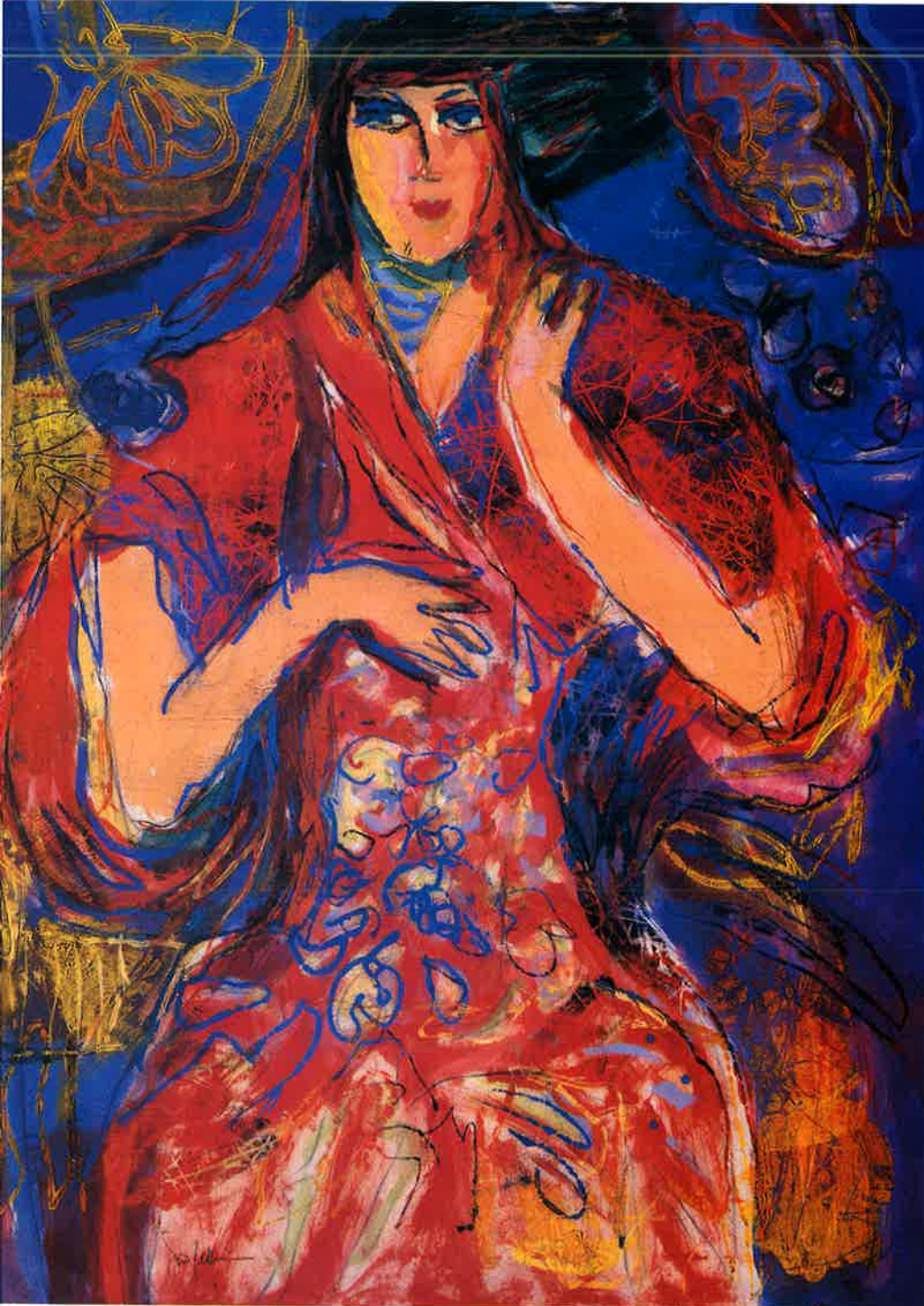
December

Major Public Sector win with local government in Australia

In December 2002, a syndicate of five local government councils signed a ten-year contract with Cap Gemini Ernst & Young Australia for the provision and operation of an advanced IT and services solution.

The new solution, named "Councils Online," will

support local government business operations and enable improved business relationships with council customers. The five councils from New South Wales, Australia, chose Cap Gemini Ernst & Young after an intensive and comprehensive competitive procurement process. Councils Online will replace the councils' current IT systems and provide automation of many of their existing manual business processes.



"The accomplice"
Gina Pellon, 2000

tional customer/constituent management and technology capabilities. It is one of the largest contracts of its kind in Australia this year.

▣ One project meets many goals for Kronenbourg Brasseries

Recognizing the need to modernize its information system, Kronenbourg Brasseries decided to rethink its internal processes as part of a global transformation project.

The anticipated reorganization covered most of the company and its 2,000 employees. It was reasoned that simplifying the business processes and increasing the flow of information would lead to more standardized procedures and a more focused vision of the company's activities.

In April 2001, Kronenbourg decided to award this project to Cap Gemini Ernst & Young, whose expertise in change management and in overseeing alliance partnerships was well known.

Over the next several months, joint teams were formed at all levels of the business in keeping with the requirements of the project at various stages including the framework agreement, design, development and deployment.

The value of the contract is more than 105 million Australian dollars over 10 years and will involve more than 70 combined project resources at peak staffing levels.

Cap Gemini Ernst & Young is leading a consortium of global and Australian-based SME providers of hardware, software and services to furnish the

total solution. These partners include Hewlett-Packard, GEAC, Advanced Data Integration, Red Rock, Mat-Man Systems, Infovision, RMS, Intaz and Kronos.

This contract is further confirmation of Cap Gemini Ernst & Young's ability to partner with government in the delivery and operation of transforma-

More than 80 people were permanently mobilized at a dedicated site.

This approach answered still another challenge: reducing the duration of the project from 36 to 18 months and rolling it out according to the “big bang” principle. In this way, the specifics of the project were taken into account (e.g., the importance of tracking), at the same time that strict preparation continued for migrating all the sites to the new system.

The result: a global project, a non-negotiable time frame, a big bang roll out, all adding up to 18 months of a strong partnership and the completion of an ambitious project.

■ World-class rail reservation service for ATOC

Britain's Association of Train Operating Companies (ATOC) awarded a 47 million euros (£31 million) contract to Cap Gemini Ernst & Young to design, build and run a new national rail reservation system. ATOC membership comprises the 25 companies which provide passenger train services on Britain's privatized rail network. All 25 members were unanimously in favor of the Cap Gemini Ernst & Young proposal in preference to rival bids.

The new system will enable passengers to make, cancel or alter rail reservations much closer to the time of travel, and to specify their precise requirements in greater detail. Disabled customers will also benefit because the new system will automatically link to train and station information on topics such as wheelchair access and the availability of specialist assistance.

The main business benefit of the new system will be the availability of instant information on bookings for each individual train, so that managers may adjust fare structures in realtime and thereby achieve a better balance of seat occupancy between peak and off-peak travel.

ATOC said that its decision to press forward with a new national rail reservation service was good news for rail travelers and for the industry, and a significant step toward the achievement of world-class standards on Britain's railways.



Mauritius Island - Untitled, Jean-Pierre Rives, 2001 - Treated steel - 177 x 86 x 47 inches

INTRODUCTION TO THE CAP GEMINI ERNST & YOUNG GROUP

THE CAP GEMINI ERNST & YOUNG GROUP
IS ONE OF THE WORLD LEADERS IN MANAGEMENT
CONSULTING AND IT SERVICES.



With approximately 53,000 employees in 34 countries in Europe, North America and Asia-Pacific, the Group reported consolidated revenues of slightly more than 7 billion euros in 2002.

What the Group does

The Group offers its local and multinational clients a complete range of services, aligned in four main disciplines:

- Consulting (transformation and process)
- Technology (systems architecture/integration/infrastructure)
- Outsourcing (management of information systems and business processes)
- Local professional services (Sogeti).

Consulting

Consulting aims to improve the performance of client companies by transforming their business processes, integrating new technology, and redefining major functions or processes within the organization.

This business calls for both far-reaching professional expertise and in-depth knowledge of strategic planning and process optimization.

Consulting accounted for 25 percent of Group revenues in 2002, and covers the following areas:

- Transformation and change management
- Customer Relationship Management (CRM)
- Supply chain management
- Management of financial and accounting functions
- Human resources management.

Technology

Services with high-technology content represent a vital adjunct to the implementation of change within client companies. These services tie in closely with consulting, as information systems transformation or upgrades are highly dependent on clients' organizational choices within the company.

This Technology Services discipline accounted for 42 percent of Group revenues in 2002. It includes:

- Designing information systems architecture
- Integrating systems and developing applications
- Managing and optimizing systems, networks and data.

Outsourcing

Cap Gemini Ernst & Young has developed a range of services responding to clients' wishes to concentrate on their core business, reduce costs related to the operation and maintenance of their existing IT systems and, in some cases, to transform their systems (transformational outsourcing).

This type of activity may involve taking full management responsibility for all or part of a client's IT department, in the form of Applications Management (AM) services, Distributed Computing Services (DCS), or Central Computing Services (CCS).

This activity generated 27 percent of Group revenues in 2002, and covers the following services:

- Applications Management, in which the Group is a European leader

- Infrastructure management and network outsourcing
- Business Process Outsourcing (BPO), which allows the client to outsource major support functions such as accounting or procurement.

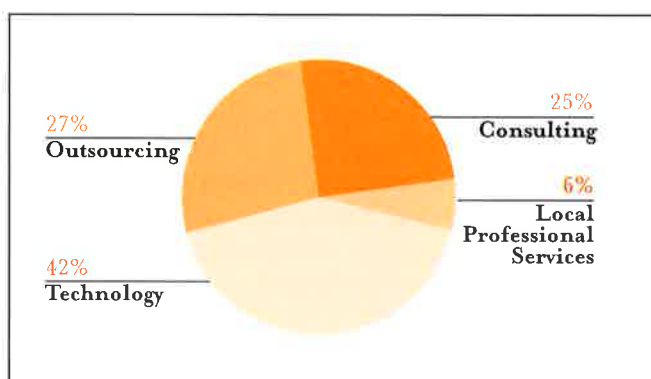
Local Professional Services (Sogeti)

These local technical assistance services are designed to help IT departments of client companies by making top-flight specialists available to meet the following needs:

- Development of specific software
- Applications management at client sites
- Hardware and network management.

Beginning on January 1, 2002, Local Professional Services were brought together within entities operating under the "Sogeti" brand.

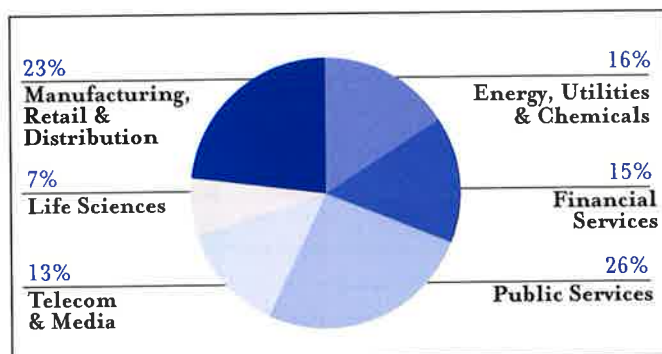
The Group's 2002 business mix is as follows:



Group clients

To develop service offerings with high added value, the Group needs thorough knowledge of its clients' business. That is why its engagement teams are staffed with top experts in the relevant fields.

The Group's operations in 2002 broke down according to the following industry lines:



Manufacturing, Retail & Distribution (MRD)

In the **Automotive** industry, building on its award as 2001 Auto Consultancy of the Year by the Institute of Transport Management (ITM), the Group serves thirteen of the world's largest automotive vehicle manufacturers and many of the largest automotive suppliers. Major clients in this industry include General Motors, Ford, DaimlerChrysler, Nissan, Toyota, BMW, Renault, Mitsubishi, PSA, VW/Audi, Honda, Fiat and Visteon.

In 2002, the **High-Technology** industry practice made gains. We served major accounts such as Hewlett-Packard, IBM, Philips, Sony, Nokia, Ericsson and General Electric – which awarded us certification as a GE Global Development Center.

In **Consumer Products** and **Retail**, the Group worked with key clients such as Carrefour, The Coca-Cola Company, Marks & Spencer, Tesco and Unilever. Together with Intel and Cisco Systems, the Group developed Extended Retail Solutions (ERS), a joint initiative that provides retailers with an adaptive, open-standards-based approach to help improve customer satisfaction and leverage new technology, while reducing costs and increasing flexibility.

The **Distribution** practice has developed successful offerings such as Supply Chain Management, Transportation and Warehouse Management, and worked with nine out of ten of the world's leading logistics providers such as Deutsche Post World Net, Exel, FedEx and TPG.

Energy, Utilities & Chemicals

The Group's offerings in this sector address needs of both oil and gas companies and the electricity, gas or water utilities which are unbundling their value chains to comply with deregulation.

During 2002, key projects were carried out for several major clients worldwide. Among them: EDF, EON and TotalFinaElf in Europe, Shell and Hydro Quebec in North America, BHP in Australia.

Financial Services

In this sector, Cap Gemini Ernst & Young is working with more than half of the top 50 financial institutions worldwide. At Merrill Lynch, for example, our team has been supporting the upgrade of workstations used by the vast global network of financial advisors. And in a deal that brings together teams from France, India and Japan, Cap Gemini Ernst & Young has signed its first off-shore Application Development deal with AXA Direct Japan.



"ONU soit qui mal y pense"
Gina Pellon, 1991

Prototype, evaluate implement

The team from UCD developed an effective solution in a few weeks, first by defining a mental model of the tool to assure intuitive use of the interface. Next, they prototyped the Human-Computer interactions suitable for different users with different objectives. As a result, users found their work greatly simplified and speeded up.

Satisfaction levels, as noted by the people working with the program, rose sharply. This is borne out by the satisfaction indexes gathered from users: Ease of use scored 4 out of 5 after the UCD intervention as opposed to 2.6 before. Availability of the tool was evaluated at 4.1 versus 2.8, and quality of data

displayed received a score of 3.8 against 2.7 before. As Laurent Frampas noted enthusiastically: "Moreover, this work of simplification and based on common sense has enabled us to increase the speed of interaction 10 or 15 times compared to the first version." So much so, that IAPS is now used quite naturally by all the managers who have made it one of their daily tools.

Knowing how to innovate

There is one simple lesson to learn from this experience. "Even if you invest heavily in change management, you cannot force people to evolve against their will if there are too many barriers to change. If the tool you're proposing is not intuitive nor easy to use, nor even interactive, and if the approach is not focused on the user, then any change will be impossible." Laurent Frampas concludes: "Cap Gemini Ernst & Young should be commended for the intelligence – perhaps even the courage – of its innovative approach to applications design. They knew how to make the most of skills outside their core competence, experts in human factors, interaction designers, graphic designers, etc. This precious know-how should be applied to virtually all projects."

With the kind participation of:

LAURENT FRAMPAS
Director Information Systems
Procter & Gamble, France

ARNAUD BONHOMME
Director Technology Services
Cap Gemini Ernst & Young

MANAGEMENT TEAM

at May 7, 2003



Serge Kampf (*)
Chairman



Paul Hermelin (*)
Chief Executive Officer

MANAGEMENT COMMITTEE

- **Alexandre Haeffner**
Chief Operating Officer (COO)
- **John McCain**
Deputy COO
- **William Bitan**
Chief Financial Officer
- **Mark Hauser**
CEO North America
- **Jean-Pierre Durant des Aulnois**
General Secretary
- **Paul Cole**
LEAP Program
- **Hubert Giraud**
Outsourcing
- **Terry Ozan (*)**
Consulting
- **Chell Smith**
Technology
- **Florence Mairal**
Communications
- **Clive Williams**
Operations Controller

OPERATIONAL UNITS

North America	Mark Hauser
U.K./Ireland	Paul Spence
Nordic	Alwyn Welch
Benelux	Henk Broeders
Germany and Central Europe	Antonio Schnieder
France	François Mazon
Italy	Richard Dicketts
Spain/Portugal	Domingos Oliveira
Asia-Pacific	Paul Thorley
Sogeti	Luc-François Salvador
Telecom & Media	Philippe Donche-Gay

(*) Administrator



At the Senate, Paris - Untitled, Jean-Pierre Rives, 2002 - Steel - 100 x 49 x 27 inches

CAP GEMINI ERNST & YOUNG IN COMMUNITY LIFE

Solidarity is among the Group's seven basic values.

In today's social context, where fair and equal access to development opportunities is integral to corporate strategy, Cap Gemini Ernst & Young has continued to strengthen its involvement in community affairs.

Cap Gemini Ernst & Young France, for example, is offering access to its infrastructures and organizational and technological know-how to associations committed to bringing individuals normally excluded from professional life into the mainstream.

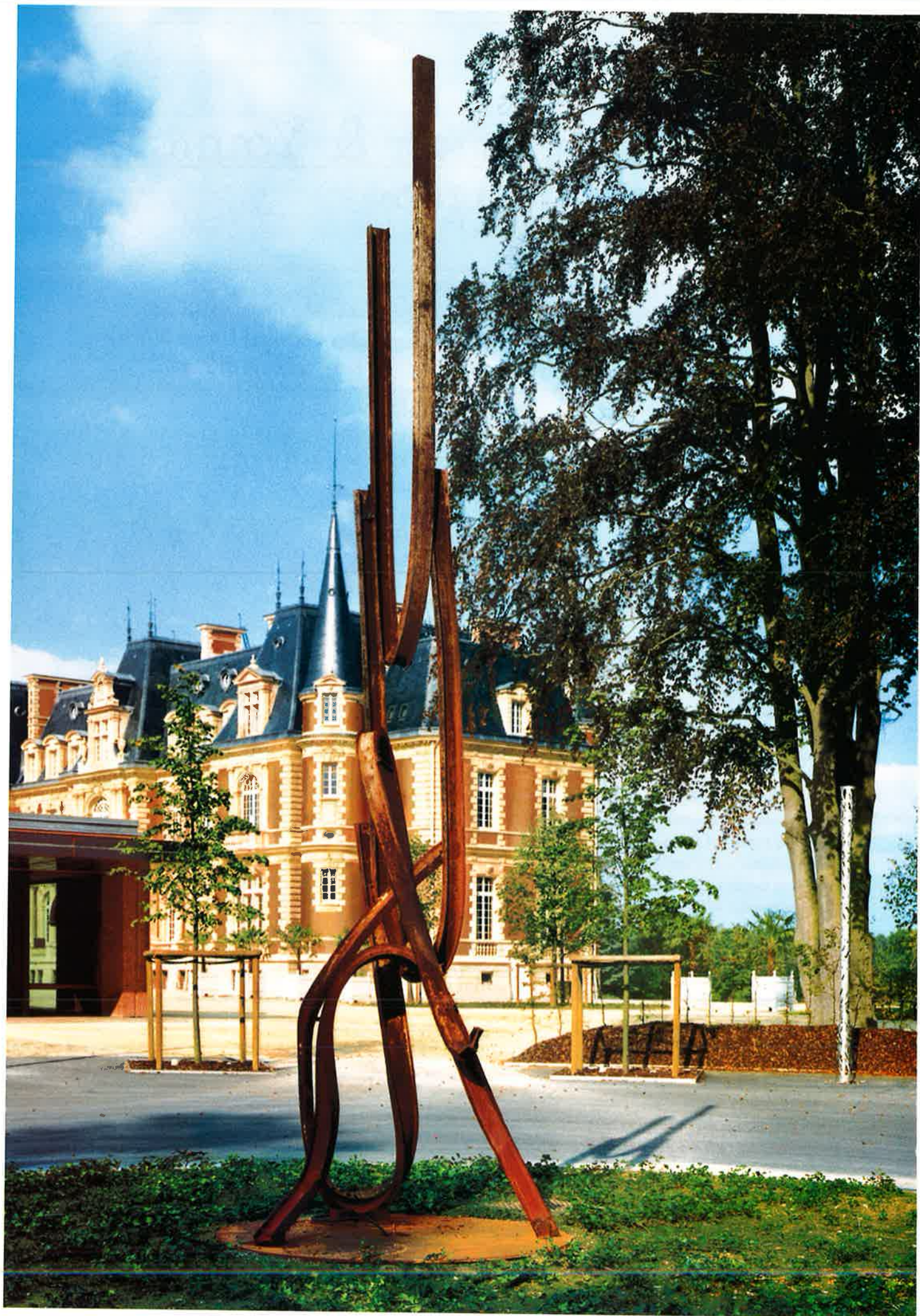
A program already begun in France in 1996, is being extended to the Rhône-Alpes and West regions to help the handicapped find employment or to assist young people in underprivileged neighborhoods to learn skills in information technology.

Apart from integrating less fortunate members of society into the workforce, three other objectives have been guiding the Group's corporate responsibility actions:

- to promote initiatives that will position Cap Gemini Ernst & Young among the leaders in community involvement;
- to build a spirit of pride and belonging among its workforce, as well as to attract future employees;
- to bring credit to its technological expertise and service business and to take advantage of its broad regional coverage.

This approach is built on the conviction that civic responsibility is in no way incompatible with business life. The opposite is true, in fact; one actually enriches the other.

A great many volunteers came forward even before the first official announcements of this program appeared. Their energy is a good indication that members of Cap Gemini Ernst & Young are, for the most part, attracted to socially-conscious projects and take pleasure in sharing their professional skills. Actions already in the pipeline are a clear illustration of this growing trend.



Les Fontaines, Gouvieux - Untitled, Jean-Pierre Rives, 2002

LES FONTAINES: A NEW INTERNATIONAL CONFERENCE CENTER

Globalization, interdependence, complexity, technological innovation – these are the hallmarks of the connected economy. Like many other international enterprises, the Cap Gemini Ernst & Young Group has at its disposal a wide variety of interactive communication tools which provide its employees with permanent access to information. Yet despite these electronic conveniences, the Group is also determined to support initiatives which bring professionals from its various companies face to face, and give them the opportunity to get acquainted, share their experiences, exchange best practices and develop their skills.

A center of gravity

Throughout the 1990s, Cap Gemini University, located in Béhoust, southwest of Paris, played a pivotal role as the “Group’s Home” – a point of reference for ideas, knowledge and networking. The site quickly became the hub for international training activities, for integrating newcomers, and a friendly meeting place for employees, managers and their clients.

In 1998, recognizing that Béhoust’s limited capacity was restricting the growth of the University, the Group decided to purchase property in Gouvieux, near the city of Chantilly. Known as “Les Fontaines,” this estate, built by the Baron James Nathan de Rothschild at the end of the 19th century, was acquired by a Jesuit order after World War II and turned into a highly respected cultural center. Apart from its natural aesthetic qualities and the possibilities it offered for reconstruction, the property has the added advantage of

being just 30 minutes from Charles de Gaulle International Airport.

Following a long period of renovation, the new site – which was “delivered” to the Group at the end of 2002 – combines the advantages of prime real estate with a strong, coherent architectural personality. Designed by the firm of Valode & Pistre, Les Fontaines now represents a harmonious yet bold interplay between the refinements of classical European architecture and respect for the rich surrounding countryside, coexisting with the most modern professional training facilities.

In addition to the faithfully restored château, intended as the social “core” of Les Fontaines, there is a teaching forum equipped with a 500-seat auditorium, three 100-seat meeting rooms and 42 conference rooms. Seven villas provide spare but very comfortable lodging for 300 guests. There is also a wide selection of sports activities.

The best of technology

The technological infrastructure of Les Fontaines is fully in keeping with its vocation. The services on offer provide a number of advantages: **mobility**, with access to wireless Internet, wide-spread availability of multimedia equipment, and a University network carrying all multimedia content (including television); **flexibility**, through the juxtaposition of multiple virtual networks (Internet, CGNet, local networks, and specific networks as requested by clients), control

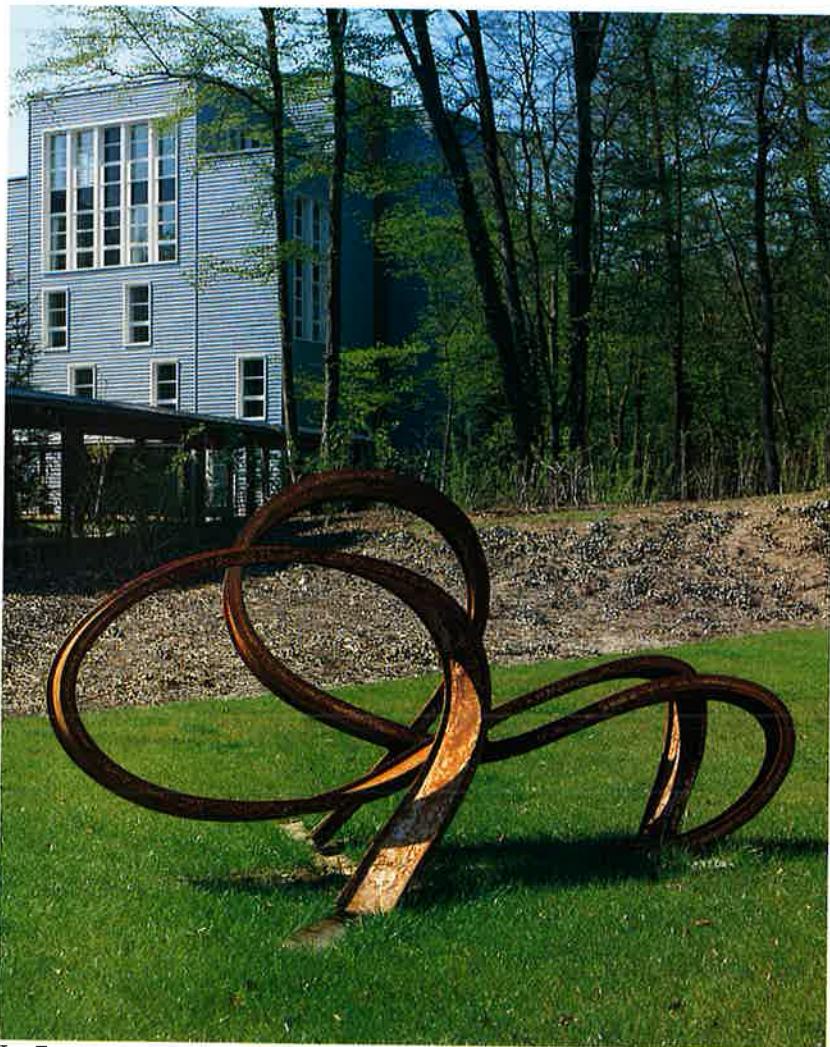
room for working in multi-mode (isolated, network, synchronized), and a badge system customizable to specific events; **expandability**, through the convergence of voice and data for information sharing and interactivity among participants; and **reliability**, with redundant critical equipment and the nearly 100 percent availability of the telecom provider.

The Group University "campus"

Les Fontaines is also the cornerstone of the Group's international training activities and, as of January 1, 2003, the seat of Cap Gemini Ernst & Young University.

As well as contributing to the Group's transformation initiatives, the University is focusing on the most advanced skill development programs – the International Business School, Architects Week, Engagement Management – and aligning its course curriculum to support the global disciplines recently put in place by the Group (Consulting, Technology and Outsourcing Services). The University is also consolidating the various training programs within the Group, especially in the area of distance learning (e-learning), which is now being implemented by all the subsidiaries, and where a portal known as "MyLearning" is being widely used to assure the fastest and most thorough grounding in new technologies.

These programs improve upon learning methods and approaches which have already been recognized by the *Financial Times* and the Corporate University Xchange for European Excellence which, in 2000, awarded Cap Gemini Ernst & Young University its top prize.



Les Fontaines, Gouvieux

Untitled, Jean-Pierre Rives, 2002 - 118 x 78 x 39 inches

A showcase for Group know-how

Because it can tap into all the Group's resources, Les Fontaines is in the privileged position of being able to help large international enterprises to assemble, inform, mobilize, train and entertain their executives, their high potential people, their professional networks or any other communities of exchange.

The site was designed and equipped to provide highly modular space, integrated and customized services, along with information technologies and methods for sharing knowledge which are the result of a decade of experience in building and managing international capabilities.

Les Fontaines has only one goal: to serve companies which firmly believe that their performance is the direct result of the continuous professional development and motivation of their own talented people.

For more information:
www.les-fontaines.com

Les Fontaines, Gouvieux

Untitled, Jean-Pierre Rives, 2002 - 118 x 39 x 39 inches



Les Fontaines, Gouvieux

Untitled, Jean-Pierre Rives, 2002 - 163 x 59 x 59 inches



At the Senate, Paris - Untitled, Jean-Pierre Rives, 2002 - Steel - 165 x 59 x 59 inches

MAIN POINTS OF CONTACT

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

Fax: 33 (0) 1 47 54 50 86

Internet: www.cgey.com

Regional Management

- North America
New York 1 (917) 934 80 00
- U.K./Ireland
Woking 44 (1483) 764 764
- Nordic countries
Stockholm (Bromma) 46 (8) 704 50 50
- Benelux
Utrecht 31 (30) 689 89 89
- Germany & Central Europe
Berlin 49 (30) 88 703 0
- France
Paris 33 (0) 1 53 64 44 44
- Italy
Rome 39 (06) 231 901
- Spain/Portugal
Madrid 34 (91) 657 70 00
- Asia-Pacific
Sydney 61 (2) 92 93 40 00
- Sogeti
Brussels 32 (2) 639 08 30

Sector Management

- Manufacturing, Retail & Distribution
Utrecht 31 (30) 689 60 68
- Energy, Utilities & Chemicals
Paris 33 (0)1 49 67 30 00
Houston (Texas) 1 (713) 982 17 00
- Financial Services
Paris 33 (0)1 49 67 40 00
- Public Services
Paris 33 (0)1 49 67 30 00
- Telecom & Media
Paris 33 (0)1 47 54 52 00
- Life Sciences
London 44 (207) 340 30 00

University

Les Fontaines
Route de Chantilly
60270 Gouvieux 33 (0)3 44 62 91 00

FRANCE (33)					
(Note: if dialing these numbers within France, add a 0 before the first digit)					
Paris	Headquarters	1 53 64 44 44	Montpellier	South-East	4 67 20 92 92
	Consulting	1 41 08 40 00		Banking Systems	4 67 20 64 90
	Finance	1 49 67 30 00			
	Industry	1 49 01 80 00	Mulhouse	North-East	3 89 36 33 66
	Institute	1 44 74 24 10			
	Public Services	1 49 67 30 00	Nancy	North-East	3 83 95 85 85
	Outsourcing	1 41 26 51 00			
	Telecom	1 49 00 40 00	Nantes	West	2 51 17 35 00
	Tertiaire	1 49 01 70 00		West (Training Center)	2 51 17 35 01
Bayonne	Industry	5 59 25 34 00	Nice	South-East	4 93 72 43 72
Bordeaux	South	5 56 46 70 00	Niort	West	5 49 06 84 30
Brest	West	2 98 30 46 30	Orléans	West	2 38 24 01 01
Caen	West	2 31 46 81 90	Pau	South-West	5 59 84 12 23
Clermont-Ferrand	Rhône-Alpes	4 73 28 23 81	Rennes	West	2 99 12 55 00
				Telecom	2 99 27 45 45
Grenoble	Rhône-Alpes	4 76 59 63 00	Rouen	West	2 35 12 20 20
Le Mans	West	2 43 57 45 00	Strasbourg	North-East	3 90 22 86 10
Lille	North-East	3 28 36 31 31	Toulouse	South-West	5 61 31 52 00
Lyon	NIS		Tours	West	2 47 60 67 60
	(Network Infrastructure Services)	4 37 56 27 40			
	Rhône-Alpes	4 72 75 48 60			

EUROPE (OUTSIDE FRANCE)			
AUSTRIA (43)		CZECH REPUBLIC (420)	
Vienna (Headquarters)	(0) 1 211 63 0	Prague (Headquarters)	(0) 224 505 277
BELGIUM (32)		DENMARK (45)	
Diegem (Headquarters)	(2) 708 11 11	Copenhagen (Gentofte) (Headquarters)	70 11 22 00
Hornu	65 71 52 11	Aarhus (Viby)	87 38 70 00
Wavre	10 23 66 11		

FINLAND (358)

Espoo (Headquarters)	}	→ (9) 452 651
Helsinki Operate (outsourcing)		
Oulu		
Tampere		
Turku		

GERMANY (49)

Berlin (Headquarters)	(30) 88 703 0
Cologne	(221) 91 26 44 0
Dresden	(351) 4 84 00
Düsseldorf	(211) 470 68 0
Essen	(201) 824 3000
Frankfurt/Sulzbach	(6196) 9 99 0
Hamburg	(40) 2 53 18 0
Hanover	(511) 67 82 700
Munich/Dornach	(89) 94 00 0
Rüsselsheim	(6142) 60 34 0
Stuttgart	(711) 5 05 05 0
Walldorf	(6227) 73 390 0

HUNGARY (36)

Budapest (Headquarters)	(23) 506 800
-------------------------	--------------

IRELAND (353)

Dublin (Headquarters)	1 661 32 66
-----------------------	-------------

ITALY (39)

Genoa	(010) 248 79 11
La Spezia	(0187) 98 451
Milan	(02) 422 61
Naples	(081) 606 89 11
Padua	(049) 823 58 74
Rome (Headquarters)	(06) 231 901
Syracuse	(0931) 79 65 11
Turin	(011) 65 38 11

LATVIA (371)

Riga (Headquarters)	(7) 50 32 50
---------------------	--------------

LUXEMBOURG (352)

Luxembourg (Headquarters)	440 49 81
---------------------------	-----------

THE NETHERLANDS (31)

Utrecht (Headquarters)	(30) 689 89 89
------------------------	----------------

NORWAY (47)

Oslo (Headquarters)	24 12 80 00
---------------------	-------------

POLAND (48)

Warsaw (Headquarters)	(22) 850 92 00
-----------------------	----------------

PORTUGAL (351)

Lisbon (Headquarters)	(21) 412 22 00
porto	(22) 608 06 60

SLOVAKIA (421)

Bratislava (Headquarters)	(2) 444 556 78
---------------------------	----------------

SPAIN (34)

Barcelona	(93) 495 86 00
Madrid (Headquarters)	(91) 657 70 00

SWEDEN (46)

Fagersta	(223) 418 00
Göteborg	(31) 335 46 00
Kalmar	(480) 49 66 60
Karlshamn	(454) 32 59 50
Karlskrona	(455) 568 50
Linköping	(13) 24 81 00
Luleå	(920) 24 26 00
Malmö	(40) 607 72 10
Örebro	(19) 17 32 00
Stockholm (Bromma) (Headquarters)	(8) 704 50 00
Sundsvall	(60) 59 47 00
Växjö	(470) 74 79 60

SWITZERLAND (41)

Basel	(0) 61 685 27 27
Geneva	(0) 22 879 52 00
Lausanne	(0) 21 620 71 00
Zürich (Headquarters)	(0) 1 560 24 00

UNITED KINGDOM (44)

Birmingham (Aston)	(121) 333 3536
Bristol (Aztec)	(1454) 626 626
Bristol (Toltec)	(1454) 612 211
Edinburgh	(131) 339 9339
Glasgow	(141) 331 0414
Inverness	(1463) 2384 34
London (Docklands)	(207) 093 8500
London (South Bank)	(207) 735 0800
London (Wardour Street)	(207) 734 5700
Manchester (Sale)	(161) 969 3611
Rotherham	(1709) 710 071
Swansea	(1792) 792 777
Teeside (Wynyard Park)	(1740) 645 500
Woking (Headquarters)	(1483) 764 764

NORTH AMERICA

CANADA (1)

Calgary	(403) 206 5600
Mississauga	(905) 277 7300
Montreal	(514) 874 4488
Montreal (productivity center)	(514) 989 4100

Ottawa	(613) 598 4410
Toronto	(416) 943 3232
Vancouver	(604) 899 3535

UNITED STATES (1)

Atlanta (Georgia)	(404) 541 7100
Bellevue (Washington)	(425) 818 3300
Birmingham (Alabama)	(205) 458 7666
Cambridge (Massachusetts)	(617) 494 4900
Charlotte (North Carolina)	(704) 331 1900
Chicago (Illinois) - Sears Tower	(312) 879 6700
Chicago - O'Hare International	(312) 879 2500
Cincinnati (Ohio)	(859) 655 1500
Clark (New Jersey)	(732) 382 5400
Clayton (Missouri)	(314) 290 8000
Cleveland (Ohio)	(216) 583 3300
Columbus (Ohio)	(614) 438 2675
Cupertino (California)	(408) 861 1800
Dallas (Texas)	(214) 665 5000
Detroit (Michigan)	(313) 628 7540
El Segundo (California)	(310) 727 8400
Englewood (Colorado)	(720) 568 4200
Freehold (New Jersey)	(732) 358 8900
Hartford (Connecticut)	(860) 524 3300
Honolulu (Hawaii)	(808) 535 6820
Houston (Texas)	(281) 220 5000
Indianapolis (Indiana)	(317) 977 1300

Irvine (California)	(949) 440 3500
Leawood (Kansas)	(913) 319 8000
Los Angeles (California)	(213) 240 7000
Louisville (Kentucky)	(502) 585 6444
Lyndhurst (New Jersey)	(201) 872 4100
Minneapolis (Minnesota)	(612) 492 2700
Minnetonka (Minnesota)	(952) 908 3600
Morristown (New Jersey)	(973) 285 9000
New York (Headquarters)	(917) 934 8000
Newton (Massachusetts)	(617) 928 8400
Philadelphia (Pennsylvania)	(215) 448 3800
Phoenix (Arizona)	(602) 452 5900
Pittsburgh (Pennsylvania)	(412) 227 1100
San Francisco (California)	(415) 951 3200
Tampa (Florida)	(813) 225 4747
Tarrytown (New York)	(914) 345 6041
Vienna (Virginia)	(572) 382 6000
Westlake Village (California)	(818) 735 8300

MEXICO (52)

Mexico City	55 8503 2400
-------------	--------------

ASIA-PACIFIC

AUSTRALIA (61)

Adelaide	(8) 8233 6100
Canberra	(2) 6267 3962
Melbourne	(3) 9288 8361
Sydney (Headquarters)	(2) 9293 4000

CHINA

Beijing	86 (10) 6505 2935
Hong Kong	(852) 2918 7300
Shanghai	86 (21) 6841 9696

INDIA (91)

Mumbai	(22) 2518 7000
--------	----------------

JAPAN (81)

Tokyo	(3) 3279 9210
-------	---------------

SINGAPORE (65)

Singapore	6484 3188
-----------	-----------

TAIWAN (886)

Taipei	(2) 8780 0909
--------	---------------

SOGETI			
BELGIUM (32)		GERMANY (49)	
Brussels (Headquarters)	(2) 639 08 30	Düsseldorf	(211) 522 85 0
Antwerp (Gitek N.V.)	(3) 231 12 90	THE NETHERLANDS (31)	
Zaventem (Twinsoft N.V.)	(2) 716 52 80	Vianen	(347) 358 200
FRANCE (33)		SWEDEN (46)	
Paris (Headquarters)	(0)1 49 24 53 00	Bromma	(8) 5368 2000
Bordeaux	(0)5 57 92 70 50	SWITZERLAND (41)	
Lille	(0)3 28 32 31 00	Geneva (Petit-Lancy)	(22) 879 16 50
Lyon	(0)4 37 24 79 50	UNITED STATES (1)	
Marseille	(0)4 91 16 57 11	Centerville (Ohio)	(937) 433 3334
Nantes	(0)2 51 84 95 02		
Rennes	(0)2 23 35 40 10		
Rouen	(0)2 32 76 41 80		
Strasbourg	(0)3 90 20 39 86		
Toulouse	(0)5 34 36 86 00		



At the Senate - Untitled, Jean-Pierre Rives, 2002
Steel - 74 x 315 x 71 inches

A publication of Cap Gemini Ernst & Young
Text : Corporate Communications

Photographies:

Gina Pellon's paintings: © André Morain, Paris

Jean-Pierre Rives' works: © Gaston-François Bergeret, Paris

Cover :

At the Senate – Jean-Pierre Rives (Gallery Enrico Navarra) - 2002
"Imaginary Garden" – Gina Pellon (Gallery Marie-Claude Goinard) - 2000
"Mimes' Memory" – Gina Pellon (Gallery Marie-Claude Goinard) - 1999
At the Senate – Jean-Pierre Rives (Gallery Enrico Navarra) - 2002

Design: L'Agence

Production: Gutenberg on line

Printed in France

Copyright: Paris, 2003 - Cap Gemini Ernst & Young

