

ANNUAL REPORT 2011



A French company created by Serge Kampf in 1967, Capgemini has become a global company with 120,000 team members across 40 countries. Yet the Group has never lost sight of the seven founding values that have accompanied its development from the earliest days. Europe's leading IT services company, Capgemini proposes a broad and constantly updated offers portfolio, largely through five global service lines. The Group's sense of purpose and satisfaction comes from serving clients, through command of its four businesses and expertise in six major sectors.

To help its clients cope meet the challenges of technological change Capgemini now has a global and industrialized production capacity, Rightshore®, and is a partner to the biggest names in IT. Moreover, the Group is widening the scope of its activities, while also creating new service models based on software solutions.

In 2011, the Group achieved revenues close to 10 billion euros, an increase of 11.4% compared with 2010, and a net result of more than 400 million euros, up by 44.3%.

Revenues
9,693
million euros (2011)

NET RESULT
404
million euros (2011)

4
Businesses
CONSULTING SERVICES
(CAPGEMINI CONSULTING)
TECHNOLOGY SERVICES
LOCAL PROFESSIONAL
SERVICES
(SOGETI)
OUTSOURCING



119,707
Team members
in
40 countries
at December 31, 2011

7 values

Honesty, Boldness, Trust
Freedom, Team Spirit,
Modesty, Fun



6 Strategic Partners

EMC² – HP – IBM – MICROSOFT
ORACLE – SAP

EXPERTISE 6 in Major Sectors

PUBLIC SECTOR ENERGY, UTILITIES & CHEMICALS
FINANCIAL SERVICES CONSUMER PRODUCTS, RETAIL,
DISTRIBUTION & TRANSPORTATION
MANUFACTURING TELECOM, MEDIA & ENTERTAINMENT

CAPGEMINI'S BRAND SIGNATURE: **People matter, results count.**



Georges ROUDNEFF, *Happy Days*

THE GROUP

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Alain CHEVAL, *The Night Cauldron*

**“In conversation with a close friend,
who sometimes says
he’s like a brother to me...”**

Serge Kampf
Chairman–Founder
of Capgemini



I only discovered you had decided to quit by reading the newspapers. Why didn't you speak to me about it before?

Perhaps because I didn't want you and some of our good friends to talk me out of it? All the same, it has been a difficult decision, and a long time in the making, and I wasn't really convinced it was either necessary or urgent to share it with all and sundry. But it had to be taken, and I didn't want to be tempted to keep putting it off. Personally, I am now reconciled to the fait accompli.

I know you well enough to guess that you didn't take this decision lightly. Do you have any regrets?

None! Especially since I've received many signs of friendship, affection and compliments on how I reached the decision, and even my timing. I must say that I was very touched by these messages—from a prominent banker whom I admire, one of the Group's earliest clients, a former Capgemini leading member and even a secretary who is a little more demonstrative than my own. I'd much rather get all these compliments while I'm alive, rather than on the day of my funeral.

Why do you bring up funerals? Are you worried about your health?

Who, at the age of 77, can claim to have more certainties than anxieties in this area? But I was thinking more about what champion athletes call the “little death”—the day they stop competing, or play their last match. Or even the tribute organized in their honor, and usually only enjoyed by the guests.

You are also a champion. Everyone agrees that you created one of the leading European groups out of nothing. Other company leaders hold you in high esteem, you are model for them and yet you never speak out or give your advice. Is there nothing you want to pass on?

One day someone told me (I think it was when I was starting out as an engineer with Bull): “the important thing

is not to speak, but to listen.” So I listened—to clients, friends, former Capgemini people, intelligent and less intelligent people. And this convinced me to be a listener, because it is both instructive and restful. And then it gives them such pleasure (to talk) that I don’t want, or feel I have the right, to interrupt. As for passing things on, teaching by example is more useful than words—some of the time!

It is said that you do nothing by halves, that you are never satisfied with yourself, that you don’t like amateurism, and that you seem to be driven. What do you expect from others?

Nothing more than a little human warmth to help you get through the difficult patches in life. And also a good dose of sincerity in social relations, whether professionally, with one’s family or simply with friends. But don’t worry, I’m not fooled. I have known for a long time that one should never expect too much from others, even from one’s friends. While you are helping them, or doing them a favour—or even harming them—everyone is seeking you out and praising you. When this is no longer the case, you are quickly forgotten.

You are renowned for being generous, even extravagant. Did you know that in the Middle Ages the courts severely punished this type of behaviour?

In reality, it was punished if the courts decided it encumbered family property inherited by the donor and that he was supposed to pass on to the next generation. I inherited nothing, so I am free to give everything away if I want. And believe me, even if we’re no longer in the Dark Ages, generosity is still heavily sanctioned. Today, however, it’s the tax authorities who hit gifts and other transfers.

Back to Capgemini—it has been an extraordinary success, but one that you never planned. Has this success overtaken you?



No, because I grew up alongside the company. Until the day I realized it had grown faster than me. This was in 2000, when we bought the consulting division of Ernst & Young for 11 billion dollars—luckily in shares. A few days after the AGM that endorsed the merger, the 20th Capgemini “Rencontres” took place in Berlin, and naturally I was in the Chair. On the first morning, up on the platform, I realized that the hall was packed with several hundred US consultants, all speaking loudly in a language I hardly knew. And then it suddenly struck me that, in losing control of the language, I was also about to lose control of the Group. That was on May 26, 2000, and five days later—what a coincidence!—I was in hospital following a heart attack. Happily, I had already chosen my successor and I had even taken the

precaution, several months earlier, of having him approved by Ernest-Antoine Seillière, my principal partner at the time.

The Ernst & Young acquisition came close to destroying the Group. Was that your only mistake in 45 years?

This decision was taken by the Board, but if it was a mistake then I am fully responsible. Having said that, I think the strategy was excellent, but the timing was wrong. And it is clear today that the price was too high. However, the outcome is positive because this operation immediately gave the Group the necessary credibility to spectacularly lift its game (and this is still true today), opening up the opportunity of winning and carrying out contracts it would not have been able to access otherwise. Of the 16,000 consultants who joined the Capgemini workforce that day, fewer than 5,000 are still with us today, a consequence of the high turnover in the consulting business. They are regrouped within Capgemini Consulting, or scattered across the various business units, and are now one of the Group’s main assets.

A message from Serge Kampf

At the risk of shocking you, may I ask if Paul [Hermelin] possesses all the qualities one looks for in the top man?

Your question does not shock me. In fact, over my professional career I have met (or promoted) many excellent “number twos” who made a complete hash of things the day they took over the top job in a subsidiary or region. But I have no doubts whatsoever about Paul, who has all the necessary qualities for the job ...as well as others I never had. Those who had doubts ten years ago and tried to persuade me to “show him the door” now accept that they were wrong.

One question, however: a generally well-informed French daily* shows a photo of Paul as a member of the network of the new French President.

Is there a risk that he will be offered a post or an assignment, as Jacques Chirac did in May 2008 in the case of Frédéric Lemoine, General Secretary at the time?

There are two differences. In the first place, Jacques Chirac asked for my permission, which I gave (it's also true I could not have done otherwise!). So far, however, President Hollande has asked us for nothing. Second, this uncertainty was cleared up a long time ago. Only yesterday, Paul confirmed to me what he has said many times before (and even asked to be recorded in the minutes of a recent Board meeting). He will be with the Capgemini Group right through to the end of his professional career, and he has no intention, or wish to return to the public sector, even for an important job. He could have achieved wonders there, but he will even be more marvelous as CEO of Capgemini. And I am staying by his side to help him whenever I can. We have enjoyed a perfect understanding for over ten years, and we both want that to continue. But he is now the boss.

It's true that you have made clear on numerous occasions that even after May 24, the day of Paul's "canonization," you will be remaining by his side. But isn't this just so that you can monitor him?

If I want to stay close to Paul, it's certainly not to keep an eye on him! You know I have at least three good reasons. First, Paul himself asked me to do so. Second, I am not keen on the idea of just turning up for Board meetings six times a year. And third, I want to be able to tell people who ask me to become chairman or member of this or that board that I have enough on my plate with the Capgemini Group. When I created this company in 1967, it wasn't to become rich or to have my photo in the press: it was to gain my freedom—and I intend to hang on to that freedom.

Looking back over your career, which decision are you most proud of?

Obviously, there is no one single decision that stands out. During my 45 years at the head of the Group, there are many decisions I don't regret and some I'm very proud of! I remember this very same question being asked by an Italian journalist and my answer then—which amazed him—was that it was resisting the temptation (and the incessant advice from many of my friends) to move myself, and the company's headquarters, out of France. People were telling me to take myself to a country with a more supportive, and stable tax system, but also to avoid having to suffer the insults and caricatures hurled in France at the “rich,” especially CAC 40 bosses who, indiscriminately, are expected to bear the brunt of rumors that concern just a few. With my Swiss roots, it would have been easy to obtain the passport my father gave up too quickly, and, if necessary, cycle the 150 kilometers between Grenoble and Geneva. As a third-generation immigrant I wanted to be more French than the French, and I have stayed perched on my rock! I am still very proud of that decision. I only hope I won't regret it in the future.

I am trying to stay off the subject of rugby, your second passion, but I get the feeling that you found the same values there that you insisted on in Capgemini. Is this still the case?

I would like to believe that the seven values I imposed throughout the Capgemini Group—including its most far-flung subsidiaries—still constitute an overriding obligation for all the managers and team members. As to rugby, the game became professional at the beginning of the 2000s and, since then, has been freed of some constraints and has, perhaps, distanced itself from its traditional values. For example, many players have come in from the southern hemisphere and they have helped to make the game much more popular. At the

A message from Serge Kampf

same time, a team's loyalty to their local town or village has been watered down, making the playing style more uniform. Today, I fear the game I so admire has given way to what I call "rugbyness". That said, although it's clear that the British and people in some parts of France are passionate about the game, rugby is not a universal sport and could never serve as a reference globally, or for the entire Capgemini Group. Someone calculated that it only really interested 20–25% of our 120,000 team members: this is less than cricket—the favorite sport of our 36,000 Indian collaborators.

Why choose rugby then?

There are at least two reasons. First, it's a group sport, where team solidarity is vital and nothing can be achieved without the other 14 players (we're talking about XV rugby). The player who scores a try doesn't see himself as the king of the world: he knows very well that it's the work of the whole team, united around a shared desire and strategy that counts. Second, it's a combat sport, and among the values I strongly believe are necessary for a company is the desire to fight, to engage, to take risks—and to win! Paul Hermelin uses an expression that sums this up very well: the *niaque*. And in this Group today, we have the *niaque*.

Is Paul Hermelin's team of this calibre?

Yes, I believe so. The team even includes some famous fighters who have already proved their worth, but want to carry on fighting so that the Group grows further, all the while respecting its values and continuing the search for excellence. Unfortunately, the team will soon be losing a member whose discretion and modesty might lead one to underestimate the importance of his role: I am talking about Alain Donzeaud, the Group's General Secretary who, at the age of 63, and under great family pressure, will be retiring this summer. His departure will probably lead to the recruitment or the promotion of some new, strong managers. But all that is for Paul to decide.

Your presence at its head probably protected the Group from potential predators.

They knew that you would fight tooth and nail to protect your independence and that of the Group. Has this risk now increased?

I don't believe the risk will be any greater under Paul's leadership than under my own. In reality, it's mainly the result of the persistent weakness of our stock market value. At 29 euros per share, the Group is valued at 4.6 billion euros, that is to say less than six months' revenues and a few dozen times its net profit. But who still remembers (it was in August 2000, not a boring year!) when Capgemini was valued at 30 billion euros (40 billion dollars)—six times greater than now, for a Group that was half the size! I acknowledged at the time that this valuation was a little too flattering, but today it's dangerously low. Against this undervaluation of companies by European stock exchanges, we can't do very much other than close ranks and improve our performances, in terms of both growth and profitability.

What are your ambitions for the Group in the years to come?

I want it to stay true to its values and continue to strive to be the best, rather than the biggest. And, finally, that Paul stays on as long as possible, the master of his own destiny.

Somewhere in the French countryside,

Serge Kampf
Chairman–Founder of Capgemini

**Le Monde, May 12, 2012*





Gordon SEWARD, *Dreams and Curtseys*

“Serge will continue to be my most valuable advisor”



A FEW DAYS BEFORE THE PUBLICATION OF THE CAPGEMINI GROUP'S FIRST 2012 QUARTER RESULTS, PAUL HERMELIN, GROUP CEO AND VICE-CHAIRMAN OF THE BOARD OF DIRECTORS, TOOK PART IN A QUESTION-AND-ANSWER SESSION. HE LOOKS BACK AT 2011'S RESULTS AND SETS OUT HIS FUTURE PLANS FOR THE GROUP.

*Capgemini exceeded performance expectations in 2011.
How is the beginning of 2012 looking?*

In spite of an uncertain economic climate, we successfully grew our turnover by 11.4% in 2011. This is a full two percentage points higher than was forecast at the beginning of the year, in spite of the euro crisis. We were helped by buoyant demand and a positive trend in the second quarter. The beginning of 2012 sees more of the same: our clients are still very vigilant, although they have not yet put a brake on orders that for them represent investments in competitiveness. In light of the current uncertainties we must, therefore, be more prepared than ever to react. Other very positive points: with 5.6% organic growth over the year, Capgemini is ranked among the best western companies in the sector. All our businesses increased their operating margin: 7.4% for the year as a whole and 8.6% in the second half. We are well on the way to approaching our goal: an operating margin in double digits.

What are the levers that are driving improved profits?

Our business model is gradually changing. Since 2005, we have made the Group more resilient to cyclical variations and today we are able to maintain a 6–8% margin. But we have to break through to another level.

We are now working on developing our portfolio. We favor offers with high value-add. We are trying to reduce our business share in activities that are becoming run of the mill, and which should be produced in very competitively priced centers. We are also constantly adapting our production tool.

We face competition from American, European and Indian competitors, who are far from passive. This means we must redouble our efforts to become, over the long term, the favored partner of ever-more demanding clients by giving them innovation, expertise and flexibility. And I am delighted that major new brands and administrations placed their confidence in us in 2011. More than on our size, we rely on our excellence for attracting the best and the brightest, so that we can continue to play in, and win, what we call our sector's "Champions League."

"SINCE 2005, WE HAVE MADE THE GROUP MORE RESILIENT TO CYCLICAL VARIATIONS"

What role did human resources management play in the Group's growth in 2011?

First a number: our total manpower grew by more than 10% in 2011 to reach 120,000 team members. The high point of the year was the strong revival in graduate recruiting. And we hired everywhere, in the so-called offshore countries as well as in all the Group's traditional countries. This is a vital element of our competitiveness. Of our 33,000 recruits in 2011, as many as 42% were young graduates. I think we should be able to go even further in the medium term. Capgemini is a major employer of graduates: in a sense we provide them with postgraduate training. Some of them leave us after five or six years to continue their careers with other companies—sometimes our clients. However, a minority who are passionate about the services business stay with us. We are keen to hold on to these people, so we develop interesting career pathways for them within the Group.

Do you see recruitment in onshore countries remaining strong?

Healthy demand in 2011 enabled us to achieve balanced growth between emerging countries and our traditional markets. We will not be able to repeat that performance in 2012 unless the markets, especially in France, the United Kingdom, and the United States, maintain their current rhythm. This is another reason for being alert and responsive. In India, as in Morocco, Poland, Guatemala and Argentina, our workforce is growing. I like to repeat this fact, because we are now well established and recognized in these countries. India is the country where the greatest number of young IT specialists are trained, 400,000 every year. This unrivaled training means that India is like our industry's human "reactor core." Soon, the Group will have 40,000 team members in India.

"THE HIGH POINT OF THE YEAR WAS THE STRONG REVIVAL IN GRADUATE RECRUITING."

An interview with Paul Hermelin

In 2011, although you achieved an excellent performance in the United States, you are not among the main actors. How will you change this?

It is true that our US operations grew by 11.5% in 2011, with an operating margin of 8.8%, up by 3.6 full points on 2010. The US team is stable and dynamic. It is positioned in promising market segments, and has enjoyed some remarkable commercial successes. I am thinking of major contracts integrating Oracle and SAP enterprise resource planning (ERP) software. This is an area where we are the third or fourth global player. In terms of sectors, there were, for example, major contracts in consumer products, retailing, insurance, and textiles and clothing. However, we are still a medium-sized player. As well as growing organically, we will seize acquisition opportunities when they come up and once targeted companies become more reasonably priced again.



After Brazil, will you continue to expand the Group in other fast-growth countries?

In Brazil, we are working to consolidate our breakthrough and strengthen our new subsidiary, CPM Braxis Capgemini. We are still very involved in infrastructure activities, and we need to rebalance to become stronger in systems integration. In the near future, we will be developing a consulting activity. Elsewhere in Latin America we are advancing without acquisitions, with rapid progress, for example, in Mexico. Asia is another strong-growth region. In 2011 we acquired our first company in China, Praxis Technologies. We are looking for similar opportunities, small, easy-to-integrate companies that are accelerators for profitable growth, beyond their sole geographic aspect. All our acquisitions are aimed at strengthening our ability to add value. We are also keen to acquire intellectual property and innovative know-how that we can then propose as offers to our portfolio of clients.

Traditionally, Capgemini has been a services company, and has not chosen to position itself as a software vendor. Yet from now on you want to develop intellectual property. What are your ambitions looking ahead to 2015?

This is a major strategic question for us. In the past, ERP editors and service companies were in totally different businesses. Today, to save our clients' time and money we are developing pathbreaking solutions, without going so far as becoming ERP vendors ourselves. We then enrich these solutions for each client's particular needs. In this way, they help us to deliver an improved service, more quickly and cheaply. There has also been a second change. We are able to develop so-called multi-client platforms that can be marketed as such. When pooled, they become extremely competitive, attracting more and more clients. We already own one multi-client platform for the purchasing function, and in 2011 we acquired Prosodie, the French leader in client relations and transactions solutions. Between

now and 2015, we are targeting 1 billion euros in revenues from these new service models. But while we want to be among the first to take advantage of this deep change in the service world by promoting these “solutions,” we have no intention of becoming a vendor.



Will cloud computing be part of these new areas of conquest over the coming years?

Cloud computing is an unprecedented development that all Capgemini businesses—consulting (Capgemini Consulting), application services, infrastructure services, Business Process Outsourcing (BPO) and local professional services (Sogeti)—have already integrated into their service approach vis-à-vis clients. In general, we want to play the role of coordinator, an aggregator of cloud services. This, for example, explains our partnership with US company EMC², the global leader in data storage.

It is essential that we position ourselves as a strategic player in cloud computing. First, because it provides our clients with a different way of organizing their information and

brings them two benefits: agility and lower costs. But above all, it is partly thanks to cloud computing that companies are able to master the complexities they face, for example, mobility, but also smart networks in energy supply, or the social networks. In effect, cloud computing gives them a choice between ways of organizing infrastructures and applications, as well as different ways of working with service companies such as Capgemini—for example, between pay-as-you-go or subscription services.

“INDIA IS THE COUNTRY WHERE THE GREATEST NUMBER OF YOUNG IT SPECIALISTS ARE TRAINED, THIS UNRIVALED TRAINING MEANS THAT INDIA IS LIKE OUR INDUSTRY’S HUMAN “REACTOR CORE.” SOON, THE GROUP WILL HAVE 40,000 TEAM MEMBERS IN INDIA.”

You mention two priority challenges for Capgemini, big data and mobility. You launched a new global offer, Mobile Solutions, in March 2012. What role does an enriched offers portfolio play in your strategy?

The build-up in value of our offers portfolio is crucial for offsetting the fact that other IT services are becoming more common and less differentiated, with eroding prices. In 2011, we accelerated the adaptation of our offers portfolio. This was fruitful, because our major offers delivered double-digit growth in 2011. This year, one of our main priorities will be to flesh out our offers portfolio.

Two numbers give an idea of the scale of the “digital big bang” that is transforming

An interview with Paul Hermelin

the lives of companies and the whole of society. In three or four years' time, there will be more than one billion smartphones in the world, on which more than 300 billion euros worth of transactions will be carried out each year. To accompany this major development, we are designing offers for IT architecture, confidentiality management, migration and security. And we need to go further: beyond the collection, protection and analysis of data, we will offer our customers services for transforming these digital data. This will stimulate new offers, and will be one of our major growth levers.

Capgemini has succeeded in becoming a global leader in finance and accounting BPO. Is BPO also a lever for growth and profits over the long term?

The externalization of their non-strategic processes has given companies a major competitive advantage. Capgemini has built up an expertise in back-office information management flows—an area in which we have proven our mettle—but also in front office and client relations. Our aim is to be one of the global leaders in this field. Speed, security and reduced time-to-market have become indispensable for our clients. To cope with these needs, we have built solutions that not only respond to customers' specifications, but also provide them with a competitive advantage in terms of time, quality and reliability. These solutions are part of our 'heritage' of intellectual property. It is the reason we acquired the O2C (order to cash) division of US company Vengroff, Williams & Associates, one of the global leaders in recovery. I am convinced that BPO will emerge as one of the major growth levers for the Group's growth and profitability.



Capgemini has developed an ethics policy. How is it working out in practice?

Ethical behavior is no longer the sole preserve of western Europe or North America, but is becoming important in all countries. When we decide to work in a country, we are extremely vigilant. First, we target sectors that are most protected from corruption. We analyze and we verify, before setting extremely strict ethical rules for ourselves, as well as our local sub-contractors. Where necessary, we investigate further, being particularly careful to avoid conflicts of interest. Our team members are familiar with our values and ethical

"CLOUD COMPUTING IS AN UNPRECEDENTED DEVELOPMENT THAT ALL CAPGEMINI BUSINESSES HAVE ALREADY INTEGRATED INTO THEIR SERVICE APPROACH VIS-À-VIS CLIENTS."

An interview with Paul Hermelin

rules, published in a regularly updated code. They undertake to sign up to the code, especially when they first join us.

I would add that ethical questions—and, more generally, social responsibility in all the countries where we are located—is today one of the differentiating factors of which young graduates who join us, or the clients who choose us, are increasingly aware.

"WE ARE NOW WORKING ON DEVELOPING OUR PORTFOLIO. WE FAVOR OFFERS WITH HIGH VALUE-ADD."

Your Group is renowned for the personal values you expect your team members to put into practice every day. Is this singularity inseparable from Serge Kampf, and will it survive his departure?

Yes, of course it will survive! We need values more than ever. The genius of Serge Kampf is to have put highly personal values at the service of a collective project. We are convinced that this is the way to make Capgemini people feel respected and committed. Personal qualities such as honesty or modesty are winning values that can encourage clients to choose us instead of another company, and attract the very best. What does modesty mean, for example, in a company like ours? It is refusing to use jargon or acronyms without explanations. In other words, showing respect for the other person, for the client.

Our entire collective project is based on this body of individual values that go well beyond the regular values of excellence and quality. When you tell a team member that team spirit and solidarity count, you are also making a commitment to him or her. This unusual combination of the collective and the individual is, I believe, what underlies the values infused by Serge throughout Capgemini. It is what makes our company distinctive, what gives it its personality and its identity.

From May 24, 2012, Serge Kampf becomes Capgemini Honorary Chairman and Vice-Chairman of the Board of Directors and you will occupy the function of Chairman and CEO. How do you see this new way of working with the Group's founder?

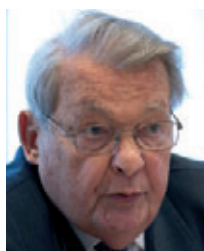
Serge has already made clear he is not leaving the Group and will be staying by our side. We will, therefore, be working together in a new way. Serge will not only be Honorary Chairman and Vice-Chairman but, given his experience and our close understanding, he will remain my most valuable advisor and be a priceless asset to the Group. It is our strength that the man who created Capgemini 45 years ago is still as committed as ever.



Liisa CORBIÈRE, *The Little Harbor*

The Board of Directors *as at April 1, 2012*

THE 13 MEMBERS



SERGE KAMPF
Chairman



PAUL HERMELIN
Vice-Chairman

Elected by the shareholders, the Board of Directors has as its principal role to determine the key strategies of Cap Gemini S.A. and its subsidiaries. It ensures that these strategies are carried out, validates the Group's legal and operating structure and all major appointments and, in general terms, it deals with all questions concerning the smooth functioning of the Company. In 2011, the Board met eight times, with an average attendance rate of 88%, which included a two-day seminar devoted to the Group's strategy. The work of the Board of Directors is drawn up by four specialist committees (Audit, Selection and Compensation, Ethics and Governance, Strategy and Investments) which overall met 18 times in 2011.



DANIEL BERNARD



YANN DELABRIÈRE



LAURENCE DORS



MICHEL JALABERT



PHIL LASKAWY



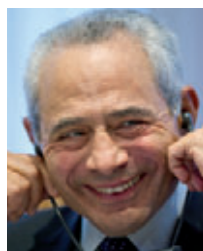
BERNARD LIAUTAUD



THIERRY
DE MONTBRIAL



RUUD VAN
OMMEREN



TERRY OZAN



PIERRE PRINGUET



BRUNO ROGER

THE TWO NON-VOTING MEMBERS



PIERRE HESSLER



GEOFF UNWIN

THE TWO STATUTORY AUDITORS



JEAN-LUC
DECORNOY (KPMG)



SERGE VILLEPELET
(PwC)

THE BOARD SECRETARY



PHILIPPE HENNEQUIN

FOR FURTHER INFORMATION,

see the Registration document (pages 91-95) and its online pdf version.



Pierrick TUAL, *Musical Harmony*

The Executive Committee *as at April 1, 2012*

The role of the Executive Committee is to assist the Group Directors in defining the major strategies to be submitted to the Board of Directors and to take all decisions related to improving Group performance. With that aim in mind, it determines all necessary actions and priorities, coordinates policy execution and monitors its effectiveness. It also evaluates the performance of managers and prepares succession plans for key responsibilities. Composed of 14 members, the Committee meets at least once a month and engages in regular conference calls.

HUBERT GIRAUD
Business Process
Outsourcing

SALIL PAREKH
Application
Services One⁽¹⁾

ARUNA JAYANTHI
India

**LUC-FRANÇOIS
SALVADOR**
Local
Professional
Services
(Sogeti)

NICOLAS DUFOURCQ
Deputy General Manager,
Chief Financial Officer

OLIVIER SEVILLIA
Application
Services Two⁽²⁾

PAUL HERMELIN
Vice-Chairman
of the Board of Directors,
Chief Executive Officer



(1) North America, the United Kingdom, Asia-Pacific (excluding China) and the Financial Services sector
(2) France, Benelux, the Nordic countries, Germany and Central Europe, Southern Europe

CYRIL GARCIA
Strategy and Transformation

PHILIPPE GRANGEON
Marketing and Communications

AYMAR DE LENCQUESAING
Development

ALAIN DONZEAUD
General Secretary

PATRICK NICOLET
Infrastructure Services

PAUL NANNETTI
Global Sales and Portfolio

PIERRE-YVES CROS
Consulting
(Capgemini Consulting)



Principal Group Directors

OPERATING FUNCTIONS

| | | | | | | | |
|---|--|---|--|--|--|---|--|
|  | PETER BARBIER Country Board Sweden |  | TOM BLACKSELL Consulting |  | JEAN-PHILIPPE BOL Application Services Two ⁽²⁾ France |  | JOHN BRAHIM Application Services Two ⁽²⁾ Germany and Central Europe |
|  | DANIEL CHAFFRAIX Infrastructure Services |  | LANNY COHEN Country Board United States |  | GEORGES CROIX Prosodie |  | THIERRY DELAPORTE Application Services One ⁽¹⁾ |
|  | RICHARD DICKETTS Infrastructure Services |  | AIMAN EZZAT Application Services One ⁽¹⁾ Financial Services |  | CHRISTIAN GLEYO Sogeti |  | NAVIN GOEL Country Board Latin America |
|  | XAVIER HOCHET Consulting France |  | CHRISTINE HODGSON Country Board United Kingdom |  | BARU RAO Application Services Two ⁽²⁾ |  | JOSÉ LUIZ ROSSI CPM Braxis Capgemini |
|  | MICHAEL SCHULTE Country Board Germany |  | CHRISTOPHER STANCOMBE Business Process Outsourcing |  | HANS VAN WAAYENBURG Sogeti |  | CLIFF YU China |

CENTRAL FUNCTIONS

| | | | | | | | |
|---|--|---|---|--|--|---|--|
|  | ANTOINE AUDI General Secretary Holding Company |  | HERVÉ CANNEVA Ethics and Compliance |  | PHILIPPE CHRISTELLE Internal Audit |  | STANISLAS COZON Sectors |
|  | STELLA GOULET Marketing |  | FRANÇOIS HUCHER Delivery, Methodologies and Support |  | ALAIN DE MARCELLUS Financial Services |  | BRUNO NIGRELLI Information Systems |
|  | JEREMY ROFFE-VIDAL Human Resources |  | ISABELLE ROUX-CHENU International Legal Affairs |  | LUCIA SINAPI Risk Management and Corporate Finance |  | ANNE TRIZAC Business Control |

(1) North America, the United Kingdom, Asia-Pacific (excluding China) and the Financial Services sector
(2) France, Benelux, the Nordic Countries, Germany and Central Europe, Southern Europe



François BOUCHEIX, *Window to a New World*



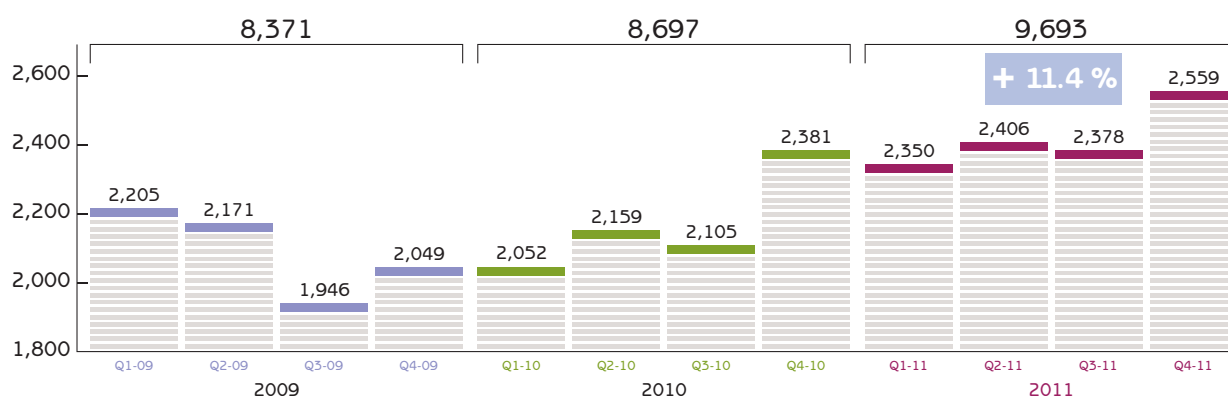
"Revenues up, operating margin progressing, strategic acquisitions, substantial increase in net result..."

The financial year's results are fully in line with the 'roadmap' set out in 2010. Bolstered by these good results and continuing to benefit from investments made in recent years, the Group is confronting the year 2012 with confidence."

Nicolas Dufourcq - Deputy General Manager and Chief Financial Officer

REVENUES

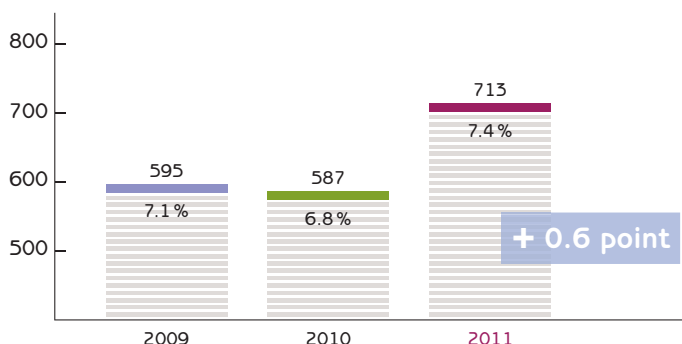
in millions of euros



Revenues were up by 11.4% compared with the financial year 2010 (at current exchange rate and perimeter), compared with growth of 9-10% expected at the beginning of the year.

OPERATING MARGIN*

in millions of euros and as a percentage of revenues



The operating margin is growing in each of the Group's four businesses. This increase is in line with the objectives announced at the beginning of 2011.

* The operating margin, one of the main indicators of the Group's performance, represents the difference between revenues and operating expenses. The latter are equal to the total cost of services rendered (expenditure required to deliver a project), plus selling costs, and general and administrative costs.

TOTAL ORDERS TAKEN BY THE GROUP

2010 **9,863**
million euros

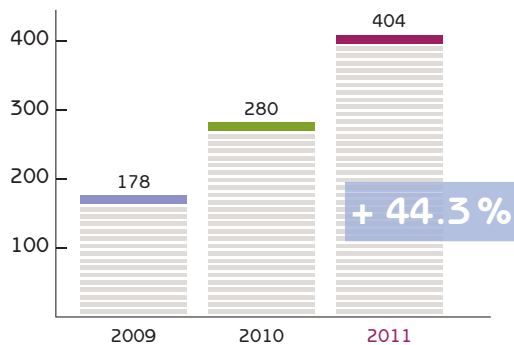
2011 **9,903**
million euros

At current scope and exchange rate

At current scope and exchange rates, orders booked grew slightly. At constant scope and exchange rates, outsourcing orders were lower (following a year rich in order renewals), but they grew by a total of 6.3% for the Group's three other businesses.

NET RESULT

in millions of euros



The net result (Group share) in the second half of 2011 is almost equal to that recorded for the whole of the 2010 financial year (277 million euros compared with 280 million), giving an increase of 44.3% for the year 2011.

NET CASH AND CASH EQUIVALENTS

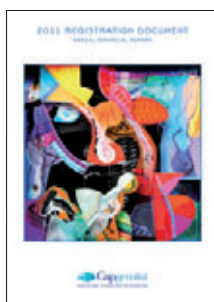
as at December 31, 2011



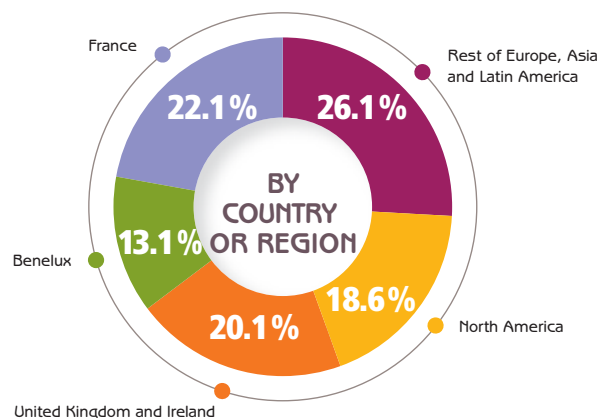
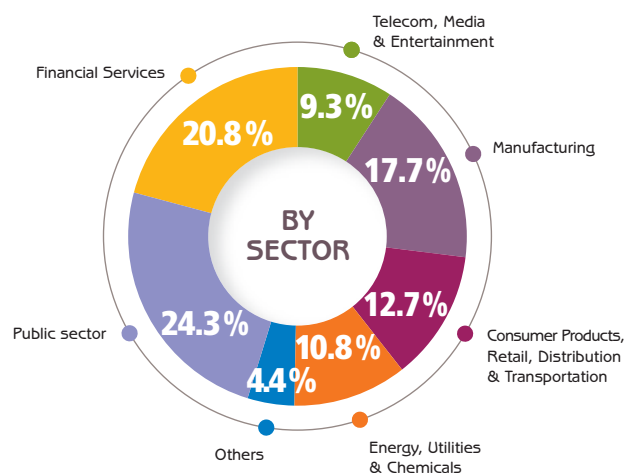
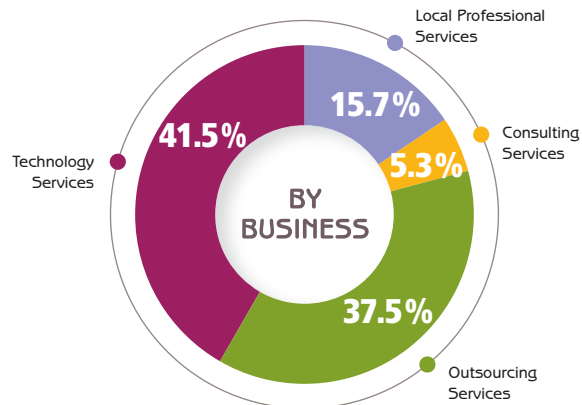
The eight acquisitions carried out in 2011 (particularly Prosodie for 376 million euros) did not have an impact on the Group's financial solidity.

These data on the Group and its activities are to be found in the "Reference Document" (Financial Report 2011) in printed format or in a PDF version downloadable on:

<http://www.capgemini.com/annual-report/2011/en>



BREAKDOWN OF REVENUES





Jeremy BARLOW, *Flowers in Provence*

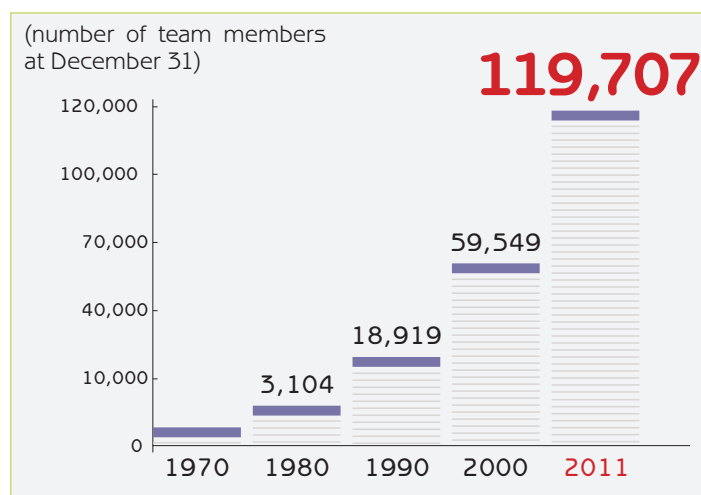
Key figures 2011

The Group recruited almost 33,000 new team members in 2011, 42% of whom were young graduates. This represented a significant growth, particularly in India, as well as in the Group's traditional countries. By December 31, total headcount had increased by more than 10%, to 119,707.

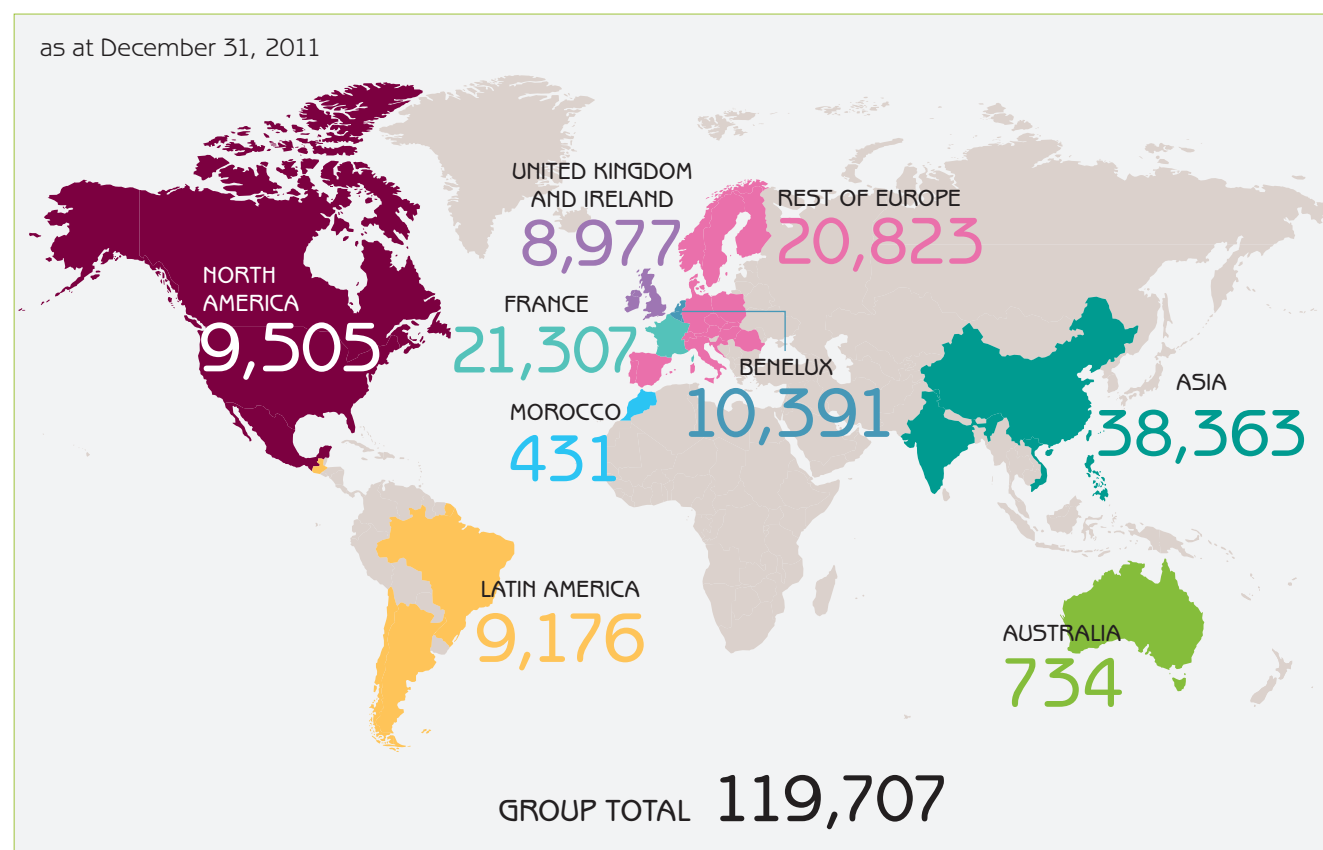
PERSONNEL TURNOVER



GROUP HEADCOUNT from 1970 to 2011

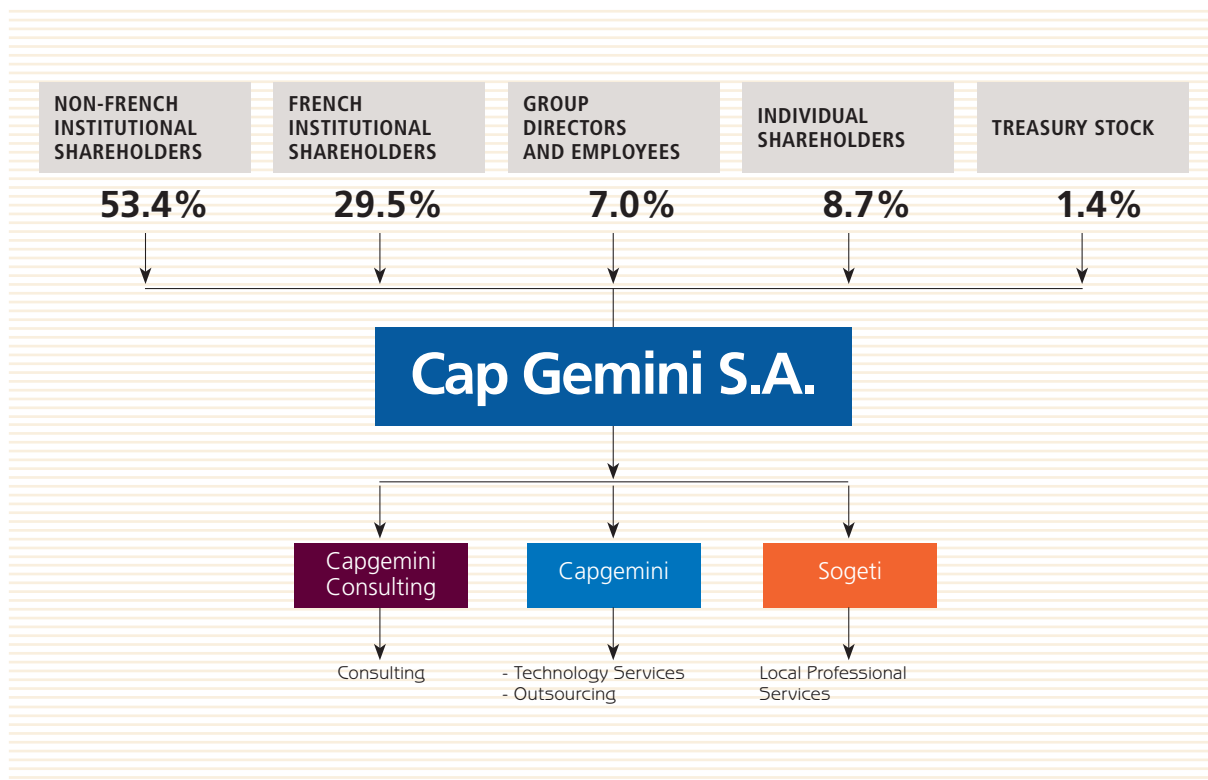


NUMBER OF TEAM MEMBERS BY REGION



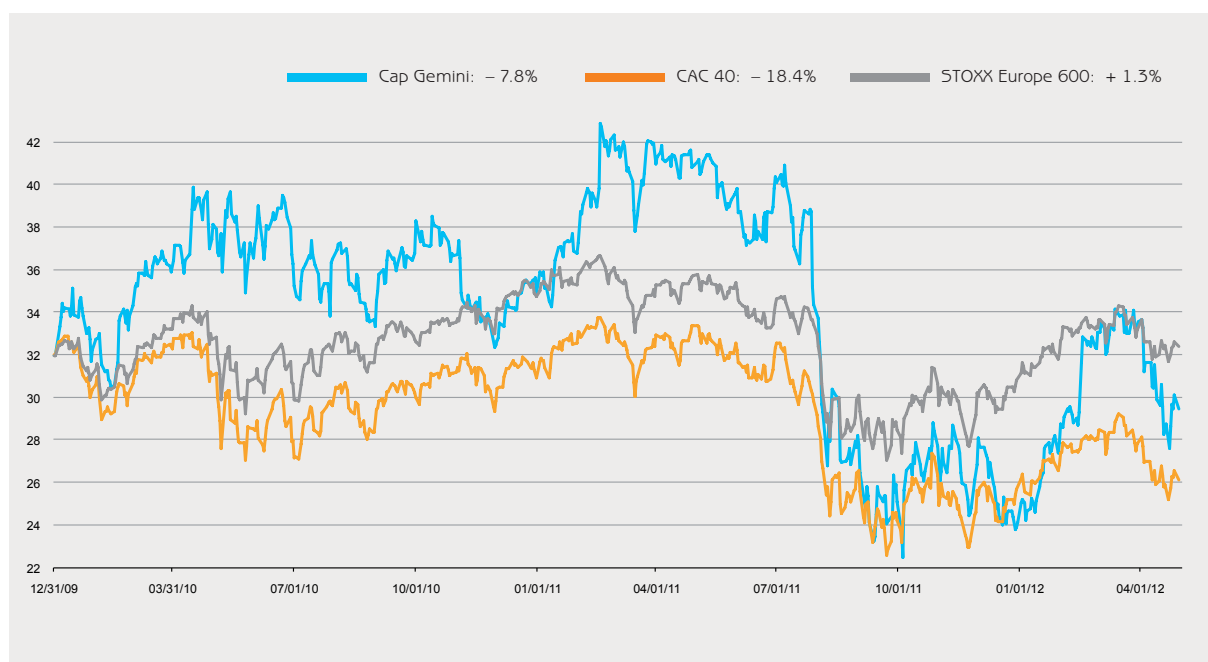
BREAKDOWN OF CAP GEMINI S.A. REGISTERED CAPITAL AS AT DECEMBER 31, 2011

(on the basis of a shareholder survey)



CAP GEMINI SHARE PERFORMANCE COMPARED WITH CAC 40 AND STOXX EUROPE 600 INDICES

from December 31, 2009 to April 30, 2012





Jacques VOLPI, *The Thau Pond*

DIVIDEND PER SHARE

in euros

| 2009 | 2010 | 2011 |
|------|------|------|
| 0.8 | 1 | 1* |

* Subject to approval by the shareholders at the Annual General Meeting on Thursday, May 24, 2012.

SHAREHOLDER INFORMATION

For ongoing information about the life of the Group, shareholders are provided with a voice server (Freephone: 0800 20 30 40) and a dedicated website (<http://www.capgemini.com/investisseur/>), available in French or English. Paul Hermelin uses both channels to communicate the Group's results. Shareholders who are known to Capgemini receive an annual newsletter. The next, to be sent in June, will report on the Annual General Meeting of May 24, 2012.



LES FONTAINES CAPGEMINI UNIVERSITY

The photos of team members in the "Reference points" pages were taken in April 2012 during a training session at Capgemini University's center in Gouvieux, near Paris.



for...

Acquisitions

In 2011, the Group pursued its acquisitions strategy in innovative, high value-added areas. It will continue to develop this strategy, with the twin objectives of better responding to the needs of clients and to increasing profits.

HIGHLIGHT

April and May 2011

THE GROUP STRENGTHENS ITS BUSINESS INTELLIGENCE EXPERTISE

THE GROUP WAS ENRICHED BY THE ACQUISITION OF TWO COMPANIES HIGHLY REGARDED IN BUSINESS INTELLIGENCE:

■ FRENCH COMPANY **AVANTIAS** (ENTERPRISE CONTENT MANAGEMENT), BASED IN NEW YORK, LONDON AND OSLO, WITH REVENUE GROWTH OF 34% IN 2010.

■ US COMPANY **BI CONSULTING GROUP** (BICG), WITH MORE THAN 300 ORACLE BI INTEGRATION AND ENTERPRISE PERFORMANCE MANAGEMENT (EPM) PROJECTS UNDER ITS BELT, FOR WHICH IT HAS RECEIVED MANY AWARDS FROM THE US SOFTWARE COMPANY ORACLE, ONE OF CAPGEMINI'S SIX STRATEGIC PARTNERS.

THESE TWO ACQUISITIONS STRENGTHEN THE BUSINESS INFORMATION MANAGEMENT GLOBAL SERVICE LINE, WHOSE REVENUES GREW BY MORE THAN 19% IN 2011.

Capgemini identified eight companies, known as the "string of pearls," as part of its acquisitions strategy, launched in 2010. Each "pearl" represents a reservoir of innovation. Together, the new companies contributed 350 million euros in additional revenues in 2011.

Capgemini's main objective is to develop new service models and acquire know-how it does not already have or skills that complement its own. It also wants to grow

in its existing geographical and traditional markets. For example, the acquisition of Prosodie in France (see *I for Intellectual Property*) gives the Group a new service model: customer relationship management (CRM), for which it has acquired the property rights and which it bills on a pay-as-you-go basis. This is a new payment model for Capgemini.

With the acquisition of Artesys, one of the French leaders in IT infrastructure design, the Group consolidates its cloud computing expertise. At the sectorial level, the acquisition of the order-to-cash (O2C) division of the US Vengroff, Williams & Associates (VWA), a longtime Capgemini partner, will enable the Group to offer its North American clients a wider range of recovery services in BPO.

Capgemini pays great attention to integrating and developing its new companies' team members and managers, vital in a Group whose main asset is its "gray matter."

THE EIGHT ACQUISITIONS IN 2011

In chronological order, with the company's workforce at the time of acquisition.

CS CONSULTING

Germany

IT services company highly specialized in the banking and insurance sector.
Team members: 400

ARTESYS

France

IT infrastructure design around cloud computing
Team members: 131

AVANTIAS

France

Integration of solutions for management information and digital documentation
Team members: 120

BI CONSULTING GROUP

United States

IT systems integration for performance management
Team members: 85

PRAXIS TECHNOLOGY

China

Integration of SAP solutions in the energy sector
Team members: 110

Reference points

SEE THE
"Reference points" section
at www.capgemini.com/annual-report/2011/en

PROSODIE*

France

Multi-channel
transactional flow
management
Team members: 861

AIVE GROUP

Italy

IT services company
offering dedicated solutions
in the banking & finance sector
Team members: 550

VWA

United States

BPO services O2C platform
Team members: 300

* Rounded off with the acquisition of the Backelite agency,
with 70 employees, a specialist in Internet applications for
mobile terminals.

"THE GROUP'S HEADCOUNT GREW STRONGLY FOLLOWING ACQUISITIONS AND HIRES. YET, WHILE ITS CULTURE IS CHANGING, IT REMAINS FAITHFUL TO THE BELIEFS AND VALUES SET OUT BY ITS FOUNDER, SERGE KAMPF. GOING FORWARD, THIS CHARACTERISTIC SHOULD BE ITS MAIN STRENGTH FOR ACHIEVING GROWTH."

Alain Donzeaud, General Secretary

HIGHLIGHT

January 2011

LAUNCH OF LEADERSHIP PROFILE

THIS IS AN AMBITIOUS PROGRAM TO DEVELOP THE
MANAGERIAL CAPACITIES OF TEAM MEMBERS
AROUND THREE CONCEPTS:

- **BUSINESS PIONEER:** BEING PROACTIVE AND INNOVATIVE
IN BUSINESS DEVELOPMENT AND CLIENT PROXIMITY;
- **PROFIT SHAPER:** BEING ABLE TO CREATE VALUE THROUGH
OPERATIONAL AND SERVICE-DELIVERY EXCELLENCE;
- **PEOPLE LEADER:** BEING CAPABLE OF MOTIVATING
INDIVIDUALS AND TEAM MEMBERS.

D for...

Development of team members

For a services company such as Capgemini, team members are its main real asset. Good human resources management is, therefore, the key priority for the Group.

Of the 33,000 new hires in 2011, 14,000 were young graduates with less than two years' experience. This recruitment drive will be stepped up in 2012 through a new sourcing strategy relying heavily on social networks. Recruitment will also be combined with an effective integration program.

The Group's human resources team draws on the results of the annual Global Employee Survey to devise its skills management program. For a Group that recruits so widely and operates in an area of rapid innovation, training is a high priority. Capgemini University's training is centered around 33 study programs, covering the Group's four businesses. Each day, Capgemini provides more than 15,000 training hours to its team members.

As well as the mobilization of individual, highly motivated, team members, Paul Hermelin, Capgemini CEO, wants everyone to show "Niaque": the will to work harder, so

as to win. To encourage this spirit, Human Resources have made the Leadership Profile program one of its priorities. The Leadership Profile program was first applied



to the community of 1,300 vice-presidents who make up the Group's main managerial force. It is gradually being extended and offered to new recruits, team members based in India and employees in the Group's new companies, where Capgemini is systematically encouraging the sharing of best practice.

■ As many as 91% of team members who responded to the 2011 Global Employee survey feel personally responsible for their clients' satisfaction, while 88% believe they act in line with their needs.

■ 72% of respondents feel that Capgemini encourages diversity. Disappointed by this finding, the Group has decided to launch a global program in 2012 to encourage diversity.

"OVER THE PAST TWO YEARS, CAPGEMINI INDIA HAS INTEGRATED MORE THAN 20,000 TEAM MEMBERS. WE WERE ABLE TO DO THIS LARGELY BECAUSE WE BUILT COLLABORATIVE BRIDGES BETWEEN OUR ONSHORE CLIENTS AND COLLEAGUES. WE ARE VERY PROUD THAT INDIA IS BECOMING A SOURCE OF SO MANY INNOVATIONS, IDEAS AND INITIATIVES."

Aruna Jayanthi, Director of Capgemini India



Techno Fighter
– an online game
to encourage people to
follow IT careers.
In the second half
of 2011, Capgemini France
offered Facebook users
an opportunity to measure
their new technology
skills against the virtual
experts.

42%

of 2011's new
hires were young
graduates with less
than two years'
experience.

**Every day,
Capgemini
provides a total
of more than
15,000 training
hours.**



D for...

Digital transformation

Having radically changed the lives of consumers, digital technologies today are enabling companies to dramatically improve their performance. However, this transformation is far from complete.

If the majority of companies are aware of what digital technology can contribute to their business, they often have great difficulty in adopting these technologies. In 2010, Capgemini Consulting and the MIT Center for Digital Business embarked on a three-year research program to identify the processes companies need to adopt if they want to derive maximum advantage from the digital "revolution." The study's preliminary findings show that company leaders interviewed by Capgemini and MIT attribute their difficulties in putting a transformation program in place to three main factors: a lack of appropriate skills, a fossilized company culture and the complexity of existing IT systems.

Most company leaders are agreed that digitization enables them to fundamentally change three aspects of their businesses. The first is knowing their customers and their experience as purchasers or users of services (whether as companies or individuals). The second is operating processes: after industrialization and globalization efforts, flexibility and collaboration are major sources of change and progress. And the third aspect relates to the transformation of business models—in other words, the position of the company in its industry's value chain: what it sells, what it buys, and its value added.

Companies that take full advantage of digital technologies all proceed in the same way. First, their top management defines a company vision that fully integrates all digital dimensions. Then they set out this vision in quantitative and qualitative transformation objectives, and work out a comprehensive mobilization

"THE KEY TO A SUCCESSFUL DIGITAL TRANSFORMATION LIES, ABOVE ALL, IN A COMPANY RESHAPING ITS BUSINESS OPERATIONS. SO THE CHALLENGE IS NOT JUST TECHNICAL: ABOVE ALL, IT IS MANAGERIAL AND HUMAN."

Andrew McAfee, MIT professor and co-author of the Digital Transformation report.

"DIGITAL TRANSFORMATION, IN COMPANIES OR OTHER ORGANIZATIONS, CALLS FOR AN EXTRAORDINARY EFFORT. CAPGEMINI CONSULTING'S MAIN MISSION IS TO MAKE A CONTRIBUTION BY DRAWING ON ALL OF THE GROUP'S STRENGTHS,"

Pierre-Yves Cros, Director of Capgemini Consulting

HIGHLIGHT

November 2011

FIRST RESULTS OF A JOINT CAPGEMINI-MIT RESEARCH PROGRAM

THE FIRST REPORT FROM THE RESEARCH PROGRAM LAUNCHED IN 2010 BY CAPGEMINI CONSULTING AND THE MIT CENTER FOR DIGITAL BUSINESS DRAWS ON 157 INTERVIEWS OF SENIOR EXECUTIVES FROM LEADING INTERNATIONAL GROUPS. 'DIGITAL TRANSFORMATION: A ROADMAP FOR BILLION-DOLLAR ORGANIZATIONS' HIGHLIGHTS THE DIFFICULTIES ENCOUNTERED BY BUSINESSES IN THEIR DIGITAL TRANSFORMATION PROGRAMS. IT ALSO FOCUSES ON BEST PRACTICE, WHICH SEES SOME DIGITAL ECONOMY LEADERS BENEFITING FULLY FROM THESE TECHNOLOGIES.

THE REPORT IS DOWNLOADABLE ON WWW.CAPGEMINI.COM

and skills development plan. And, finally, they adopt a new governance model, capable of responding to the challenges of reactivity in the digital world.

The Capgemini-MIT study evaluates companies' digital transformation maturity by analyzing two areas: the nature of their digital development and the way in which companies carry out their transformation. George Westerman, Research Director at MIT and co-author of the study, insists that "only companies who are able to master both the method and the content of their digital transformation are able to derive value."

Thanks to new technologies—those that connect, mobilize, analyze and adapt—we are perhaps seeing the beginning of a third industrial revolution. In this new era, companies will be able to benefit simultaneously from two advantages, which until now have been incompatible: the "firepower" of large organizations—economies of scale, size and globalization—and the human richness of microstructures—freedom, flexibility, creativity, motivation.

F for... Experts

The online platform Expert Connect, accessible on www.capgemini.com, brings together more than 80 Capgemini experts from all the Group's businesses, enabling them to share their experience and knowledge with the Group's clients, its prospects and future recruits. Expert Connect meets the new requirements for Web-based communications, providing, in partnership with the major international media, rich content that goes far beyond a mere advertising campaign.

In an IT services market that is becoming increasingly competitive, companies have to be creative in differentiating themselves from the competition. This is exactly what Capgemini achieved when it launched a global, interactive advertising campaign on November 15, 2010, "We are the ones"—an echo of the Group's slogan "People matter, results count." Launched in English on the Group's website, the imaginative initiative was fully rolled out during 2011.

Solutions are important, but it is people who are at the heart of the customer relationship. Capgemini has taken an innovative approach by putting forward its experts to talk about the real benefits they deliver to their clients. These experts represent most of the technology expertise, economic sectors and global regions of Capgemini and its subsidiaries Capgemini Consulting and Sogeti. They talk about their successes, and describe, with evidence to hand, the role new technologies can play in helping clients. The experts also orient Internet users towards the relevant Capgemini publications. Expert Connect enables direct communication between Capgemini and its clients and prospects, via blogs, forums and social networks such as Facebook, LinkedIn and Twitter.

The campaign "We are the ones", which received much global media attention, generated around 20,000 "conversations" on the social networks in 2011, according to Emmanuel Lochon, head of the Capgemini brand, advertising and website. It reinforces the Group's reputation and brand image, particularly with young graduates. The campaign is also a powerful motivational lever within the Group, thanks to the visibility it gives to the work of experts. The Expert Connect platform is set to become a cornerstone of the Group's marketing and image.

HIGHLIGHT

February 2012

AWARD FOR EXPERT CONNECT

AT A CEREMONY IN LONDON, THE CAPGEMINI EXPERT CONNECT PLATFORM RECEIVED THE MARKETING EXCELLENCE AWARD (PROFESSIONAL SERVICES CATEGORY) FROM THE CHARTERED INSTITUTE OF MARKETING.

Expert Connect

20,000

conversations generated
via the Expert Connect
platform in 2011





Georges COROMINAS, *Saigon Flowers*



Innovation

At the heart of Capgemini's strategy of innovating with and for its clients are cutting-edge projects, permanent technology "watch" and partnerships with leading technology companies.

Capgemini is constantly using cutting-edge projects as a way of exploring new areas, drawing on new technologies, and rising to new challenges. In 2011, for example, the Group led projects in social networks, big data, cloud computing, data security, mobility, smart electricity supply and digital marketing.

The Group keeps a close watch on technological developments, particularly through its network of chief technology officers (CTOs). These are in constant touch with experts, cutting-edge clients and the major analysts. The CTOs publish research reports and opinions, and also play an active role in blogs and discussion forums. For example, the *Monthly Technology Review*, produced by Global CTO Andy Mulholland and his team, based in California, floods the Group with new ideas. These are then transformed by Capgemini University into new knowledge and e-learning courses.

Nothing beats the professional networks for tracking down innovation and encouraging its dissemination. Many professional networks are active within Capgemini, often the result of individual initiatives. The four main networks are organized around a global professional certification program: enterprise architects, systems engineers, infrastructure engineers, and project managers. Each network

brings together hundreds of professionals of all levels, including the most highly regarded international experts. They act as vehicles for circulating new ideas at a pace that would not be possible in a hierarchical organization. They encourage continuous innovation and this is a spur to the competitive spirit of the best professionals.

In search of innovation, Capgemini combines its clients' views with its own expertise and knowledge of their businesses, sector by sector, and the new technologies developed by its partners.

The Group's Global Channels & Partners team is based in Silicon Valley, US, where it works hand in hand with the Group's strategic partners, as well as with start-up companies and the big capital risk players. Jean-Claude Viollier, head of relations with the Group's major partners, presents the following examples:

- along with IBM, Capgemini offers Smart Campaign Management services, which bring together the most up-to-date techniques in data management, social network listening and real-time management of marketing campaigns
- for a major aerospace company, Capgemini created an innovative order-management system, based on the latest Oracle technologies
- Salesforce and Capgemini joined their forces for several innovative projects to transform their clients into Social Enterprises.

Capgemini has received many partnership awards, including: SAP Pinnacle Awards 2012 Winner in two categories; Transformational Award: Unwired Enterprise; Business Process Outsourcing (BPO) and Business Process as a Service (BPaaS) Provider of the Year.

HIGHLIGHT

September 2011

CAPGEMINI AND EMC²: A NEW STRATEGIC ALLIANCE FOR ON-DEMAND IT SERVICES TO TAP THE POTENTIAL FOR INNOVATION PROVIDED BY CLOUD COMPUTING.

THE GROUP SIGNED A FIVE-YEAR PARTNERSHIP WITH US COMPANY EMC², A GLOBAL LEADER IN STORAGE INFRASTRUCTURES, FOR THE JOINT DEVELOPMENT OF A RANGE OF PAY-AS-YOU-GO IT SERVICES. THE FIRST OFFER TO BE DEVELOPED IS STORAGE-AS-A-DEMAND. EMC² IS CAPGEMINI'S SIXTH STRATEGIC PARTNER.

E Strategic partners:

- EMC²
- HP
- IBM
- Microsoft
- Oracle
- SAP

EC - E Other major partners

- Adobe
- Amazon Web Services
- Informatica
- Pegasystems
- Salesforce.com
- SAS
- Teradata
- VMware



I
for...

Intellectual property

To increase its profitability, the Group must explore new service models. It is now developing offers based on the intellectual property of software solutions it has acquired.

As well as its classic services whose value is derived, above all, from the expertise and experience of its team members, the Group is now developing new service models based essentially on valorizing intellectual property. The marketing of these software solutions can take several forms: sale under license of a product to which the Group has acquired the intellectual property, or in the form of software as a service (SaaS), billed on a pay-as-you-go basis.

To accelerate the implementation of these new service models, the Group has chosen to proceed by acquisitions. The acquisition of Swedish company Skvader Systems AB in 2010 gives Capgemini ownership of a software solution that enables it, within the Smart Energy Services global service line, to provide electricity suppliers with smart energy meters billed under SaaS. The acquisition of Swedish company IBX, a supplier of online buying solutions, provides the first integrated solution on the market for managing the purchasing function. And in 2010, the Group continued its development along these lines, with the acquisition of the French company Prosodie.

"SOLUTIONS BASED MAINLY ON OUR INTELLECTUAL PROPERTY WILL INCREASINGLY PLAY A KEY ROLE WITHIN OUR OFFERS PORTFOLIO."

*Aymar de Lencquesaing,
Capgemini's Development Director*

"PROSODIE'S SERVICES OFFERS ARE REPLICABLE SOLUTIONS; THIS IS THE BASE OF OUR BUSINESS MODEL."

Georges Croix, Prosodie CEO

HIGHLIGHT

July 2011

CAPGEMINI ACQUIRES THE CLIENT RELATIONSHIP FRENCH LEADER

CAPGEMINI BOUGHT THE FRENCH COMPANY PROSODIE FOR 376 MILLION EUROS. A FRENCH LEADER IN THE MULTI-CHANNEL CLIENT RELATIONSHIP, PROSODIE PROVIDES HOSTING SERVICES FOR VOCAL SERVERS, OPERATION OF PRE-PAYMENT SYSTEMS (FOR EXAMPLE, LOYALTY CARDS AND GIFT CARDS), MULTI-CHANNEL AND MOBILE SERVICES, WEBSITE HOSTING, OUTSOURCING AND SECURE PAYMENTS. PROSODIE USES ITS PROPRIETARY SOLUTIONS TO MARKET AN END-TO-END SERVICE IN SOFTWARE AS A SERVICE (SAAS), BILLED ON A PAY-AS-YOU-GO BASIS. THE COMPANY IS HIGHLY PROFITABLE, WITH ITS 2010 NET RESULT REPRESENTING 15.8% OF ITS REVENUES.





for...

Offers portfolio

With technological cycles accelerating, Capgemini must bring more flexibility to the management of its offers portfolio. Here we zoom in on a strategy that is hailed by the markets and which remains one of the Group's priorities in 2012.

HIGHLIGHT

March 2012

LAUNCH OF MOBILE SOLUTIONS

THIS NEW GLOBAL SERVICE LINE OFFERS A COMPREHENSIVE RANGE OF SERVICES COVERING ALL ASPECTS OF COMPANIES' MOBILITY, BASED ON THE CENTER OF EXCELLENCE RECENTLY OPENED IN INDIA.

The Group's offers strategy is to concentrate on the most promising market segments, where client demand is concentrated. Not surprisingly, mobility and big data analysis top the list, especially for financial services, energy, retail, and the public sector. The Group wants to systematize its approach in the form of general or sectorial offers, based its major technology partnerships.

From November 2009, in spite of the economic crisis, Capgemini launched a new global service line, Business Information Management (BIM), aimed at helping companies exploit the rich data available to them. Since then, similar initiatives have been launched, especially in the areas of testing, business process management and smart energy—and more recently, in mobility. The Group also created sectorial offers, for example for improving the client relationship in all channels—such as consumer goods, modernization of tax management systems in the public sector, and the processing of the data explosion in the banking and telecom sectors.

The three global service lines BIM, Testing Services and Smart Energy Services grew rapidly in 2011, respectively by 19%, 24% and 55%, and also saw their margins increase by an average of 9 percentage points over that of the Group as a whole. Many contracts were signed:

"IN THE PAST, OUR CLIENTS WANTED FULLY PERSONALIZED SERVICES. TODAY, THEY ARE LOOKING FOR PROVEN AND 'PACKAGED' SOLUTIONS THAT BENEFIT FROM OUR DEEP SECTORIAL AND TECHNOLOGICAL KNOWLEDGE. WE ARE DEVELOPING OUR OFFERS PORTFOLIO ALL THE TIME IN RESPONSE TO THIS DEMAND."

*Paul Nannetti,
Global Sales and Offers Portfolio Director*

with Canon in testing; and with Telekom Deutschland and Unilever (who selected Capgemini to optimize their business intelligence IT); while Southern California Gas signed a contract to roll out smart meters in the United States.⁽¹⁾ The Group's partners, as well as the market analysts, see these results as evidence of the Group's capacity to innovate and transform.

(1) A smart meter uses advanced technology for automated meter reading to identify precisely, and sometimes in real time, the energy consumption of a household or business.

19%

**apid growth in 2011
for the global service line**





Organization

The Group's new operating organization, introduced in 2011, shows its relevance through numerous awards and commercial success. It is designed to meet the needs of changing technologies and markets, based on the solid delivery model, Rightshore®, to best serve clients.

To provide the best solutions to meet clients' expectations, Capgemini has introduced a new operating organization. A reflection of major technological changes, this organization will enable the Group to capitalize on the success of its global service lines.

Its activity is structured around six Strategic Business Units (SBUs) as follows:

- Capgemini Consulting
- Local Professional Services (Sogeti)
- Infrastructure Services, e.g. the design, construction and maintenance of clients' IT infrastructures
- two SBUs, Application Services One and Application Services Two, regrouping systems integrations and applications maintenance in two geographic entities
- Business Process Outsourcing (BPO)

And around three operational units dedicated to the development of 'new' geographies (China and Latin America) and new types of services: new business models.

The SBUs already have a successful track record, including the following:



CAPGEMINI CONSULTING confirmed its position as a major actor in digital transformation by winning some noteworthy contracts. In collaboration with Application Services One, it deployed the SAP Energy Path solution in a record time of 90 days for its client Marine Well Containment Company (MWCC). This not-for-profit organization, created by a consortium of oil companies following the Macondo incident, was able to implement solutions for containing oil wells in the Gulf of Mexico.



SOGETI continued to demonstrate its technology expertise, receiving two prestigious IBM Beacon Awards in the categories of Cloud Computing Innovation-Cloud Builder and Outstanding Collaboration. Sogeti was also ranked as a Leader in software testing by analysts Ovum⁽¹⁾. In June 2011, Sogeti shared its expertise in this area with the launch of the first e-book in cloud computing in the TMap® series: the TMap NEXT® Testing Clouds.

The Virtues of Rightshore®

The Group benefits from its precious asset, the global delivery model Rightshore®, a combination of local resources close to the client with specialist production centers further away.

The Group's major international clients are accompanied by 11,400 BPO specialists (10% of the Group's manpower). Based in 20 production centers spread over four continents, working in 36 different languages, they guarantee production 24/7. All these centers jointly manage services, via the Capgemini technology platform BPOpen®.

"IN 2012, THE MAIN PRIORITY FOR APPLICATION SERVICES ONE WILL BE TO DIFFERENTIATE ITSELF EVEN FURTHER FROM THE COMPETITION THROUGH CONTENT, INTELLECTUAL PROPERTY AND A SOLUTIONS PORTFOLIO THAT TARGETS MARKET SEGMENTS CHOSEN FOR THEIR STRONG GROWTH POTENTIAL."

*Salil Parekh,
head of the SBU Application Services One.*



INFRASTRUCTURE SERVICES STRENGTHENED CAPGEMINI'S POSITION IN CLOUD COMPUTING with the launch, in partnership with VMware, of a new service, Virtualization to Business (V2B). The aim is to help clients benefit from virtualization in order to ease their transition to cloud computing architecture. Major contracts were also signed with the Norwegian fuel retailer Statoil Fuel & Retail, the State of Texas and the non-governmental organization (NGO) Habitat for Humanity.

THE TWO SBUS APPLICATION SERVICES ONE AND APPLICATION SERVICES TWO STRENGTHENED THEIR POSITION IN SOLUTIONS BASED ON SOFTWARE AS A SERVICE (SAAS). As well as contracts with prestigious clients such as the Swedish company Ikea and the US company Levi Strauss & Co., Capgemini was named the leading supplier of Oracle and SAP services by US analyst Forrester at global level, and by analyst Gartner for Europe.

HIGHLIGHT

March 2012

THE GROUP SIGNS A GLOBAL CONTRACT WITH ROLLS-ROYCE

CAPGEMINI UK SIGNED AN OUTSOURCING CONTRACT WITH ROLLS-ROYCE, ONE OF THE LEADING GLOBAL SUPPLIERS OF POWER SYSTEMS FOR THE AUTOMOTIVE, MARITIME AND AEROSPACE SECTORS. ROLLS-ROYCE DECIDED TO MOVE FROM A SINGLE MAIN SUPPLIER TO MULTI-SOURCING, SO AS TO IMPROVE THE QUALITY, FLEXIBILITY AND RESPONSIVENESS OF THE IT ENVIRONMENT OF ITS 40,000 COLLABORATORS. CAPGEMINI WILL ACT AS A SERVICE INTEGRATOR, ENSURING COORDINATION BETWEEN THE VARIOUS SUPPLIERS AND SOLUTIONS.

BUSINESS PROCESS OUTSOURCING (BPO) DEVELOPED A NEW PORTFOLIO OF SOLID OFFERS, particularly in supply chain management and customer tracking, with the launch of BPO Supply Chain Management Services and the online procurement solution IBX Spend Capture Cloud. The acquisition of the order to cash division of US company Vengroff, Williams & Associates (see A for Acquisitions) reinforces BPO's financial and accounting services, resulting in Capgemini being ranked among the global leaders in this area by analyst Gartner. Also to be noted is the longest ever contract in the history of Capgemini BPO (13 years), signed with the Brazilian conglomerate Algar (see Z for Zones of Rapid Growth).

(1) "Services Guide: Outsourced Testing", Alexander Simkin, november 23, 2011.

"BPO IS CONTINUING TO GROW RAPIDLY, AND WE HAVE AMBITIOUS GROWTH OBJECTIVES. WE ARE INVESTING IN TECHNOLOGIES AND INNOVATION SO AS TO BE ABLE TO OFFER OUR CLIENTS SERVICES OF THE HIGHEST QUALITY."

Hubert Giraud, head of the SBU Business Process Outsourcing

C C - EC C

CAPGEMINI WORKS FOR CLIENTS IN MANY SECTORS. THE GROUP HELPS THEM TO UNDERSTAND THE TRENDS AND CHALLENGES IN THEIR SECTORS OF ACTIVITY—CONSUMER GOODS, RETAILING, TAXATION AND SOCIAL BENEFITS, SECURITY, TELECOMMUNICATIONS, UTILITIES AND FINANCIAL SERVICES

"TO ESTABLISH SUSTAINABLE GROWTH OF OUR ACTIVITY IN A COUNTRY, IT IS ESSENTIAL THAT WE FIGURE AMONG THE TOP FIVE SUPPLIERS: THIS IS OUR AMBITION IN WESTERN EUROPE, WHERE WE ARE DEVELOPING OUR SOLUTIONS PORTFOLIO."

Olivier Sevillia, head of the SBU Application Services Two



R for...

Responsibility

Corporate and social responsibility (CSR) is firmly rooted in Capgemini's values and ethics. Naturally, it contributes to the Group's reputation, as well as its economic performance.

HIGHLIGHT

October 2011

ANTI-CORRUPTION POLICY PUBLISHED

IN 2011, THE GROUP FORMALIZED ITS ANTI-CORRUPTION POLICY TO ENSURE THE INTEGRITY OF ITS OPERATIONS IN ALL ITS LOCATIONS, ESPECIALLY IN COUNTRIES WITH THE HIGHEST RISK. TO DATE, SOME 20,000 MANAGERS HAVE SIGNED UP, AND MORE THAN 27,000 TEAM MEMBERS HAVE FOLLOWED A SPECIFIC ONLINE TRAINING PROGRAM. IN 2012, A SIMILAR APPROACH WILL BE ADOPTED FOR COMPETITION LEGISLATION.

As part of its Ethics & Compliance program, Capgemini published a code of ethics in 2010. The code has been widely distributed and every new employee now receives a copy. By the end of 2011, more than 40,000 team members had already followed the online training module.

Not least, the *Blue Book*, accessible to all employees on the Capgemini Intranet site, sets out the principles to which everyone in Capgemini must subscribe. Since its launch in 1989, this guide has been updated regularly.

In addition, Capgemini is committed to reducing the environmental impact of its activities—energy consumption, business travel and waste disposal. With this aim in mind, the Group has adopted a new

environmental policy. This includes a tool for measuring the company's carbon emissions, as well as an energy efficiency program for its offices around the world.

In 2011, Capgemini Portugal received the ISO 14011 certification for putting in place a monitoring system for energy control, joining the Group's subsidiaries in the UK, Netherlands, and Belgium (early recipients of the certification). In 2010, having opened the UK Merlin data center, one of the most sustainable in the world, Capgemini is the only IT services company to have received the European Union's environmental management system and audit quality assurance.

Following a well-established tradition, wherever it has a presence the Group is at the service of local communities, to whom it provides financial help and its professional expertise free of charge.



The Naandi Community Center in Mumbai (Bombay)

For example, Capgemini and its team members sponsor the Naandi Foundation's education program Nanhi Kali, which provides schooling to young, vulnerable Indian children. By March 2012, the Group's cumulative contribution represented a total of 46,000 years of schooling.

With the NGO PlaNet Finance, the Group has recently launched an online platform, MicroWorld, which, thanks to micro-credit, enables its team members to finance micro-entrepreneurs in developing countries.

Capgemini also continues to cooperate with longstanding partners such as the Prince's Trust in the UK, while forming new links with, for example, Habitat for Humanity in North America.

Regarding employee representation, the Group's European works council, the International Work Council (IWC) meets 12 times a year. Its 22 members come from EU countries, as well as India, Brazil and North America.

The IWC has a role to play in adapting the Group's human resources management at a global level, while protecting its team members' employability, working life quality and job security.

"THE GENIUS OF SERGE KAMPF IS TO HAVE PLACED HIGHLY INDIVIDUAL VALUES AT THE SERVICE OF A COLLECTIVE PROJECT. THIS ORIGINAL LINKING OF THE COLLECTIVE AND THE INDIVIDUAL IS OUR HALLMARK, OUR CORPORATE PERSONALITY, OUR IDENTITY."

Paul Hermelin, CEO



ERNESTO, *Pandas' Tea Time*

S for...

Studies

"To govern is to foresee ..."

An integral part of the Capgemini mission is to help company leaders to be ahead of the curve by interpreting key trends on their behalf. This means keeping a permanent watch on technologies, the markets and consumers' behavior.

Upstream of its consulting activities for businesses and governments, Capgemini invests in research to help it understand the key trends driving the economic environment. The Group, and especially its subsidiary Capgemini Consulting, publishes more than a dozen studies each year, all highly regarded for their forward-looking, high-quality analysis.

Sectorial or cross-disciplinary, the reports cover a vast range of topics, from digitization to mergers and acquisitions. They are mainly carried out at an international level, in collaboration with clients, sectorial or technical partners, universities or analysts. They provide relevant, and sometimes unexpected, insights that help company leaders take the right direction and implement the appropriate solutions, with the support of IT. Whether in manufacturing, energy, finance, insurance, retailing or the public sector, Capgemini has a deep knowledge of all its clients' businesses. It provides them with consulting and solutions that make a difference, helping them to meet the challenges of a rapidly changing world.

HIGHLIGHT

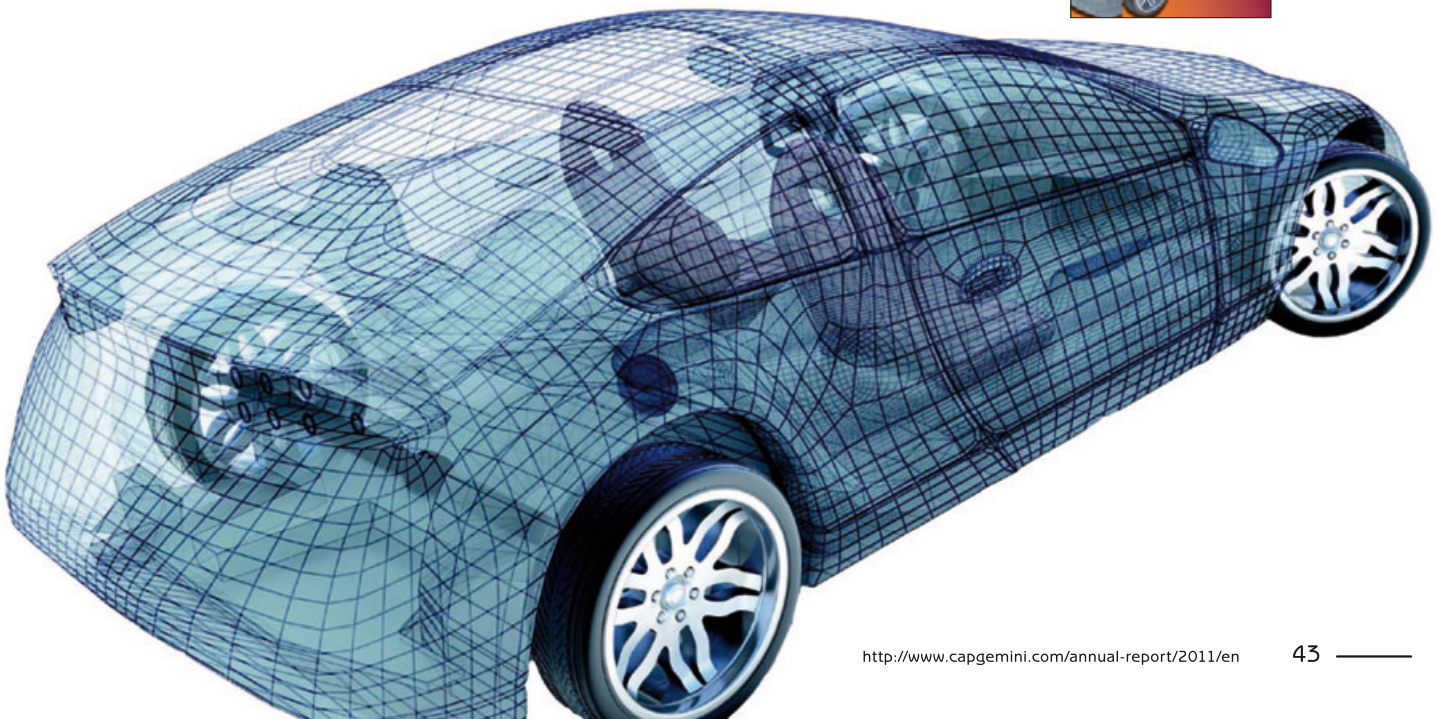
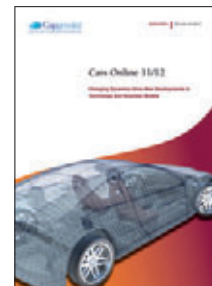
October 2011

PUBLICATION OF THE 13TH EUROPEAN ENERGY MARKETS OBSERVATORY

THIS ANNUAL REPORT ANALYZES EUROPE'S ENERGY MARKETS BY TRACKING THE MAIN INDICATORS IN THE ELECTRICITY AND GAS MARKETS. IT ALSO ASSESSES THE EUROPEAN UNION'S PROGRESS IN ACHIEVING ITS GLOBAL CLIMATE CHANGE OBJECTIVES. THE 2011 EDITION, PUBLISHED IN OCTOBER, HIGHLIGHTS TWO FINDINGS:

- *DESPITE THE FUKUSHIMA ACCIDENT, NUCLEAR ENERGY WILL CONTINUE TO EXPAND*
- *A LACK OF INVESTMENT, ON TOP OF DECISIONS ABOUT NUCLEAR ENERGY TAKEN BY SOME GOVERNMENTS, WILL HAVE CONSEQUENCES FOR EUROPE'S ENERGY SUPPLY SECURITY.*

*Cars Online 2011-2012
looks at green vehicles
and alternatives.*



Stella Goulet, Group Marketing Director, cites three examples. Cars Online 2011-2012 highlights eight major trends in the process of buying a vehicle, and gives manufacturers guidelines for adapting their business model to market trends. The Supply Chain Agenda 2011 reveals that supply chain managers are worried by volatile global demand, an unstable environment and the increased cost of materials and services. The World Retail Banking Report 2011 introduced the new Capgemini Customer Experience Index (CEI) and highlights issues that the banks' clients see as most important.

MAJOR STUDIES PUBLISHED IN 2011

(in collaboration with the listed partners)

| | | |
|-----------------------|--|---|
| JANUARY 2011 | ■ World Insurance Report 2011 | Efma |
| | ■ Future Value Chain 2020 | Consumer Goods Forum, HP, Microsoft |
| FEBRUARY 2011 | ■ The e-Government Benchmark Report 2011 | IDC, Rand Europe, Danish Technological Institute |
| MARCH 2011 | ■ Application Landscape Report 2011 | HP |
| | ■ Transportation Management Report 2011 | |
| | ■ The 2011 Global Supply Chain Agenda | |
| MAY 2011 | ■ World Retail Banking Report 2011 | UniCredit, Efma |
| | ■ Vision & Reality Report 9 th Edition 2011 | |
| | ■ Platts/Capgemini Utilities Executive Study | Platts, Market Research Group |
| JUNE 2011 | ■ World Wealth Report 2011-2012 | Merrill Lynch Global Wealth Management |
| | ■ World Quality Report 2011-2012 | HP |
| SEPTEMBER 2011 | ■ World Payments Report 2011 | The Royal Bank of Scotland Group, Efma |
| OCTOBER 2011 | ■ 2012 Third Party Logistics Study | Penn State University, The Panalpina Group, Heidrick & Struggles consultants, Eyefortransport |
| | ■ European Energy Markets Observatory | Société Générale Global Research, CMS Bureau Francis Lefebvre and VaasaETT |
| | ■ Cars Online 2011-2012 | |
| NOVEMBER 2011 | ■ Digital Transformation: A Roadmap for Billion-Dollar Organizations | MIT Center for Digital Business |
| QUARTERLY | ■ Global Trade Flow Index | |
| FEBRUARY 2012 | ■ Managing the Change to e-Mobility | |
| APRIL 2012 | ■ Innovation Report | IESE Business School |
| QUARTERLY | ■ Transport Market Monitor | Transporeon |

downloadable at www.capgemini.com

In 2011,
Capgemini
published
20
major
studies.



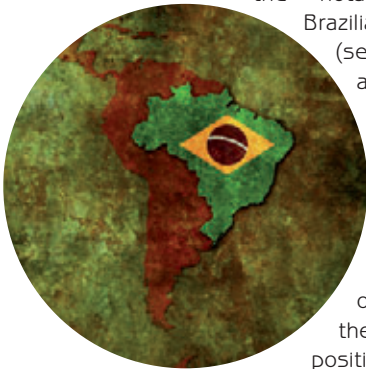
2 for...

Zones with rapid growth

In the expectation of weak growth in Europe and the United States, Capgemini is today focusing on fast-growth countries and regions, particularly in Latin America and Asia, both potential growth levers of the future.

Brazil, China, India. Economic growth in these so-called emerging countries is accompanied by strongly growing local IT services markets. Capgemini must assert its presence in these promising markets.

Brazil provides local growth opportunities, but the country is also a strategic "bridgehead" for the Group's establishment in the rest of Latin America. In 2010, Capgemini acquired CPM Braxis, the largest wholly Brazilian IT services company. This investment was fully justified, given 2011's results. As well as the notable contract with the Brazilian conglomerate Algar (see Highlight), the Group also successfully worked alongside international clients in the Brazilian market.



In China, where the IT services market is set to achieve double-digit growth over the next five years, the Group strengthened its position with the acquisition, in June 2011, of Praxis Technology, an IT services company specializing in the key utilities sector. Praxis provides SAP enterprise resource planning implementation, and applications for software development services. Smart energy projects top the list of China's national priorities and could be an important growth potential for Capgemini, given its strong expertise in this area.

The Group is also looking at other acquisition opportunities in South East Asia, one of the most dynamic global regions.

Capgemini has been present in the Indian market since 2008, and its strategy of "global skills at a local price for local clients" was key to achieving 70% growth in 2011. Among the year's commercial successes was a business intelligence project for the State of Maharashtra, and contracts with major international clients such as AT&T and Symantec for their local activities.

"BRAZIL, CHINA, INDIA. ECONOMIC GROWTH IN THESE SO-CALLED EMERGING COUNTRIES IS ACCOMPANIED BY DYNAMIC LOCAL IT SERVICES MARKETS. CAPGEMINI MUST ASSERT ITS PRESENCE IN THESE PROMISING MARKETS."

Cyril Garcia, Strategy and Transformation Director

HIGHLIGHT

July 2011

BPO: BRAZILIAN GROUP ALGAR SIGNS A 13-YEAR CONTRACT WITH CAPGEMINI

ACCORDING TO THE 13-YEAR CONTRACT, CAPGEMINI WILL SUPPLY THE BRAZILIAN CONGLOMERATE WITH BUSINESS PROCESS OUTSOURCING (BPO) SERVICES IN ACCOUNTING, FINANCE, AND HUMAN RESOURCES MANAGEMENT. THE GROUP IS MOBILIZING 150 SPECIALISTS ACROSS ITS DIFFERENT LOCATIONS IN BRAZIL TO PROVIDE THESE SERVICES. STANDARDIZATION OF SERVICES BASED ON ORACLE AND BPOEN® PLATFORMS WILL INCREASE PRODUCTIVITY BY 45%, AS WELL AS IMPROVING QUALITY AND SERVICES FLEXIBILITY.

10%:
the targeted
share of fast-growth
countries in
Capgemini's revenues
by 2015, against
5% in 2011.





Jean-Yves FREMAUX, *Little Brother, Little Sister*

Digital transformation challenges

New technologies are bringing about profound transformations in all aspects of our lives. They are changing the way in which government administrations relate to their citizens. For companies, the challenge is to find new ways of communicating with their customers, and adapting their businesses and economic models. Capgemini has put this key transformation at the heart of its strategy, especially through the activities of its subsidiary Capgemini Consulting.

Two globally renowned experts, the economist Philippe Aghion, a professor at Harvard, and Don Tapscott, specialist in new technologies and organizational transformation, give their points of view on the new forms that growth and innovation are taking.

We interviewed two Capgemini clients. The Chief Information Officer of Philips, a global group of Dutch origin, outlines how new technologies will radically change his company's businesses. For his part, the acting CEO of EnterCard, a multinational based in Norway, explains how innovation is essential to his company's activities.

Finally, we focus on three key aspects of digital transformation, where Capgemini and its subsidiary Sogeti are delivering their expertise to clients: big data (the explosion in data volume), cloud computing (the availability of on-demand IT), and mobility (an individual lifestyle to which all companies must adapt).

The experts' vision

- **Philippe Aghion:** "Without education, there is no innovation; without innovation, there is no growth" p. 48
- **Don Tapscott:** "We are entering an era of shared networked intelligence" p. 52

The clients' expectations

- **Philips:** "Soon, all our new products will be connected to the Internet" p. 57
- **EnterCard:** "We urge every employee to think actively about how to be innovative." p. 62

The Capgemini solutions

- **Big data:** how to mine the information mountain p. 65
- **Cloud computing:** Capgemini offers its clients the best of the cloud p. 69
- **Mobility:** a new angle for companies p. 73

Philippe Aghion

“Without education, there is no innovation; without innovation, there is no growth”



The French economist Philippe Aghion, aged 55, attended the Ecole Normale Supérieure, Cachan, and holds a doctorate in economics from Harvard University. In 2001 he won the Yrjö Jahnsson Award for the best European economist under the age of 45. He has held posts at MIT, the University of Oxford and University College London. He has been teaching at Harvard for the past 12 years. His work on macroeconomics mainly focuses on innovation and growth. His publications include *L'Économie de la croissance* (Editions Economica, 2010) and *Repenser l'Etat* (Editions du Seuil, 2011).

PROFESSOR OF ECONOMICS AT HARVARD UNIVERSITY, THE AUTHOR OF *L'ÉCONOMIE DE LA CROISSANCE* (ECONOMIC GROWTH) SHARES SOME OF HIS THOUGHTS ON WHAT HE CALLS “THE NEW ECONOMY OF INNOVATION.”

WATCH THE
“PHILIPPE AGHION” VIDEO
at [http://www.capgemini.com/
annual-report/2011/en](http://www.capgemini.com/annual-report/2011/en)

“Digital transformation” section

Can you explain what you mean by the new economy of innovation, an era you think we have already entered?

The world has changed. There are actually many more jobs and companies being created and destroyed today in developed countries than at any other time in history. Growth is now being driven by innovation, rather than by countries catching up with the strongest economies. And the countries catching up are the ones with the lowest labor costs. Of course, innovation is also happening in China and some parts of India, but both countries are still in catch-up mode. It could be said that they are living through the French equivalent of the “Trente Glorieuses” (literally, the 30 glorious years, a period of economic growth and prosperity following World War II). Today, we have to innovate constantly, because others are very quick to imitate. This means staying at the forefront of progress, and being inventive and innovative in business practices, organization and products. What is more, we need to pay great attention to the value chain, something the Germans do very well. They offshore down the value chain, but make sure to retain the higher end, because they have highly trained workers. This is to say, right from high school, German pupils carry out work placements in companies. Having a large workforce well versed in general and professional knowledge means that the top of the value chain can stay in the country.

*It seems that most innovation today comes from the United States.
Why has Europe lost ground?*

Europe has been slow to equip itself with the institutional structures that foster innovation, such as flexible labor markets and competitive product markets. Europe has also been slow off the mark in reforming its university system. There is no miracle about it: Silicon Valley is just like Stanford; Route 128, Harvard. But it is not enough to have elementary schools, high schools and “grandes écoles” (France’s top universities) for an economy to be innovative. We need universities that are independent, well governed and sufficiently funded, with doctoral schools of the highest level. The United States, for example, spends more than 30,000 euros a year on every student, while within the European Union the average amount is less than 10,000 euros.



Route 128, a beltway around Boston, on the east coast of the United States, is the symbol of this region reputed for its research centers, especially in the field of new technologies, and its universities, not just Harvard but also the famous Massachusetts Institute of Technology (MIT).

*You have thought long and hard about university reform.
You are a Harvard professor. What are the real differences between
the higher education systems in the United States and Europe?*

It is a fact that the United States spends so much more on its universities. The gap is enormous. We need to begin by spending the same amount on students in universities as we do on those in the “grandes écoles.” We are a long way from achieving this. Universities should also be autonomous and run independently. But the most highly ranked universities in the world are not only found in the United States. Europe also boasts many fine establishments. This is especially true of Switzerland—its universities, but also the federal polytechnics of Lausanne and Zurich, two magnificent institutions. It is no coincidence that both are led by presidents nominated from outside the institution. Having a president and governing body with over half its members from the outside world avoids the pitfalls of being headed by a mediocre president, who appoints mediocre professors, who reelect a mediocre president. It is of overriding importance that the governing body coexists with an “academic senate” composed of the teaching staff running the university. This dual structure is crucial.

To simplify things, could one say that without investment in education there is no innovation, and without innovation there is no growth?

Exactly! You need education to encourage innovation, and innovation is vital for growth. I believe this is fundamental. A country with well-educated people learns quickly and becomes highly adaptable. In today’s economy, old technologies are constantly being replaced by new ones. And this requires a highly adaptable workforce. This is where education comes in. You need a good education system where there are close links between the school and the world of business very early on, as is the case in Germany. The reason why Finland’s economy recovered so quickly after the crisis of the 1990s is because it has a well-trained workforce.

“IT IS OF OVERRIDING IMPORTANCE THAT THE GOVERNING BODY COEXISTS WITH AN ‘ACADEMIC SENATE’ COMPOSED OF THE TEACHING STAFF RUNNING THE UNIVERSITY. THIS DUAL STRUCTURE IS CRUCIAL.”



Are business leaders finding it difficult to cope with information technology and new digital tools?

It seems to me that, in the United States, these technologies and tools are integrated very quickly. In Europe, and France in particular, the dissemination of information and communications technologies is slower. However, these technologies are growth factors because they contribute to the production and spread of new ideas. The question is, why does Europe lag so far behind? I think that the problem lies in both the education system

and the financing capacities of small and medium-sized companies. Capital risk is insufficiently developed in Europe and institutional investors (mutual funds) do not have a strong enough hand. We stick to our old habits and lack a risk-taking culture. In the United States, on the other hand, capital-risk investors are themselves often former entrepreneurs, and experienced risk takers. This is less often the case in Europe. All these factors contribute to the different innovation culture in European companies, especially in France, compared with their transatlantic counterparts.

What fiscal measures should governments introduce to foster innovation?

France, for example, already has tax credit for research. This is a good thing, and it must be extended, particularly for innovative small and medium-sized companies. More generally, I think we should separate taxation of innovation and taxation on guaranteed annuities and give innovation a premium. So, if you have created an innovative company, you should get a premium when you sell up.

This decade could see a real innovation breakthrough in terms of artificial intelligence and nanotechnologies. Is this the new horizon for finding growth?

Yes, of course! Some people have a Malthusian view of the economy. Environmentalists, for example, will tell you that the world is finite, that energy sources are limited, as is the environmental capital. Under this scenario, the only possible outcome is economic decline or no-growth. Innovation, however, turns the Malthusian model on its head by pushing the boundaries. The world is no longer finite. But this is a world where governments must be vigilant and make sure that innovation is going in the right direction—toward non-polluting activities. Virtually no company will choose to invest in “green” innovation of its own accord. Here again, governments must step in!

Nanotechnologies or artificial intelligence—among other technological innovations—are leading to spectacular progress in medicine, for example. These technologies are proliferating at the present time. But we should remember that major financial crises are the other side of the technology-dissemination “coin.” The 1929 crisis resulted in electricity becoming widely available. Companies had a pressing demand for financing and they were looking for easy money. Along with a strong demand for money comes speculation and debt. This is the negative side of the picture. But on the positive side, when the financial sector is growing and even booming, it is often because we are in a period of large-scale accelerated technology dissemination. The whole difficulty lies in knowing how to control the financial sector without, at the same time, hindering the spread of new technologies.



André DEYMONAZ, *Bistro Mood*

Don Tapscott

"We are entering an era of shared networked intelligence"



The Canadian Don Tapscott, born in 1947, is a member of the World Economic Forum and a professor of management at the University of Toronto. He is the author or co-author of 14 publications on how technologies are influencing the economy and society. They include the bestseller *Wikinomics: How Mass Collaboration Changes Everything* (2006) and its recent follow-up, *Macrowikinomics: Rebooting Business and the World* (2010).

DON TAPSCOTT, THE WORLD-RENOVED ANALYST OF MAJOR TECHNOLOGY CHANGES, BELIEVES WE ARE LIVING THROUGH THE MOST PROFOUND UPHEAVAL THE WORLD HAS SEEN IN OVER A CENTURY. HOWEVER, HE IS OPTIMISTIC ABOUT THE POSSIBILITIES THIS OFFERS BOTH INDIVIDUALS AND COMPANIES.

WATCH THE
"DON TAPSCOTT" VIDEO
at <http://www.capgemini.com/annual-report/2011/en>
"Digital transformation" section

In the wake of the 2008 crisis, are we not confronting destruction rather than creation?

We are at a turning point in human history, where many of the institutions that have served us well for decades, even centuries, are stalled, atrophied, or failing. However, the dual effects of the Internet and a first generation of young people growing up in the digital age are enabling the contours of new organizations to become visible on the horizon. Everywhere I look, I see people from all walks of life participating in rebuilding our companies, our governments, our schools and universities, our healthcare systems, our media, and even our cities and democracies, around new principles and new communication systems. We are entering a period of great danger and destruction, but also one of rebirth and amazing opportunities.

Many companies are still wondering whether they should move to Enterprise 2.0 and are struggling to integrate social networks into their strategies. How do you explain this time lag?

Social networks are not just about going online and creating a community, or trying to talk to your customers via Facebook. They must be seen as new means of production. They are beginning to change the architecture of large companies, how we innovate, create new services and interact with the rest of the world. The term Enterprise 2.0 is a good one,⁽¹⁾ because this is the biggest change in over a century. It is understandable that companies are taking time to grasp the magnitude of the change, but, around the world, they are beginning to wake up to its possibilities.

Many business leaders seem lost in an environment where all kinds of successive shocks have become the norm. What is the reaction of those you meet? Are they aware of technology's role in improving their business performance?

Most of them still have an outdated view. They think that the purpose of information technology and social networks is cost control or the automation of existing business processes, or that the sole purpose of the Internet is having a website. But it is true that things are changing under the pressure of technology and the incredible energy displayed by the first digital generation. These young people are coming into the labor market, they are taking their place in society, and they are different. They are not afraid of technology; it is part of their ecosystem.

In an increasingly complex world, are business leaders ready to use predictive tools for taking decisions, rather than relying solely on their intuition?

They should be using these tools, especially new analytical tools that help to turn so-called "big data" into usable information. Just one example out of thousands: data from the location of customers as they move around. New computational capacity and "in-memory" analytics mean that data analysis can now be done in real time. It then becomes available to the company to help it make decisions, as well as being freely distributed through the social networks. Thus, companies are helped to build strong and profitable relations with their shareholders and customers.

"BUT IT IS TRUE THAT THINGS ARE CHANGING UNDER THE PRESSURE OF TECHNOLOGY AND THE INCREDIBLE ENERGY DISPLAYED BY THE FIRST DIGITAL GENERATION."

What is the right governance model for making sure that innovation and the resulting transformations "irrigate" the whole company?

Most companies are tinkering, opting to "make do and mend," rather than fundamentally changing their organizational structure, management or governance models. I have been working with a German software company, a mid-sized firm with a few hundred employees. The company has no management. The workers define their own projects and use micro-blogging (a form of Twitter), as a nervous system for the organization. There is no formal organizational structure, and it works well. The company is thriving. It has created its own original, network model.

As well as governance problems, what barriers do companies face when they want to transform using the panoply of digital tools at their disposal?

We are talking about a very deep transformation. In fact, this is a new paradigm. When there is a paradigm shift, you get a leadership crisis because it causes dislocation, conflict, uncertainty and confusion. The new paradigm is nearly always received unenthusiastically, or worse, with mockery and hostility. Underlying vested interests are always opposed to change. I see this as a leadership challenge. From my experience, leadership, typically, does not come from the top. In organizations that are making this shift, leadership can come from anywhere. This also makes me very optimistic, because it creates further opportunities for everyone.

"NEW TECHNOLOGIES WILL BE WHAT WE WANT THEM TO BE... IT MAKES IT INCUMBENT UPON EACH OF US TO BECOME INVOLVED, TO SHAPE THE FUTURE THROUGH BRINGING OUR EXPECTATIONS, OUR SENSE OF INTEGRITY AND OUR VALUES TO THE TABLE."

What is your opinion on the burning issues of cloud computing, big data and mobility? What is their impact in companies and what kind of transformations will they deliver? How do business leaders understand them?

Basically, cloud computing is in the process of transforming the Internet into an IT platform. Thomas Watson famously said that the world would need only five computers.⁽²⁾ Over half a century later, his prediction seems to have been pretty accurate. In fact, our companies have only around half a dozen clouds to exploit. But this gives them the opportunity to put their IT platforms on a computer called the Internet. By doing that, they reduce their costs, achieve better integration and functionality, and the world becomes their software department.

Big data is another huge opportunity. Until 2003, humanity created five exabytes⁽³⁾ of information in an average year—the same as that generated in ... the last 12 hours! In spite of this extraordinary volume, these data can now be effectively analyzed.

On top of this, mobility is driving everything. It is closing the digital divide. Our "über gadgets" give us permanent access to networks. Technology platforms are thus being created to enable organizations to redefine how they use social networks for performance improvement. Just a few examples of potential major advances: in education, we are moving from a model linked to the industrial era to a new model that is more student-focused, interactive and customized. It is also possible to imagine major transformations in the scientific field, with pharmaceutical companies sharing some of their data and clinical trials as a way of boosting their research spending, and reducing their costs. And one could see a new model of interactive healthcare, in which patients learn from each other, leading to improved and better-value care.

This is not about some cool new technology for companies to exploit. No! We are entering an entirely new age. And it is not just about information. We are entering an era of networked intelligence.

Is it also a new era for clients and consumers?

We are moving away from a mass consumption world. The industrial age was one of standardization, of scale savings, of mass production, mass distribution, mass consumption, mass communication, mass education, and so forth. Everything was geared towards passive consumers or users. We are moving to a network age, where nothing is centralized, top-down, or standardized. It is highly distributive, and the recipients are not merely purchasers, users, viewers, readers or learners. They are active participants in the process.



Where do you place the ethics "cursor" for information technology use, particularly regarding respect for privacy?

Our social norms around privacy are changing. Who would have imagined five years ago that hundreds of millions of people would be willing to give away reams of very personal information, with very little control over how this was used, and with no assurance about their privacy being respected? As we go through life, we leave behind a trail of digital "crumbs" which, once collected in massive databases, form true mirror-images of ourselves. This undermines everything we know about our respect for privacy. I am expecting a backlash on this. This is why companies must incorporate respect for privacy from the very designing of their products, services, business models and processes. Strict adherence to this principle will create a foundation for trust, the sine qua non for developing social networks.

What will be the impact of the development of new technologies on companies and society generally?

The future is not something to be predicted. The future is something to be achieved. Traditional print, radio, television, and computing technology were all centralized. They were controllable. By contrast, these new technologies are distributive, molecular, and uncontrollable. They will be what we want them to be. If we want them to be tools for finding a cure for schizophrenia, they will be that. If we want them to be a tool to wipe out public education, as some people in the United States seemingly want them to do, then they will be that. It makes it incumbent upon each of us to become involved, to shape the future through bringing our expectations, our sense of integrity and our values to the table. If hundreds of millions of us do this, then the era of networked intelligence will be one in which promises are fulfilled. The technology genie is out of the bottle! This also gives me grounds for optimism.

(1) The term invented in 2006 by Andrew McAfee, a professor at Harvard Business School, denotes firms that use the new social networks to develop a collective intelligence based on the inter-connections of their collaborators, partners and clients.

(2) Thomas John Watson was the iconic CEO of IBM from 1914 until his death in 1956.

(3) An exabyte is equivalent to 10^{18} or 1024^6 bytes.



DUAIV, *The Studio at Honfleur*



An interview with Jeroen Tas,
Philips' Chief Information Officer

“Soon, all our new products will be connected to the Internet”

Jeroen Tas has been Philips' CIO for a year. He explains how he is designing and implementing the company's digital transformation. And why the Netherlands global leader in lighting, healthcare and lifestyle is rapidly turning into a software and services company.

After an extraordinarily successful career, also as an entrepreneur, what made you accept the post of Philips CIO?

Frans van Houten, the new CEO, approached me last year and said: “We’re embarking on a major transformation, we’re a technology company and IT is critical. We are strengthening the leadership team to help make Philips more entrepreneurial.”

I spent the first seven years of my career with Philips and still had a soft spot for the company. It’s a company we can look at with pride, but also one that was not living up to its true potential. So I was excited at the prospect of becoming a player in the team that will restore it to greatness. I was also attracted to the opportunity of changing IT at the same time as we were changing the business—in synch with the business.

Is IT also the vehicle of the transformation?

When first presenting to the Board, I said “You may not have noticed that Philips is rapidly becoming a software and services company. Soon every single new product will be connected and will be a platform for new capabilities and services for Philips.” And that is the real exciting opportunity: to take IT from the back office and weave it into the fabric of the company. That is the goal I set myself.

And this is a goal you clearly share with the boss?

Yes! And here is what he said: "We need an agile business, almost a configurable, plug & play business—so that we can acquire or divest very rapidly, and make changes to our value chain as soon as the market requires it. We also need to get very, very close to our customers, and that means enabling our products to be personalized for the people who use them, and to provide the services they want."

What does being a configurable business mean?

It takes us a year to create the IT for a joint venture for our TV business. Ideally, we should be able to do this in a couple of months. Bringing a company in should be very quick and painless, a change in the system configuration rather than fully fledged software development. But also changing from our own manufacturing to contract manufacturing, or making a large supply chain deal—such reconfigurations should also be quick.

If the goal is clear, how are you going to get there?

We group our different value chains into archetypes. First come the consumer-related ones, where we build to stock, such as consumer products, consumables and original equipment manufacturers products like car lamps. In the value chains of our professional businesses, we look at configurable products, be they complex medical devices such as an MRI (magnetic resonance imaging device), or lighting systems for a building or a street. The value chains for the real solutions business, for example lighting for the Olympic Games in London, are unique, with some reusable components. And then there are the value chains for my favorite business—software-based services—a subscription model. We already run a one billion-dollar business of that kind in the clinical/healthcare area.

For each of these archetypes, we look for similarities across the value chains of the various businesses. In so doing, it is essential, among the 300 processes of a value chain, to understand which ones are differentiating—for example, providing an original service (they increase our revenue in the market); which ones are critical (they can destroy revenue if they don't work, like a wrong invoice); and which ones are supporting—such as travel and expenses.

Understanding these three categories is of course a key priority, but so too is finding the right solutions in terms of capabilities—the package of expertise, people, processes, systems and data—and in terms of IT. This gives us a common language to describe our business, a clear view of best practices and the identification of common processes, the ones that can be supported by enterprise platforms.

"IN CHINA, ON THE OTHER HAND, THE PICTURE IS DIFFERENT. THERE WE HAVE A WHOLE OTHER WAY OF DISTRIBUTING OUR PRODUCTS; EVEN THE PRODUCTS THEMSELVES HAVE TO BE SLIGHTLY DIFFERENT BECAUSE OF CHINESE HABITS AND PREFERENCES."

What do you mean by a "business," and how many are there in Philips?

We have three sectors, Lighting, Healthcare and Consumer Lifestyle. In each of these we have several business groups—for example, Imaging Systems in Healthcare, or Kitchen Appliances in Consumer Lifestyle. We also have 17 geographical markets. What we look at are the business/market combinations. There are around 400 of them, and they are the core entities of our company.

So you clearly don't want to have over 400 value chains!

Definitely not! They would help win in the market, but they would not enable the business to produce at optimal cost. In our business transformation, we look at each of these value chains. Take as an example

The clients' expectations

shavers in the US. To grow this business we need to grow at WalMart and Amazon, so we look with them at the whole picture, from the cycle time for new products, the supply, to the position in stores, the campaigns, the support through our digital presence. In China, on the other hand, the picture is different. There we have a whole other way of distributing our products; even the products themselves have to be slightly different because of Chinese habits and preferences. But we do not want unique value chains, so we look at similarities, make them common and optimize each of those elements.

You describe this exactly as if you were running the actual business!

So IT is not an afterthought—it looks like an integral part of the whole.

Exactly, and I keep saying that you can do two things wrong. First, you can expect IT to come up with the way to do it and then tell the business—this will give less than 1% probability of success. Or you can ask the business to give you all the detailed requirements, for implementation by IT, and then your chances of success are still very low, below 10%.

Instead, “in synch”, “co-design” should be the key words. And changing assumptions makes this co-design all the more necessary. If every new product is connected, if 80% of your customers are active online, if most have a smart mobile device—then you have to ask what this means for every aspect of your business.

For our business, we have a mission: by 2025, Philips should touch the lives of 3 billion people in the world. I asked our CEO if he could imagine the kind of data this will represent, how much we have to process, how we can use IT not just to make our value chains “straight through processing,” but to gain insights, and new revenue streams, which will change the way we do business.

So you have built the notion of “big data” into your strategy!

Exactly. And it's happening now! By way of example let's take our electronic toothbrush—in the near future.

When you hold it next to your phone, it shows a picture of your brush. It prompts you to register and asks for your Facebook profile—for the first time, we'll get a comprehensive view of our customers, what products they use, and where and how. Thanks to the built-in sensors, we understand how you brush, we can actually see the plaque and we can give you real coaching on how to brush better.

Now we can share this information with dentists, if you want. Dentists are our biggest referrals, we can create a knowledge community with dentists. We can also work with dental insurance companies. As we'll do that with millions of customers, we will know more about how people brush than anybody else. In the same way, if you want your kids to brush, we can download a tune from your phone to the toothbrush, and let them play some games with their favorite cartoon characters, or with other kids.

Obviously, if you have sensors you also know when your brush is wearing out so that it can order a new one.



But we can also send sensor information on all the parts in the brush itself so we can identify early on if there are some vulnerable parts, and early in the lifecycle we can replace them with sturdier parts. If somebody has a problem, we can look into it, optimize the warranty, identify false warranty claims... I could go on and on. And it is such a simple product.

**"THANKS TO THE BUILT-IN SENSORS IN YOUR TOOTHBRUSH,
WE UNDERSTAND HOW YOU BRUSH, WE CAN ACTUALLY SEE THE PLAQUE
AND WE CAN GIVE YOU REAL COACHING ON HOW TO BRUSH BETTER.
NOW WE CAN SHARE THIS INFORMATION WITH DENTISTS, IF YOU WANT."**

A huge amount of data, and insights, with a toothbrush! What about more complex products?

Just the same, scaled up. We have started to offer lighting as a service, and use sensor data to optimize energy and maintenance costs. For complex products, there is an added benefit: we can see which functions are not used and so make the product much simpler.

*One can think of your role as head of IT, CIO and co-transformer of the company.
How do you combine the classic role of IT—making sure that things run, and reliably,
and at a low cost—with massive doses of transformation?*

We are in the middle of that transformation and we are making good progress. We are calling for a completely new mindset: this is a collaborative game. We cannot work in silos where the business tells the IT department what it needs, then translates that into a set of requirements, then gives these to our application development organization, then sends what they developed to our operations people who themselves are split between infrastructure and application support... This is not going to work in the new world. The baton should not be passed on: it should be one team dealing with the whole.

*So IT has to be a fractal image of the whole Philips entity in order to play
its role in Philips' transformation.*

That's right. And to combine transformation and operations we split our budgets between investments that support our overall Philips business transformation, and investments that make sure we keep our business running.

For the latter, we industrialize: we go to fixed budgets, fixed release schedules, fixed teams, automated regression testing, and so on. And we sit with the business to map its priorities to those schedules. IT becomes very predictable.

But that's not how you build the new world! For this we make sure we address the right part of the transformation, and that all conditions to win are fulfilled. We first identify what the required capabilities are to win in the market place, which processes are addressed and how it fits with our IT architecture. Then we start the customer value prototyping—the most critical part of how we develop the new world, facilitated by Capgemini consultants.

In six, at most eight weeks, in a pressure cooker environment, we understand the customer journey, we identify the scenarios for the differentiating processes and capabilities, and we work hand in hand with the business—framing the business solution while developing the business case.

We have already done six major ones so far, for each developing a solution that we can build in six months. Even a large project, with a cost of 25 million dollars, will go live in May, having started last November.

A huge project with a six-month development cycle was previously unheard of, but using a combination of customer value prototyping, cloud-based platforms and agile development is changing the IT game.

In this new world, how do business people understand IT, and how do IT people understand the business? Did the elimination of requirements take out a filter between them?

Essentially it forces you to focus on the solution, get it to work and then go into a regular release schedule. We develop the agile way, breaking the solution down into six sprints, each containing the next sprint, with the business in the lead.

The mindset is key: we are in it together, we have a common goal, one best solution reflecting not only today's needs but also tomorrow's, with the best Total Cost of Ownership, and we do everything together—understand all facets of the solution. Great solutions are never only about IT.

For some of your people, that must be liberating, for others I guess the road will be longer?

I think both. For some it is the best thing that can happen to IT. But sometimes you see people who revert to their old behaviors.

For instance, we had an issue between colleagues on infrastructure support. I needed to bring them together and remind them we are no longer handing things away, we are co-shaping, co-designing, working as a group with mutual commitments.

That's why we have to take the agile approach—not for any technical reason but because the team decide jointly, every morning, in a 20-minute stand-up meeting, on how best to allocate the tasks.

When will the success be proven?

I think we're halfway there. We already have clarity, roadmaps that make sense, which support the new business vision, which help us get out of our complexity. Then we'll have big projects succeeding with major business impact and 20% lower costs. Accumulating such achievements will mean success.

“YOU CAN DO TWO THINGS WRONG. FIRST, YOU CAN EXPECT IT TO COME UP WITH THE WAY TO DO IT AND THEN TELL THE BUSINESS. OR YOU CAN ASK THE BUSINESS TO GIVE YOU ALL THE DETAILED REQUIREMENTS, FOR IMPLEMENTATION BY IT.”



An interview with Freddy Syversen,
EnterCard acting CEO

"We urge every employee to think actively about how to be innovative"

EnterCard, one of the main credit card issuers in Scandinavia, proposes payment methods used by more than 1.6 million people. A joint venture between Swedbank (the biggest bank in Sweden and the Baltic countries) and Barclays Bank, EnterCard is also well known for its transactions analysis: a way of gaining a better understanding of consumers' buying behavior. Freddy Syversen, acting CEO of the EnterCard Group, explains how data research and analysis is part of the company's daily business. He also reminds us that this must be done in a world where card issuers and users are often on the move.

On your website you ask what makes EnterCard unique. You answer: "Intelligent data analysis for stronger customer loyalty." What does this mean?

EnterCard's intelligent applied use of data has kept us ahead of the competition for several years. We saw the value of data analytics early on, and have adopted our own way of thinking about and structuring data. For the moment we are moving from management thinking to a customer-centric orientation, focusing on the end customers and keeping them at the center of attention.

Our analytical team constitutes a significant base of our staff and has a central place in EnterCard's organization. Our team of analytics runs several processes, from marketing analytics, credit risk analytics and predictive modeling to more operational-oriented market intelligence reports to external partners and internal consumers.

The amount of data stored is significant. What we keep is all data that we are allowed to keep in accordance with local public regulators and legislation. If I told you how we do this to stay ahead, then we wouldn't be ahead!

"IN MY VIEW, TRUST IS THE FOUNDATION OF A GREAT PARTNERSHIP—THE SORT OF TRUST FORGED BETWEEN CAPGEMINI AND ENTERCARD"

Do you think we have the tools today for making big data 'speak'?

What's "big"? It's relative. We are constantly on the lookout for new relevant data sources that could be beneficial for our customers. The only thing I can tell you is that our IT systems and data warehouse are scaled for this already, and will expand even more in the future.

The clients' expectations

Gartner estimated at the end of 2011 that, because of big data, corporate marketing budgets will be increased at the expense of IT spending. What is happening in EnterCard?

EnterCard is in the fortunate position that we have not had to make that distinction. We hire both senior and junior analytics staff, without coming into conflict with marketing needs.

What do you expect cloud computing to deliver? Lower costs? Greater flexibility?

For a company in our field it's not possible today to utilize the public cloud to any significant degree, for obvious reasons of data security. On the other hand, what we are doing is using the concept as a private managed cloud. The hope is that this will free us from some of the infrastructural limitations in a traditional setup.

How do you handle the issue of data security?

The integrity, accuracy and security of financial and sensitive information is critical to EnterCard and is treated as such. EnterCard is always aligned with industry best practice for information security.

How are you managing the issue of mobility around smartphones and tablets? How can your business make use of these devices?

Of course, we care about the purely technical aspects that enable data to be extracted. The difficult part is just what you ask—how to make use of it, but, perhaps most of all, how can our customers make use of it when they are mobile? Do we understand the settings they will be in? Just distributing an old Internet bank in a miniature format is not what people need.

If innovation is to make a company dynamic and responsive to market needs, must it come mainly from the outside?

Innovation is important to all organizations in order to constantly renew their business, and it's obviously important for EnterCard. The way we adopt or embed innovation is to make it part of our business culture and move away from R&D department thinking. Everybody needs to be innovative, in their own field. We urge every employee to think actively about how to be innovative. This is because we believe innovation is nurtured through both internal and external processes. We find inspiration and sources of innovation through our partners as well as outside the company. We try to work systematically with open innovation and "dare to do things differently."

What do you expect from your IT service providers?

A lot! In my view, trust is the foundation of a great partnership—the sort of trust forged between Capgemini and EnterCard. Establishing this trust is essential. Then we expect professionalism in all layers of the relationship. We expect that our demands are understood and our requirements are met in all parts of the delivery. We expect our partners to maintain standards and not let them slip halfway through a project, and to work and deliver together in a positive and constructive way. So, we expect Capgemini to do what we have been doing on the IT side for years—only better!

We look for vendors with whom we can form a true partnership. This means involving us in their internal processes wherever this could be beneficial. We look for partners that are as genuine, innovative and passionate as we are. Finally, values are an important part of our culture. They guide us in showing us how to work together to achieve our vision and mission. Our values are reflected in everything we do, from our work approach to our corporate culture. And we expect our IT vendor to share our values and ethics.



Yolande ARDISSONE, *Shanghai Restaurant*

Big data

How to mine the information mountain

Companies have to cope with an ever-growing volume of data. Processing this “big data” raises considerable technical difficulties. Capgemini is at its clients’ side to help them transform and take advantage of this precious raw material.

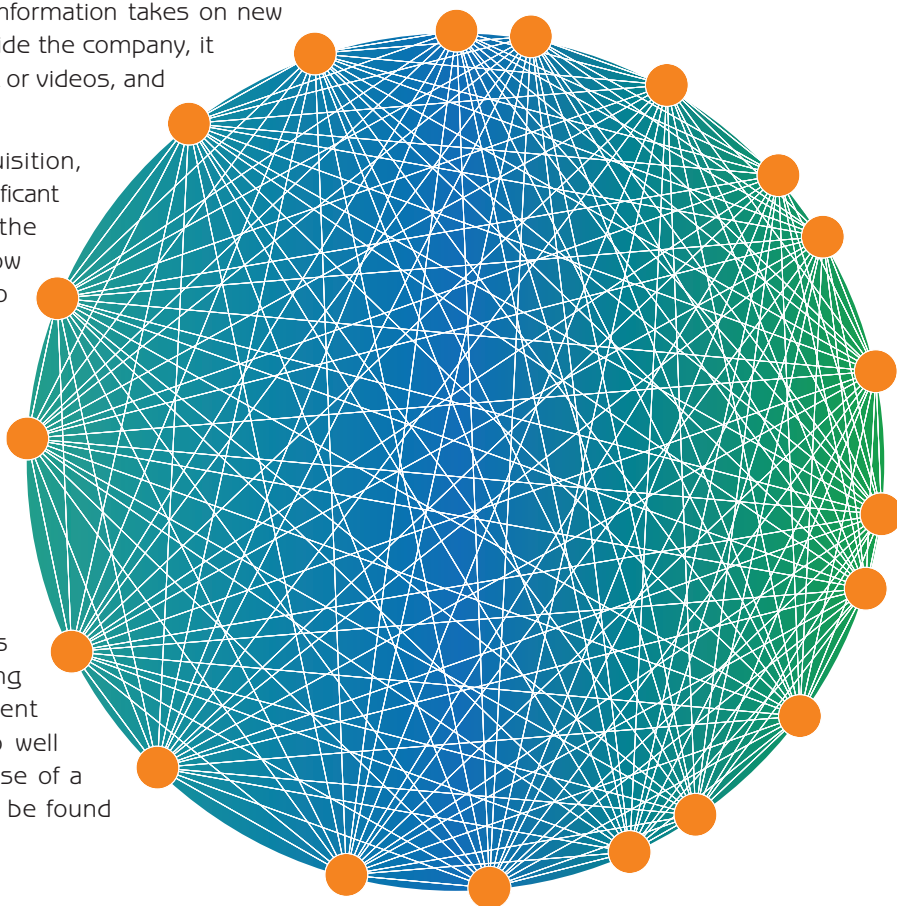


Information is a gold mine where every fact is a potential nugget. Having the right information at the right time has always been and remains crucial for any organization. This has meant dealing with significant volumes and complexity, but in the past most of the information was generated within the company itself, and much of it was available in the form of structured data such as personnel or transaction records.

Today, the booms in social networks, e-commerce, mobility and machine-to-machine communication generate data in unprecedented volumes, called “big data”—think, for instance, of online discussions on products and services, sms traffic, maintenance information generated by each car... With big data, enterprise information takes on new dimensions—most of it comes from outside the company, it is mostly unstructured, in the form of text or videos, and it flows fast and relentlessly.

Given this exponential volume, the acquisition, storage and management of data raise significant challenges. But even more difficult is the challenge of business intelligence—how to make sense of all that data, how to generate the insights the business needs for better decision-making. For example, what do the social networks’ comments on company products tell us? Addressing these questions with traditional reporting and analysis tools no longer works: new methods are needed, and are being invented and developed every day.

Managing structured data such as records or transactions for content analysis is as old as information technology. Managing unstructured data such as text for content and knowledge is more recent but also well mastered: thanks to indexing and the use of a search engine, relevant documents can be found instantly.



Extracting information from images and everyday texts

First is the need not just to search for a document but to analyze the stream of unstructured data. For this there are new text analytics technologies that interpret the data and understand the context. They can carry out sentiment analysis, taking a text and saying how an author feels about a product. These techniques are rapidly gaining in sophistication: they can now grasp quite complex phraseology, colloquialisms, even sarcasm. New forms of data, image and video, pose the second major challenge. Increasingly, these too can be analyzed with pattern recognition software, and therefore searched. This is commonplace, for instance with car license plate recognition, and is increasingly used in medical diagnostics.

The proper use of big data is rapidly becoming a major competitive tool. This makes it possible for organizations and companies to save enormous costs—a product can be improved much faster in response to what its sensors tell us about its field performance, and processes can be adapted in response to customer preferences. Marketing and sales can gain an understanding of needs and inclinations—both for one customer and for groups of similarly minded people—and tailor precision responses.

In a recent survey commissioned by Capgemini, over 600 business leaders confirmed that the big data phenomenon is already having a significant impact on business performance. Where the right analytics exist and have been put to work, substantial gains, sometimes over 20%, are reported. This is all the more promising in that the analysis tools are still at an early stage of development: most businesses that already collect large amounts of unstructured data struggle to infer the right insights from them.

7,000+ experts for the BIM global service line

In this new environment, Capgemini's aim is to help its clients transform their data into competitive advantage. This mission is entrusted to the global service line Business Information Management (BIM), which counts more than 7,000 specialist consultants and is highly regarded by the market, by clients and by Capgemini partners, as attested by several awards, for instance from SAP and Oracle.

As Paul Nannetti, head of Global Sales and Portfolio, observed, this phenomenon "affects all companies, even if only to improve relations with their customers." For this reason all IT executives need to come to grips with big data's three major features: volume, variety and velocity.

They must learn to juggle the volume and variety of structured and unstructured information—store it, make it readily available and turn it into business intelligence, even though they have no knowledge of the information content to be analyzed. Velocity means that big data is flowing at high speed and needs to be captured in real time; and it is also in real time that insights need to be drawn from this flow, so that the speed of the organizational response matches the events.

From data to big data

For many years, the IT industry calculated the memory capacity of computers in thousands of bytes, or kilobytes (a byte being a number or letter in binary language). Then the calculation was done in millions, or megabytes. The mainframe computers of the 1960s generated a few dozen megabytes, the same as any smartphone today. A slightly more powerful smartphone has a storage capacity measured in gigabytes or thousands of megabytes or billions of bytes—8, 16, 32, even 64 billion for the most sophisticated.

Big data gears all this up a notch, under the combined influence of the social networks and image-sharing, particularly memory-consuming videos. In just one month, Facebook users sent their "friends" more than 30 billion pieces of content every day. More than 2 billion videos circulate on YouTube. Soon, the terabyte (1,000 gigabytes or 1 trillion bytes) will have moved from the largest computer centers to the user's home.

There is now a new measure for calculating the amount of data circulating on the Web: the US Library of Congress!

The Library contains some 200 terabytes of documents (not even counting Internet traffic). If the 'explosion' in big data carries on, 40 million Libraries of Congress will be created or copied by all Internet users—men and machines—by 2015!

And, as Paul Nannetti points out, “companies need to have a forward-looking approach for distinguishing between an epiphenomenon and a major future trend.”

Capgemini’s approach has attracted many customers, including Telekom Deutschland, Philips and Unilever. “The latter has implemented an ambitious transformation program,” explains Paul Nannetti. “Their goal is to provide quick, clear decisions based on consolidated up-to-date data, while drastically and sustainably reducing their operating costs for IT and sales.” This program required the migration of existing databases to a new data warehouse capable of handling data in real time, and the availability of new data-mining tools and analysis to help Unilever managers make better decisions in a timely manner.

“Big data affects all companies, even if only to improve relations with their customers.”

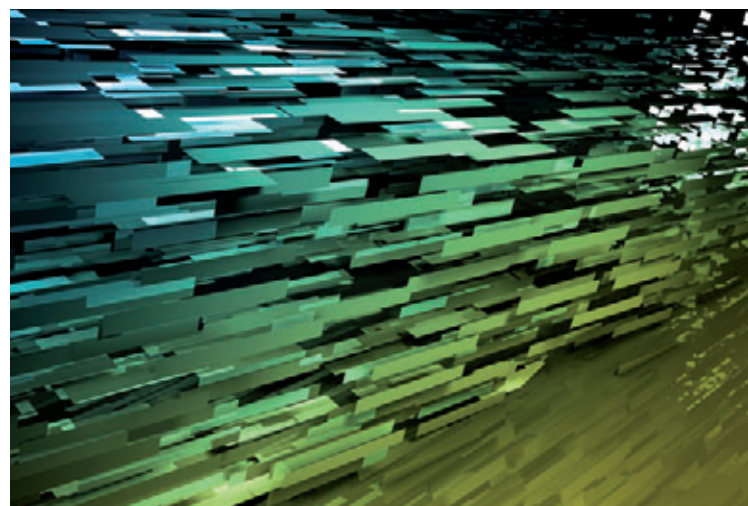
*Paul Nannetti,
Global Sales and Portfolio Director*

With big data, the concept of enterprise intelligence takes on new dimensions—transforming the way companies function. This offers immense development perspectives for Capgemini’s clients, and thus for Capgemini.

Main sectors affected by the big data concept

The retail, telecoms and banking sectors, along with e-commerce and pollsters, are today’s trailblazers when it comes to implementing big data solutions. For business functions, there are four main beneficiaries. First, it is used by marketing to improve cross-selling, develop business demographics and behavior analysis and to enable customer micro-segmentation—even marketing’s age-old dream of the single segment! Then it is used by merchandising to optimize assortments, prices and locations. Operating services also use big data to optimize network usage, detect fraud, prevent incidents and improve service quality. Finally, the concept is used by logistics for the purposes of inventory management, logistics optimization and supplier negotiations.

Another factor driving the implementation of big data solutions is regulation. For example, banks use big data for risk management and fraud prevention, and the telecom sector is concerned by the French Law for Trust in the Digital Economy (LCEN). Both sectors are required to store very large volumes of data to ensure maximum traceability (e.g. for use in court cases), while being highly responsive when it comes to data analysis or triggering alerts based on suspicious behavior.





Jean-Claude CAMPANA, *Let's Go Together*

Cloud computing

Capgemini offers its clients the best of the cloud



In the rapidly-expanding cloud computing market, Capgemini is ranked as a broker of IT resources and supplier of software solutions. But above all, it is an advisor to its clients.

Cloud computing is the future of the IT industry. But the market's entry ticket is expensive. By selecting and coordinating cloud services for its clients, Capgemini has found a way to become one of the leading players. Information technology has become an on-demand service. We all find it normal to store our emails on an Internet message service and to be able to read them wherever we are—from our home computers or in the street via our smartphones. We appreciate being able to make our photos available to friends and family, even if they live on the other side of the world, via a document-sharing website. None of this would be possible without cloud computing. This is a new way of making IT capabilities available, on demand, including resources such as software, servers and networks, without their being present in one's own home. It's exactly like electricity: the light comes on at the click of a switch in our homes, without the need for a wind turbine or generator close by.



Savings and flexibility for companies

Individuals are not the only ones to appreciate the benefits of cloud computing. Companies are also weighing up its advantages. First, it is a way of reducing their investments: they no longer have to buy in IT resources, but only pay for what they use, often on a subscription basis. Second, cloud computing is a way of using IT resources flexibly, according to the volume of activity: as volume increases, so data processing capacities follow suit. In the case of a slowdown, the scope and scale of IT resources are also cut back, therefore saving companies' money.

Cloud computing has become such a seductive option for companies that it is giving birth to a global market that Forrester analysts estimate will be worth almost 41 billion dollars in 2011. The same analysts also estimate that cloud computing will grow sixfold by 2020⁽¹⁾, to reach 241 billion dollars—encouraging much interest in this line of business!

The biggest names in IT and telecommunications already have a foothold in the market. Companies such as Amazon, Apple, Cisco, Google, IBM, Microsoft and Orange all offer cloud connections to the general public and companies. Their "clouds" are made up of hundreds of thousands of servers and router networks for communication and technology platforms, the intermediate layers for connecting servers and software.

How does Capgemini fit into this new world of cloud computing? During 2011, the Group made several acquisitions, thereby positioning itself on each of the three major businesses being revolutionized by cloud: data hosting, software development and platforms development. However, Capgemini has chosen a different strategy from that of the large US players. Instead of investing heavily in the cloud's support infrastructures, Capgemini has decided to find them wherever they already exist. It will do this either by acquiring a company that owns the infrastructure, or by entering into a partnership with that company. In both cases, the objective is the same: to save time and avoid development risks.

"For a long time Capgemini's clients have been able to benefit from the Group's Rightshore® production model, enabling them to take advantage of the best skills at the best price. Today, we want to put forward the idea of 'Rightcloud': combining the best of different forms of cloud computing."

Patrick Nicolet, SBU Infrastructure Services Director

A partnership with the global storage leader

On the acquisitions front, the purchase of Prosodie—the French leader in website hosting and management of online financial transactions—in the summer of 2011 gives the Group an entry into a market that is growing rapidly, thanks to online shopping.

As far as partnerships are concerned, it is worth noting an agreement with Hewlett-Packard under which the Group has gained access to type x86 platforms developed by the US major. Another agreement was finalized in September 2011 with EMC², the global leader in data storage with 20 billion dollars in revenues and more than double in stock market capitalization. On the basis of this agreement, Capgemini is marketing a global data-storage offer on a subscription basis (Storage as a Service). The Group buys large storage capacities from EMC², at a preferential rate, and then sells these on to its clients. "We are becoming a cloud broker," confirmed CEO Paul Hermelin, in an interview on the French business radio station BFM, two days after the agreement was finalized. The agreement with EMC² does not rule out the Group diversifying its supply base by buying computing power or terabytes from other providers. With this in mind, the Group has launched several cloud computing pilots for its clients on Amazon Web Services, with proven cloud credentials.

Capgemini's ambition in this new IT space is not limited to playing the role of broker. Companies wanting to break into this market need help in taking the first steps. If Patrick Nicolet, Capgemini's head of Infrastructure Services, is to be believed: "When infrastructures, solutions and platforms move to the cloud, someone has to be around to help IT directors decide between the many offers on the market, and then help them to pilot very complex IT system." This role of coordinator is one that Patrick Nicolet likens to an orchestral conductor—a role that Capgemini intends to keep.

What is cloud computing?

Cloud computing is the delocalization of computing data, processes and applications that are usually hosted on a work station or server within an organization. Because these IT resources are available at a distance it is said that they are in the "cloud." Hence the expression "cloud computing."

Last summer Capgemini won a contract to develop a highly secure messaging solution for a major UK administration. The Capgemini team was able to propose this solution because of its inside knowledge of the administration's needs and IT system, which it has been managing for some time. From this, it is just one step to imagining helping other clients, with whom the Group has a similar relationship, to move to cloud computing—for example, the State of Texas or the automotive manufacturer Rolls-Royce.

Already a broker and advisor, Capgemini also intends carrying out a third role in cloud computing: that of a SaaS (Software as a Service) software vendor. It has already begun with the launch, in November 2011, of IBX Spend Capture Cloud, a service tailored for online procurement management on the cloud. This operation was particularly interesting because it adds value to one of the Group's assets, IBX being a Capgemini subsidiary since 2010.

"Someone has to help IT directors decide between the various offers on the market."

Patrick Nicolet, SBU Infrastructure Services Director

With these three businesses—software vendor, broker and consultant—the Capgemini version of cloud computing is already mobilizing many of the Group's team members. Over the medium term, cloud computing is set to make up a considerable part of the Group's revenues, estimated by CEO Paul Hermelin in an interview on the company website at between 1 and 1.5 billion euros in five–seven years' time. The challenge is to achieve this ambition.

41
billion dollars in 2011
241
billion
dollars in 2020
the global
cloud computing market,
according to analysts
Forrester Research⁽¹⁾



(1) Forrester Research, Inc., *Sizing the Cloud*, 21 april 2011.



Éric CHOMIS, *Orange Afternoon Zest*

Mobility

The new scale of business today

The daily use of a mobile terminal device (MDT) is quickly becoming a universal reflex and companies must adapt to this new era of non-stop Internet connections. To meet all their needs in this area, Capgemini and its subsidiary Sogeti offer a complete range of services.



It has now become vital for companies to stay connected to their employees, as well as their customers, suppliers and partners—at all times and everywhere they go. This is the mobility challenge. To meet this demand, Capgemini and its subsidiary Sogeti have come up with a new service line launched at the beginning of 2012 called Mobile Solutions. It is supported by the Group's extensive IT and consulting experience, and it is also backed up by the considerable expertise of Abaco Mobile, a highly innovative US company specialized in this field and acquired by Capgemini in 2010.

"After completely invading our private lives, mobility is now taking over our professional lives," notes Fernando Alvarez, founder and president of Abaco Mobile and global leader of Capgemini's Mobile Solutions service line. "In fact, many companies no longer provide their staff with MDTs, because everyone uses their own

mobile devices (smartphone or tablet computer) at work." The Bring Your Own Device (BYOD) concept is growing in popularity and so is the need—and the challenge—for companies to implement mobile technologies that are compatible with their IT systems' professional applications.

A priority for Chief Information Officers

For today's CIOs, this is a major challenge. According to Gartner's Worldwide Survey published in early 2012,⁽¹⁾ mobile technologies are the second highest priority on their agenda, just behind data analysis. Indeed, they must manage a massive influx of data, generated by both the company's and the employees' mobile applications (also known as "apps"). Analysts at the Swedish firm Berg Insight forecast that in 2012 the number of apps used worldwide will be nearly 100 billion.

Companies are just not prepared to handle this. Gartner confirms, "In the coming years, companies will need to quickly adopt effective mobility solutions. Given their lack of expertise and internal resources, they will be turning to external service providers

100
billion
the number
of "apps" in
use worldwide
by the end
of 2012,
according
to Swedish
analysts Berg
Insight



to help them keep up with the constantly changing technologies and implement their mobility initiatives.”⁽²⁾

The Mobile Solutions service line was designed to meet a company's entire needs in this area. It has five key components, each of which is available as a stand-alone service or as part of a comprehensive, end-to-end solution:

- design of mobility strategies
- development of mobile applications
- management of the applications' lifecycle, notably in cloud computing mode, with maintenance and hosting
- installation of mobile platforms, operating systems, software and infrastructures
- licensing of products developed by Capgemini's partners (mobile platforms, mobile devices and infrastructure hardware).

This offer leverages three of the Group's strategic partnerships: SAP, Sybase and Microsoft. Costs are tailored to client requirements. They can opt for the Software-as-a-Service (SaaS) or Platform-as-a-Service (PaaS) model and pay for all software, implementation, hosting and application support on a recurring monthly basis.

To support the mobile applications business, Capgemini and Sogeti have opened a Center for Excellence in India where 250 employees already provide expert support. This figure is expected to double before the end of 2012.

“The App Effect” by Sogeti

“Today, 2.1 billion people use the Internet,” explains Luc-François Salvador, CEO of Sogeti. “They are connected 24/7, and are becoming increasingly dependent on new, related tools, their ‘apps’. We are at the threshold of what we’re calling ‘the post-PC era’ in which ‘apps’ are in the spotlight: making life easier for individuals and creating great economic opportunities for businesses.” To clarify this phenomenon, Sogeti published *The App Effect*, based on a global survey and interviews with scientists, behavioral experts and representatives from well-known companies and organizations.

Jaap Bloem, Sander Duivestijn, Menno van Doorn and Andreas Sjöström, *The App Effect* (Sogeti).

Download at
www.fr.sogeti.com

600
petabytes
(millions of gigabytes),
the average
volume of data
exchanged each
month in 2011
on mobile networks,
according to Cisco

**“Today, 2.1 billion people use the Internet.
They are connected 24/7 and are becoming increasingly
dependent on new, related tools, their ‘apps’.”**

Luc-François Salvador, Sogeti CEO

FOR FURTHER INFORMATION, <http://www.capgemini.com>

(1) Gartner Executive Programs Report: *Amplifying the Enterprise, The 2012 CIO Agenda*, January 2012.

(2) Gartner Inc.: *Emerging Service Analysis: Enterprise Mobility Consulting, Application Development and Integration Services*, Susan Tan, December 2, 2011.



Vincent COUPPEY, *The Cable Car*



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Denver (Colorado) 303 256 2500
Des Moines (Iowa) 515 954 7678
Detroit (Michigan) 248 876 9738
Houston (Texas) 713 860 7400
Indianapolis (Indiana) 317 810 4400
Kansas City (Kansas) 913 451 9600
Minneapolis (Minnesota) 612 851 5500
New York (New York) 646 264 1600
Omaha (Nebraska) 402 492 8877
Phoenix (Arizona) 602 308 8900
Seattle (Washington) 425 691 2700
Southfield (Michigan) 314 812 4813
Tallahassee (Florida) 850 345 0175
Tampa (Florida) 813 862 2103

Featured Artists

Ever since 1987, the Capgemini Annual Report has been illustrated by contemporary paintings. This 37th edition showcases 18 artists.

Cover

Calman SHEMI

Born in 1939 in Argentina, Calman Shemi emigrated to Israel in 1961. He is one of Israel's leading contemporary artists.
contact@nuancesetlumiere.com

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Georges ROUDNEFF

Born in France in 1933, "Roudneff" began painting abstracts in 1951. He also produces colored wood engravings.
www.roudneff.com

4

Alain CHEVAL

Born in 1941, Alain Cheval studied at the Lyon School of Art and Design. A colorist, he is mainly inspired by the female form and landscapes.
alain.cheval.artiste@sfr.fr

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Gordon SEWARD

Born in 1969, British painter Gordon Seward was awarded, at the age of 12, the Sir Charles Wheeler prize for painting. Since 1996 he has lived and worked near Toulouse, France.
gordonseward@wanadoo.fr

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Liisa CORBIÈRE

Born in Finland in 1959, Liisa Corbière has been living and painting in the south of France since 1982. Her main source of inspiration is the region of Provence.
liisa.corbiere@wanadoo.fr

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Pierrick TUAL

Born in 1960 in the west of France, Pierrick Tual is greatly attached to Brittany—its seascapes, its boats, its beaches, and his hometown of Nantes.
tual.pierrick@wanadoo.fr

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François BOUCHEIX

The French surrealist painter and sculptor François Boucheix was born in 1940. He opened his own surrealist museum in Vichy, Auvergne, in 2006.
galeriehoche@orange.fr

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Jeremy BARLOW

Born in England in 1945, Jeremy Barlow is a member of the Royal Institute of Oil Painters. He has been a recipient of the Stanley Grimm (1994 and 2000) and Alan Gourlay (1999) prizes.
info@jeremybarlowfineart.co.uk

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Jacques VOLPI

A self-taught painter, born in 1948 in the south of France, Jacques Volpi works primarily with the knife, rather than the brush. Since 1990, his works have been exhibited in several French galleries.
jacquesvolpi@yahoo.fr

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Georges COROMINAS

Born in Algeria in 1945, Georges Corominas studied at the Algiers School of Art and Design, before settling in France in 1962.
www.georges-corominas.net

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ERNESTO

Born in Poland in 1960, Ernesto exhibits his work in galleries in France and the United States. The head of a major arts foundation said that he "could be considered as one of tomorrow's great artists."
aurelie@operagallery.com

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Jean-Yves FREMAUX

Born in 1947 in northern France, Jean-Yves Fremaux studied medicine in Lille, before finally moving to the shores of Lake Annecy, France.
rolandcharton@aol.com

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André DEYMONAZ

Born in Casablanca (Morocco) in 1946, André Deymonaz took up painting full time only at the age of 40.
contact@artclub.fr

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DUAIV

Born in 1952 in Charente-Maritime (France), Duaiiv (caps) is now a US citizen living in Fort Lauderdale, Florida.
artist@duaiiv.us

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Yolande ARDISSONE

Born in France in 1927, Yolande Ardissonne has enjoyed a successful career in the United States since 1957. Her works have been acquired by the French state, the city of Paris, and by the Ile-de-France and Maritime museums.
laure@artenoo.com

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Jean-Claude CAMPANA

Born in France in 1941, Jean-Claude Campana offers a vision of 18th-century baroque Venice and its carnival.
jeanclaude@campana.fr

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Éric CHOMIS

Born in 1965 in Lyon, Éric Chomis is heavily influenced by his region and its local artists.
e.chomis@free.fr

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Vincent COUPPEY

Working in the northern Paris suburbs, Vincent Couppey uses his own photographs as the basic inspiration for his paintings.
vincent.couppey@neuf.fr

An interactive, downloadable PDF version of this report is available at
<http://www.capgemini.com/annual-report/2011/en>

Full details about the Group and its activities are to be found in the Reference Document 2011 (Financial Report 2011), available as a print copy or as a PDF, which can be downloaded from
<http://www.capgemini.com/annual-report/2011/en>

The French versions are available at
<http://www.capgemini.com/annual-report/2011/fr>

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