

India becomes a jewel in the Capgemini crown

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When Paris headquartered IT consulting and services firm Capgemini recently promoted three Indian leaders to global position, it signalled the importance of India and Indian leadership in the company's growth plan.

The €8.7 billion Capgemini is one of the few European IT firms to have successfully used India as an offshore centre.

For instance, Salil Parekh will head the \$4-billion application services business of Capgemini that include North America, the UK and Asia Pacific. He will also be responsible for hyper growth markets like India. Before this, Parekh was the chief executive officer (CEO) of global financial services, Asia Pacific and India offshore.

Capgemini India Chief Executive Officer Aruna Jayanthi will be responsible for increasing the company's offshore lever-

age. The India unit is one of the largest centres for the group with over 31,000 employees. At present the total offshoring capability of the company is 38 per cent (includes centres in India, Philippines, China and Brazil).

"At present, India is 30 per cent of the total workforce of the group. But it is not adequate enough. We want to increase offshoring penetration by 50 per cent by using India as a centre. For this, the company is also looking at adding 20,000 more employees in India over the next two years," said Jayanthi.

Moreover, Baru Rao, who was CEO of India, will now be taking on a new role as the COO for application services in Europe, a \$3 billion business unit for the group and with 22,000 employees. One of his mandate is also to increase offshore leverage among the European clients.

"The US and the UK markets are not new to offshoring but we want to leverage this model for our European clients. At pres-

ent, Europe on an average offshoring penetration will be 20 per cent of the offshoring segment," said Jayanthi.

At present, France contributes 22 per cent to the group's revenue, followed by the UK and Ireland (22 per cent), Benelux (16 per cent) and rest of Europe and Latin America and Asia at 21 per cent. Agrees Parekh. He said, "Even in case of financial services, which has an offshore leverage of about 78 per cent, we still see some headroom for growth. Moreover, we can see at least 5 per cent improvement in offshore in sectors like retail, telecom, utility, pharma and others. I think regions like Australia, Singapore, Hong Kong can also see benefits from offshore."

For Capgemini, year 2011 will also mean improving its margins. For which again, its offshoring strategy will be key. The company has guided for a margin improvement of 0.5 to 1 per cent in 2011.

But for Jayanthi, it is not just

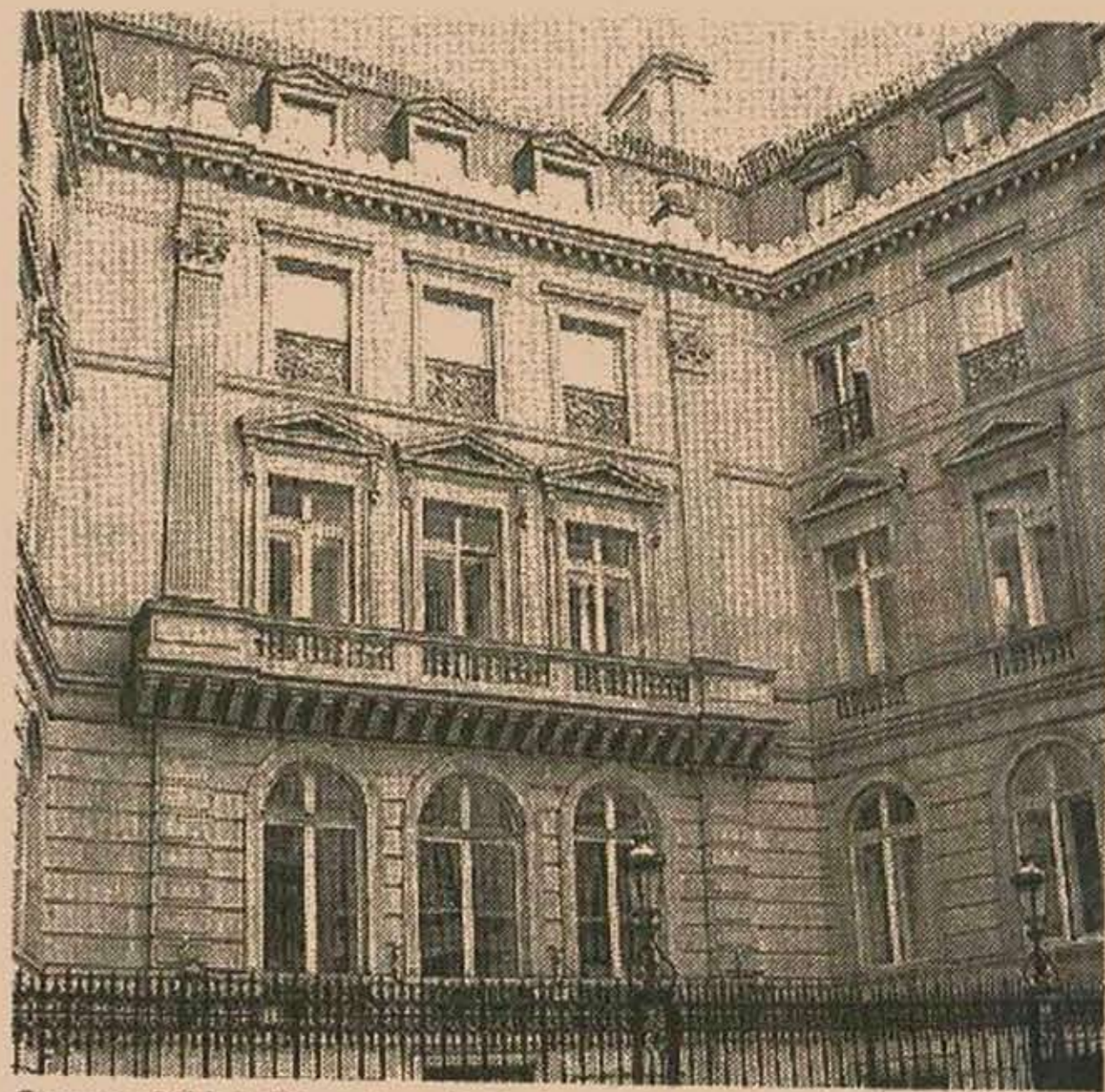
about increasing headcount in India. "We also want to use India as a hub of innovation and leadership," said Jayanthi.

Two years back, the company had started to use its India presence to create centre of excellence (CoE) for certain crucial sectors. Since then, Capgemini already has set-up 12 CoEs in India and all of these are in different stages of maturity.

The company has set up CoE for verticals like life science, retail, manufacturing, energy and utilities, telecommunication, payment and insurance claim processing, for SAP and a recent new addition has been testing.

For Parekh, growing India's presence as a market within the company is also going to be the key. "We are doing well in the country. We already have 40 clients. We grew at least 80 per cent this year (2010)," he added.

Capgemini increased its India focus post acquisition of Kanbay in 2006. It joins the rank of many of the other multi-na-



Capgemini headquarters in Paris

tional firms in India who have made India as their hub for innovation or centre of their software development programme. Rather, the company has been

steering towards this slowly. In 2007, for the first time, the firm's executive conclave was held in Mumbai. Since then, it has become an annual event.