

An Outsourcing Challenge by Schneider Electric

Success at winning hearts and minds of almost 600 people across Europe marks first anniversary of partnership between Schneider Electric and Capgemini

The Situation

Schneider Electric, strategically focused on automation and electricity management, is a recognized world leader in its field.

Having witnessed strong organic growth, the Group faced challenges of harmonizing processes across its heterogeneous legacy organizations and optimizing global IT costs.

Addressing these would reap major business benefits and ensure Schneider Electric enhanced its industry position.

The Solution

Part of the solution lay in outsourcing IT activities in some 31 European countries.

At its core, the solution entailed management of all applications and infrastructure and transfer of over 1000 professionals to an external partner. What was obvious to Schneider Electric was the Herculean scale of the task to hand!

Management sought a partner who could bring real value by helping the Group to transform its IT infrastructure, consolidate a portfolio of data centers serving 31 European countries and standardize operating systems through a group-wide implementation of SAP.

// This project is not about IT. It is about people and change, and how we manage both elements. For us, the relationship with Capgemini is absolutely critical. There is no way we could do it on our own. //

Hal Grant, Executive VP,
Globalization & Industry
Division, Schneider Electric



Schneider Electric and Capgemini have a history of successful partnership over many years. As a result, discussions were successfully concluded in November 2004 with both companies signing a 10 year contract worth € 1.6 billion.

“When we decided to go for outsourcing, we wanted to have a first class company to solve this for us. There are only a certain number in the top league but they all have similar technical capabilities. With Capgemini there was a strong cultural fit and they reacted in a very proactive way during the tender process.”

Barthold Veenendaal, Head of IT & Business Transformation in Europe, Schneider Electric

The Result

The first anniversary of the enterprising partnership offers an opportunity for management at Schneider Electric to measure Capgemini's service. Winning hearts and minds of people previously with Schneider Electric and destined to join Capgemini was key to success of the program.

The team will have successfully transferred almost 600 people across 26 countries by the first anniversary (5 countries were not subject to transfer of people). As a significant tribute to the critical HR element, very few people elected not to transfer. Despite some reservations, the majority welcomed the change.

Overall results impacting the whole program included:

- Delivery of new functionality to help grow Schneider's business.
- Management of people, and the ensuing scale of change, was seen as critical to success at meeting objectives.

The results facilitated a solid platform for the next stage in the program.



How Schneider Electric and Capgemini Worked Together

Schneider Electric provides comprehensive solutions worldwide in Electricity and Automation Management that combine software, communication and services.

The group meets customer expectations for the most demanding applications in terms of safety, reliability and energy savings.

Ranking among world leaders in medium and low voltage, the group delivers services for Ultra Terminal distribution, secured power, building automation and security, industrial control and sensors for repetitive machines.

The line-up of global market-leading solutions coupled with some powerful local and specialist brands is unparalleled in terms of breadth, strategic fit and related high value-added services.

Commitment by key executives from both partners

At the outset of the program, it was essential to map relationships between key stakeholders in each organization. It facilitated quick and effective resolution of issues as they arose, by the right people and at the right time.

There was strong commitment from individuals at the highest levels in both organizations to achieve this. Key executives engaging in a close relationship with regular contact illustrated this commitment.

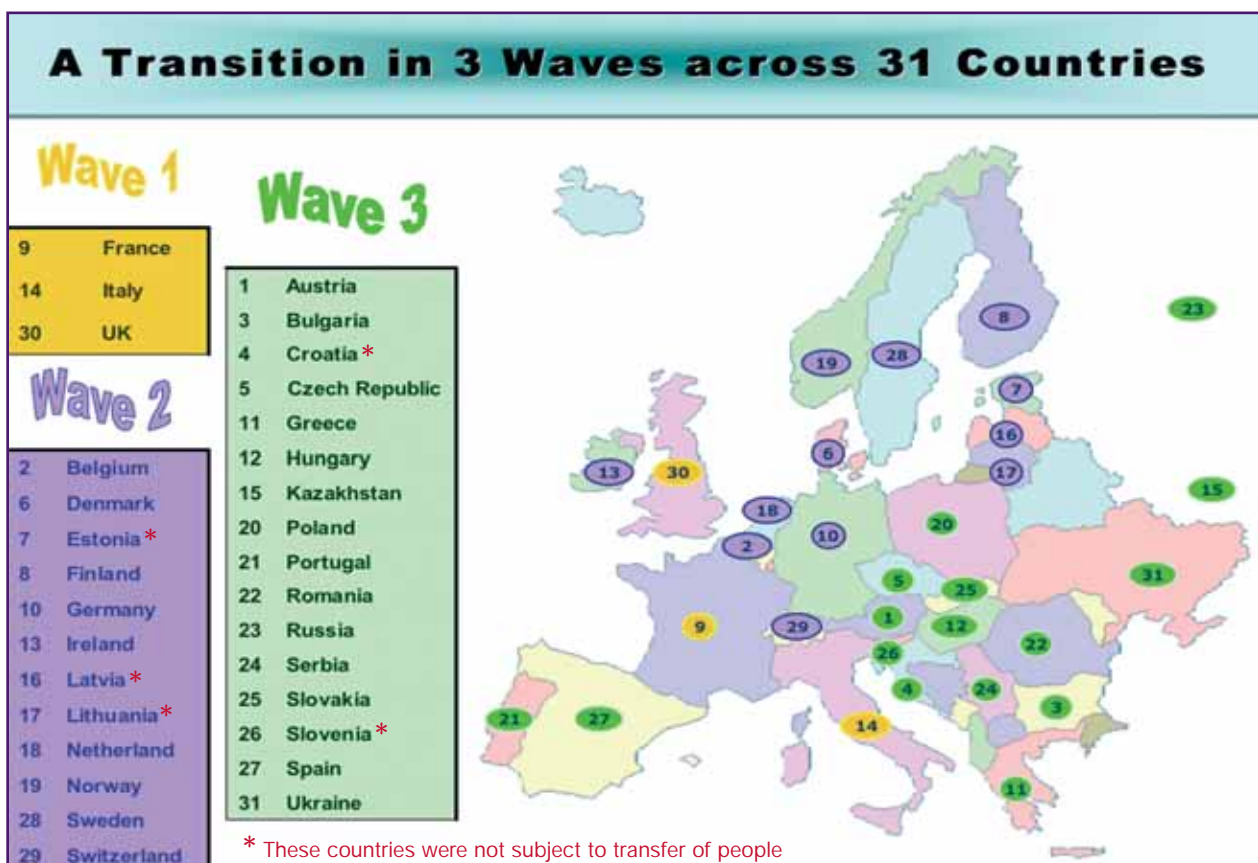
Ahead of the transition, Schneider Electric managers who were to be transferred to Capgemini adopted a real collaborative mindset and were closely involved in the transition process to make it happen.

Investing for a trusted partner

Capgemini mobilised a pan-European business unit, called BUS (for Business Unit Schneider) comprising multinational resources dedicated to Schneider Electric. The BUS leadership is based in France as well as at Schneider Electric's headquarters.

This facilitated a single team entrusted to facilitate effective transfer of employees across Europe. The program was planned for execution in 3 waves, based mainly on geography.

Where it had no prior presence, Capgemini opened new branches in geographies affected by the program. This included 10 new countries.



Adaptive joint solutions and actions

Contact with unions in each country was established at the earliest point in the cycle. Specific legal arrangements were set up to cope with discrepancies between pensions at Schneider Electric and Capgemini. In order to preserve any prevailing employee benefits, where necessary, Capgemini created some specific legal entities.

Communication at all stages was of critical importance. Road shows of HR teams in countries, and joint meetings with strong support from Group HR management, were instruments of success.

Websites were set up in Italian, English, French, German and Spanish to cascade detail on each wave and how it would affect people. A celebration event marked each individual country transfer, with welcome booklets and induction sessions scheduled to ensure rapid integration.

A dedicated task force

A strong Transition team (comprising over 250 people from over 20 countries, some for a day or two; others for 9 months) has successfully transitioned some 110 legal entities across 31 European countries.

50 Country Service Agreements were negotiated and signed to a demanding schedule. At their peak, this meant up to 5 contracts being negotiated every week for 2 months.

Numbers for technology are equally stunning. Among assets to be transferred included over 2000 servers, 33000 telephone handsets, 360 PBXs, 7400 network devices, 36000 PCs, 1100 applications and 1600+ third party contracts.

Success in many countries without a strong cross European country organisation or resourcing process was achieved against the odds. The early investment to set up effective escalation routes ensured that issues or conflicting priorities could be overcome. It facilitated easier buy-in of country management teams to overall program objectives.

Much more needs to be achieved to address the long-term vision of Schneider Electric. If results of the first year are a yardstick, the success of the partnership has only just begun. Watch this space...

“Our joint vision is to get our IT costs down to about 2 1/2 % of sales. With Capgemini, we had a substantial business relationship and a deep understanding of each other. With that, we have a great platform to build upon”

**Hal Grant, Executive VP,
Globalization & Industry
Division, Schneider Electric**



About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, called the Collaborative Business Experience.

Backed by over three decades of industry and service experience, the Collaborative Business Experience is designed to help our clients achieve better, faster, more sustainable results through seamless access to our network of world-leading technology partners and

collaboration-focused methods and tools. Through commitment to mutual success and the achievement of tangible value, we help businesses implement growth strategies, leverage technology, and thrive through the power of collaboration.

Capgemini employs approximately 60,000 people worldwide and reported 2004 global revenues of 6.3 billion euros.

More information about our services, offices and research is available at www.capgemini.com

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