

Better Today, Stronger Tomorrow— Cost Transformation from Capgemini

A pragmatic approach to cost cutting that positions your business for growth

Too often, cost cutting is seen as a “bad thing”—as something a company is forced to do when times get tough. But what if cost cutting could be the foundation for building a better business—a stronger, more competitive business? And what if your company could transform its cost structure using a down-to-earth approach, without an overwhelming commitment of time and talent?

Capgemini helps consumer products companies realize meaningful improvements in their business processes and operations—the kind of improvements that reduce expenditures on SG&A and COGS. Consider these examples of results our clients have recently realized:

- A fashion manufacturer/retailer achieved \$30 million in SG&A savings in one year and will realize an additional \$550 million over the next 10 years. Now, with shared efficiencies and information, the company’s many brands are positioned for future growth.
- A consumer electronics manufacturer/retailer boosted sales 15 percent by aligning store inventory with actual demand. Annual distribution cost savings totalled \$4.3 to \$5.6 million.
- A manufacturer of plastics reduced SG&A and COGS by \$25 million in one year.



A **lean** cost structure doesn't just **cushion** the impact of a slow economy; it also **gives** a company the **power** to respond decisively and strategically to new **opportunities**.

- An international paper company cut back-office costs by 50 percent and FTEs by 10 percent, while still efficiently processing 1.5 million invoices each year.

Imagine the Possibilities

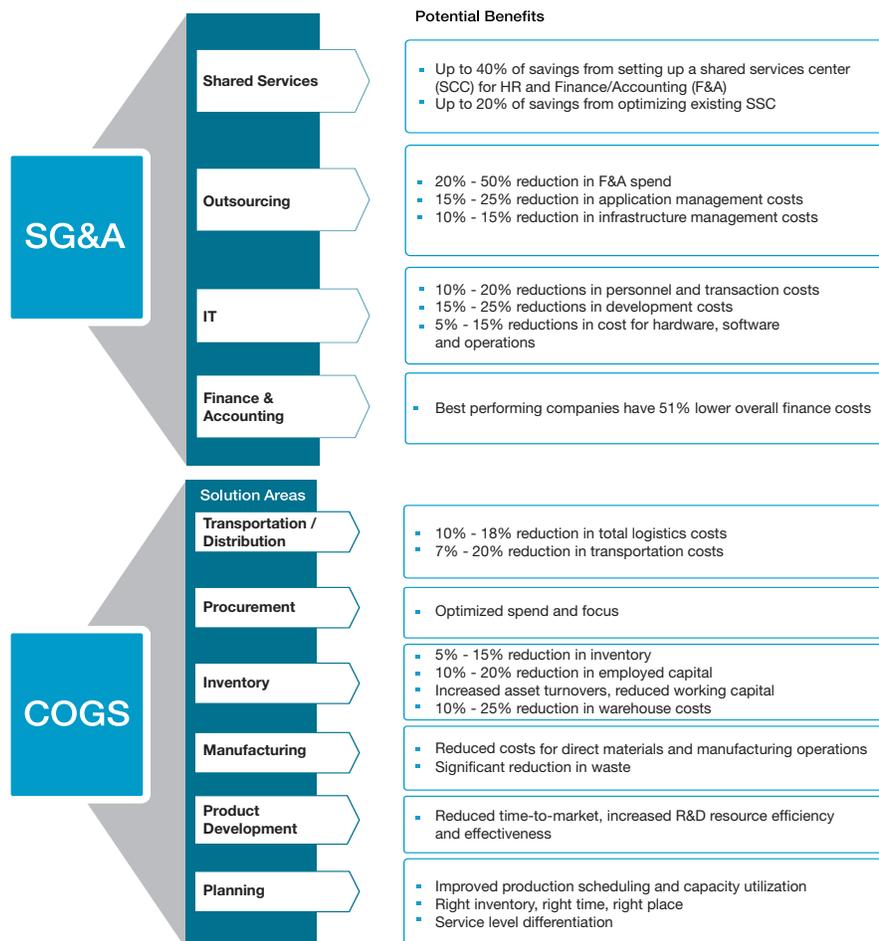
Capgemini helps consumer products companies reduce expenditures on SG&A and COGS dramatically and permanently (see chart A). We're even helping companies that have already reduced their budgets find additional, large savings. The reasons we can do this are core to our service delivery model: our solutions are comprehensive, holistic, and industry-specific.

Just as important, we know the value of looking ahead.

Our work in helping consumer products companies cut costs is framed in a view toward the future. Cost cutting has limited value unless it acts as the foundation for a fresh start, for competitive positioning, and for growth. A lean cost structure doesn't just cushion the impact of a slow economy; it also gives a company the power to respond decisively and strategically to new opportunities.

What could you do with a better bottom line?

Chart A: Cost Reduction Opportunities



Three Opportunity Horizons

To help you find and exploit the many opportunities in your company to reduce SG&A and COGS, we have devised an approach that optimizes outcomes while minimizing risks by combining a long-term view with initiatives for immediate savings (chart B).

solution roadmap. Many companies find ways to begin saving money before the assessment is over.

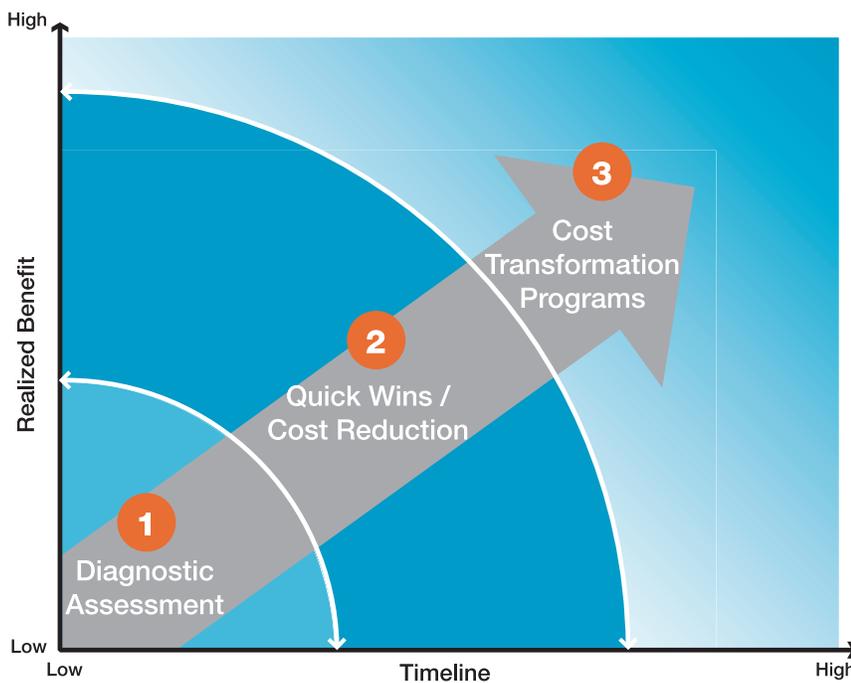
Step 2: Quick Wins

“Quick wins” are those opportunities you can use right away to do two things: 1) stop the flow of cash out of the business and 2) generate the

Step 3: Cost Transformation

True cost savings—those that can be sustained over time; those that can afford your company a true competitive advantage—are the result of embedding industry-specific best practices in your operations. A transformation of your company’s fundamental cost structure goes beyond surviving today’s downturn in the economy to lay the foundation for future earnings and growth. When cost transformation is the end-state objective, we help your company realize fundamental change. Together, we design a transformation roadmap that is multi-threaded—integrating your business strategy with people, process, and technology change.

Chart B: Cost Reductions Can Be Realized Over Three Horizons



Capgemini Collaboration and Acceleration

We collaborate with our clients—27 of the world’s 30 largest consumer goods companies—to enable them to achieve tangible business results; as part of our collaborative model, we share risks and transfer skills and knowledge to client organizations. Capgemini has the depth and breadth of experience to deliver cost transformation—and we speed results using proven, proprietary accelerators such as our Accelerated Solutions Environment (ASE)—to rapidly increase business decision-making and our Rapid Design & Visualization (RDV) capabilities to visually prototype how new business processes and technology would really work in your business.

Step 1: Diagnostic Assessment

In six-to-nine weeks, we help define your company’s dominant cost drivers, and then compare your performance indicators with those of direct competitors using our proprietary Value Chain Assessment tool that incorporates financial data from Standard and Poor’s. At the end of the diagnostic, you’ll have a clear identification of potential process and IT improvements, as well as a

savings needed to find long-term cost reduction initiatives. “Quick wins” also keep alive the corporate commitment to meaningful, sustainable process improvement. When the focus is on quick wins, we manage the engagement with time-boxed results delivery. The objective is to achieve measurable short-term results; the actions might include rationalizing spending, renegotiating contracts, optimizing transportation and streamlining processes.

If you’re ready to save real money today and prepare your company for future growth, we want to talk to you.



About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies.

Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience. The Group relies on its global delivery model called Rightshore®, which

aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in more than 30 countries, Capgemini reported 2008 global revenues of approximately \$12.74 billion and employs over 90,000 people worldwide.

More information is available at www.us.capgemini.com.

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