



## 4 Competitiveness



Freddo Sacaro, *Sunday in the museum*

### Greater value at the best price—the winning formula

In today's tough business climate, Capgemini's clients are under growing pressure to be more competitive, and they rely on their IT systems to help them achieve that goal. They are looking for cost-effective, reliable and high-quality services, delivered at the right time. With this in mind, the Group took several steps to sharpen its competitive edge in 2012.

Today, virtually the entire IT services industry has been industrialized. Its production centers are adopting and adapting the best factory methods: assembly lines and series, specialization, methods, standardization—as well as careful and shared optimization of Lean Management.\* As shown in this article, Euroclear is a good example of these shared practices, which have opened up new areas for collaboration between Capgemini and its clients.

In the past, competitiveness often meant transferring production to countries with an abundance of cheap labor. This is no longer the case: offshore is still necessary, but not sufficient. Increasingly, competitiveness is about improving production methods, and 2012 saw Capgemini take several decisive steps in that direction.

Another change emerges from the fact that the Group's clients will no longer settle for an applications portfolio for their use only. Nowadays, they are making many applications—usually mobile—available to their own customers. This means that the quality of applications is immediately transparent—and thus becomes a key factor in gaining competitive advantage. This is one reason for the renewed importance of software testing, an area where Capgemini has strengthened its leading position.

### Industrialization and Lean—the same battle!

Capgemini aims to produce services with the best possible quality/price ratio. A first solution—and one where Capgemini has led the way—was to provide services from offshore. Today, however, the Group is coming up with new solutions. To remain competitive, Capgemini has built and is constantly expanding its global production tool, organized on industrial lines. Of course, custom-built services are still provided for individual clients, but the Group's growth and profitability rely on its ability to produce large-scale services for many clients.

Constant performance improvement is built into each project and all production centers. At every step of service delivery there is a drive to optimize costs and processes, pushing standardization for the benefit of the Group's clients.

\*Lean Management was first introduced by Toyota in the 1950s. Following its spread to other types of industries, around a decade ago the services sector began to be attracted by its principles. The aim of Lean is to focus on the value to clients and reduce all activity which does not contribute to increasing that value.





### CAPGEMINI CLOSELY COLLABORATING WITH EUROCLEAR ON END-TO-END LEAN IT

Based on an interview with Anne Swaelus, Managing Director of Delivery Excellence Applications Development and Maintenance Division and Marc de Rycke, ADM Leader, Euroclear Group, conducted by Lambert Swillens, Capgemini's Delivery Leader for Euroclear.



Anne Swaelus and Marc de Rycke

Euroclear Group, headquartered in Brussels, is the world's largest provider of domestic and cross-border settlement and related services. With 18 offices around the world, including in Singapore and Dubai, Euroclear provides post-trade services for transactions involving domestic and international bonds, equities, derivatives and investment funds. Its turnover—the value of securities transactions settled for clients—was €542 trillion in 2012. The value of securities held for clients rose to an unprecedented €23 trillion at year-end 2012, and around 160 million transactions were processed during the year.

IT systems are critical to the smooth functioning of Euroclear's operations. And in the highly competitive market in which it operates, the development of value-added services is a must. To achieve these aims, three years ago Euroclear decided to change its IT strategy, moving from a "big bang" renewal of core systems to a gradual upgrade and revamping of its applications portfolio. All this, while providing innovative, low-risk and high-quality services that are crucial in a highly regulated and systemically important environment.

In 2012, Euroclear decided to move to a "preferred partnership" relationship for the applications development and maintenance (ADM) activities of Euroclear Bank. It chose Capgemini because it wanted to rely on a "real IT partner"—one with the capacity and ability to execute large sections of the IT roadmap in a cost-effective manner. Capgemini had previously worked for eight years as one of Euroclear Bank's three ADM providers, delivering projects aimed at increasing client satisfaction levels.

Under the new outsourcing contract, Capgemini will provide IT development and maintenance services on Tandem, Mainframe and Windows technology. Around 150 team members from the Group's Financial Services global business unit in Belgium and India (Hyderabad and Chennai) will be working on the contract. This is a five-year partnership agreement encompassing Euroclear's legacy IT landscape, including the company's major business programs, and its "IT-Vision."

#### A win-win Lean partnership

Euroclear introduced Lean management across Euroclear Bank's operations teams in 2007 with some impressive results. The aim was to improve effectiveness and efficiency, while improving client satisfaction and productivity. Lean was then extended to the IT team in 2009, where it made a noticeable impact on predictability, deployment, improved standards and methods. This was achieved through the combination of a top-down global framework and consistency, with bottom-up applications of standard operating procedures. As the Euroclear annual report states: "Lean empowers staff members to take ownership of day-to-day improvements in procedures and to look proactively for flexible solutions to support the business."

In this period of Lean implementation, Capgemini and Euroclear team members took part in joint workshops aimed at assessing the fit between Euroclear's Lean principles and Capgemini's Lean Foundations® that were being developed around the same time. Once it was decided that the two Lean approaches were compatible, a more collaborative relationship was quickly established, leading to the "preferred partnership" contractual relationship agreed in 2012.

#### Lean is delivering real results for Euroclear

The preferred partnership with Capgemini is delivering continuous cost reductions and quality improvements in the work conducted by Euroclear's ADM team. These are being achieved through a mixture of productivity gains and by leveraging Capgemini's Rightshore® resources

model. Key to its success is open and continuous communications between the Euroclear and Capgemini teams. For example:

- daily stand-up meetings and shared digital whiteboards—to manage project delivery flows and key performance indicators for improved operations;
- resolution of most issues within the same day;
- leveraging the A3/problem-solving sessions approach to arrive at a common agreement on the root cause of bigger problems, and how to solve them;
- review and development of standards, e.g. to optimize reviews for agile development projects;
- a common capacity plan for demand processes and improved flexibility by means of cross-skilling, up-skilling and skill management;
- talent reviews for key people;
- workshops with key people from both firms several times a year to carry out structured analysis of the "voice of the consumer;"
- Capgemini's early participation in business case reviews for new projects; and
- an exchange of standard operating procedures to drive standardization and efficiency for common operations.

The maturity and compatibility of the Lean way of delivering and improving services are now well established. Euroclear and Capgemini are both clear that Lean, employed on an end-to-end basis, and embedded in the new contractual relationship, will be a key enabler in both companies meeting their obligations—Capgemini to its client Euroclear, and Euroclear to its own customers.

**Euroclear's 3,500 employees provide post-trade services to millions of retail investors and to 2,000 financial sector clients. Euroclear Bank, the international central securities depository of the group, offers a single access for post-trade services in 45 capital markets. Also a single-purpose bank, it is authorized to provide certain banking services to facilitate settlement and enable its clients to optimize their assets. The company owns EMXCo, the UK's leading order routing system for investment fund transactions.**



## Launch in 2012 of Capgemini Lean Foundations® 2.0

Industrialization goes hand in hand with Lean tools and methodologies. Capgemini sees Lean as much more than a set of tools and methodologies for reducing costs, removing waste and improving operational efficiency. Its Lean approach involves building a close relationship with clients and collaborating with them to achieve excellent customer services through a process of continuous improvement. Already, more than 9,000 team members are working on contracts using Lean tools.

To speed up the use of Lean, the Group launched the Capgemini Lean Foundations® 2.0 in 2012—a set of best practices developed over two years using Lean in outsourcing contracts. These best practices are now applied to Appli-

cations Management (AM) and Infrastructure Management (IM). Capgemini is capitalizing on this momentum to develop a “Lean attitude” across the entire Group—for example, daily stand-up meetings and A3 problem-solving sessions.

The interest of the Lean approach is clear to Capgemini’s teams—and its clients benefit from greater efficiency and improved quality of work. However, Lean’s beneficial effects do not stop there. Its effects are multiplied when the two teams—Capgemini’s and the client’s—work together, leading to new, more collaborative working practices. This is for the greater good of everyone, including the client’s own customers.

## Business Process Outsourcing (BPO) transformed through standardization

The Global Process Model® (GPM®) is the innovative approach of the BPO Strategic Business Unit for transforming companies’ working practices. It works on the simple principle of an instruction manual in which the best global practices are identified in a database, assembled for the client into a clear set of processes, accompanied by operating procedures.

GPM® is available for accounting and finance operations. A database of more than 700 well-defined components, with seven levels of detail, enables the Group’s clients quickly to assemble, adjust and roll out their own global processes—on the top-quality and highly competitive, standardized BPOpen® technology platform.

### Expert Connect

#### MAMATHA UPADHYAYA, APPLICATION SERVICES ONE, INDIA

*“Expert in Big Data Analytics, I help our clients understand how big data analytics underpins every business decision they make.”*

**Expert Connect Profile:**

<http://www.capgemini.com/experts/business-analytics/mamatha-upadhyaya>



## Transformation of production models

To provide its clients with greater quality without increasing costs, Capgemini is transforming its core delivery models in three ways: creating multi-client production units for applications management; managing and invoicing infrastructure services according to the service provided, rather than on the basis of hours worked; and adopting shared services for project management.

### Multi-client production units: an industrial route to value and innovation

In traditional industries, the rationalization of manufacturing goes hand in hand with quality improvement. Production chains, initially specialized by product, have become flexible to allow several products to be produced on a single assembly line. Capgemini has adopted a similar principle for applications production and management.

The Group has set up multi-client production units in India and Morocco, where software is adapted and deployed, and customized application solutions are developed. This type of organization provides two main

advantages: cutting-edge skills can be shared between several contracts, and standardization benefits—such as common definitions, service catalogs, tools and methods—can be fully exploited. The production unit’s own valuable

resources also create a favorable environment for innovation—recent examples include performance dashboards, updated in real time, and accessible both to the client and Capgemini team members.



Team members in Morocco

### New management model for infrastructure services production

Thanks to advances in cloud technologies, the market is now moving towards the standardization “by catalog” of infrastructure services. Until recently, the management of production in terms of infrastructure was largely based on the number of hours/people provided by the day or week.

To harmonize the offer and production methods, the management has had to evolve: the new basis is the unit-based service catalog, and the quantity of services produced for the client. This transformation of infrastructure services management was launched in 2012, with priority given to offshore centers.

**THE MARKET IS NOW MOVING TOWARDS STANDARDIZATION “BY CATALOG” OF INFRASTRUCTURE SERVICES, THANKS TO DEVELOPMENTS IN CLOUD TECHNOLOGIES**

### Capgemini project leaders released from internal tasks

In order to bring projects to a successful conclusion, project managers have to satisfy a number of complex requirements. They have not only to meet the needs and expectations of clients and ensure the technical success of the project, they also have to manage all the administrative and financial aspects of complicated, and sometime valuable, contracts.

To reduce the time they spend on these aspects of internal management, Capgemini’s project managers can draw on a range of services—all shared between multiple projects and clients via offshore centers in India and Morocco. Shared services include project monitoring, financial reporting, documentary and quality control management. Tools such as these ensure that project managers have more time to collaborate with the teams working with the clients and also enable them to devote most of their energy to the technical and human aspects of projects—keys to success.



## Rigorous software testing and competitiveness

Capgemini's clients know that being competitive depends, more than ever, on rigorous software testing. The slightest software defect is quickly spotted by their customers, any lost connections lead to lost revenues, while news of defective services will quickly spread via social networks. For all these reasons, testing standards have become more rigorous. Capgemini, a leader in this area, has had to respond in order to strengthen and consolidate its competitive position. In 2012, the Group focused its efforts on industrializing its offers and production methods, and the analysis tools for its clients' applications.

### Creation of Managed Testing Services

Keen to consolidate their software testing, a number of companies and organizations are handing over testing to a single supplier. In response to this demand, Capgemini created a Managed Testing Services (MTS) offer, with its three delivery frameworks: One Team Project, One Testing Process and One Transformation. With MTS,

and tools to manage the quality of testing throughout the application lifecycle. This "Shift-Left" approach will enable clients to test early in the software development cycle, leading to fewer defects, higher quality and reduced costs. The Group's transformation offer is based on these principles.

### Industrial-level production

The Group is constantly looking for ways to increase the competitiveness of its testing service by boosting industrialization levels in the Rightshore® centers. In the Test Factory and Managed Test Center units, the Group has developed models such as TestManagement Approach™ (TMap™) and Test Process Improvement™ (TPI™), the industrialized, high-value, repeatable and reusable testing solutions. In software testing, innovation and industrialization go hand in hand. Capgemini expects to make substantial progress in terms of automating procedures and execution, security and data protection.

**TESTING MUST BEGIN VERY EARLY IN THE SOFTWARE DEVELOPMENT CYCLE**

the Group is offering not only improved management and production of existing tests, but enabling its clients to embed testing and quality assurance in the software development

cycle, thus transforming applications development.

This brings together industrialization and intellectual capital. In 2012, Capgemini and its subsidiary Sogeti published the PointZERO® Vision, a focus on methods

## The best analysis tools for software applications

Software quality depends on many factors, especially on how testing is carried out. To calibrate their testing efforts, Capgemini's clients want to know how to assess the quality of their applications portfolio. In this area, Capgemini has collaborated for many years with CAST, a global leader in software analysis and measurement.

In 2012, the Group signed a partnership with CAST to use their Application Intelligence technology. This enables a comprehensive audit of the structural health of an application portfolio, thus identifying risks and vulnerabilities in an IT system at an early stage.

"Capgemini has worked with code analyzers for some time, but decided on CAST because of its ability to perform architecture analysis with much more accurate results," explains Thierry Daumas, Head of Industrialization Services at Capgemini France. "Since 2007, CAST has become the backbone of Capgemini's Application Intelligence Center. Its use has been extended internationally to ensure the highest standards of software quality in application development and maintenance are adhered to by our clients across the world."

The platform is being deployed in the shared service centers in India and Morocco, and is already making a contribution to the competitiveness of the Group's AM production units. Collaboration with CAST also helped the Group to win many AM contracts during 2012.



**TO HELP BUSINESSES ASSESS THE QUALITY OF THEIR APPLICATIONS PORTFOLIO, CAPGEMINI HAS COLLABORATED FOR MANY YEARS WITH CAST, A GLOBAL LEADER IN SOFTWARE ANALYSIS AND MEASUREMENT**



### Expert Connect

#### CHRISTOPHE DELSAUX, SOGETI, FRANCE

"Expert in Business Cloud, I help our clients to apply cloud solutions that deliver real business benefits such as understanding how cloud is more than an IT business solution but offers real change in how our clients work."

**Expert Connect Profile:**

<http://www.capgemini.com/experts/business-cloud-infrastructure-management/christophe-delsaux>

