Press contact:
Tom Lodge or Sara Lee
Inferno Communications
Tél: 0208 434 5500
Email: capgemini@infernopr.com

Four Out of Ten CIOs at Multi-Billion Euro Enterprises Believe Their IT Function Cannot Deliver Enough Agility in an Environment of Accelerating Business Change

Paris - London, March 13, 2007 - During the last three years, 97% of businesses have experienced major change in the business environment, according to a worldwide survey carried out by Capgemini Consulting of CIOs with average budgets in excess of €100 million a year[1]. And yet 38% of those questioned do not believe that business IT provides the agility it needs and 29% do not believe their IT function is able to keep pace with the changing business environment. With 83% of the CIOs stating IT agility as a strategic imperative needed to enforce overall agility in the organisation, many companies are at risk in this environment of accelerating change.

The highest performing businesses surveyed focus on both IT and business agility in parallel; 97% of CIOs agree that partnering with the business is critical for IT agility (agility being defined as taking a proactive approach to a changing business environment). The vast majority, 93%, also agree that IT agility does create business value, however 55% said that common practice for managing IT is not inducive to IT agility. The most important factor enabling agility is the people (49%), who are viewed to be almost twice as critical as processes (27%) and systems (24%). This suggests that agility starts with employee mindset, rather than in the processes and systems that employees execute.

Gilles Camoin, global leader of the Business & Information Strategy practice within Capgemini Consulting says: "*IT agility enables business freedom. Whilst many CIOs have built an IT function that can work with the business to adapt to a fast changing business environment, a significant number are worried they cannot keep up. People are the primary enabler for change and a key source of competitive advantage. However, although most recognise people are the most important function, they are not making enough effort to foster an agile mindset.*"
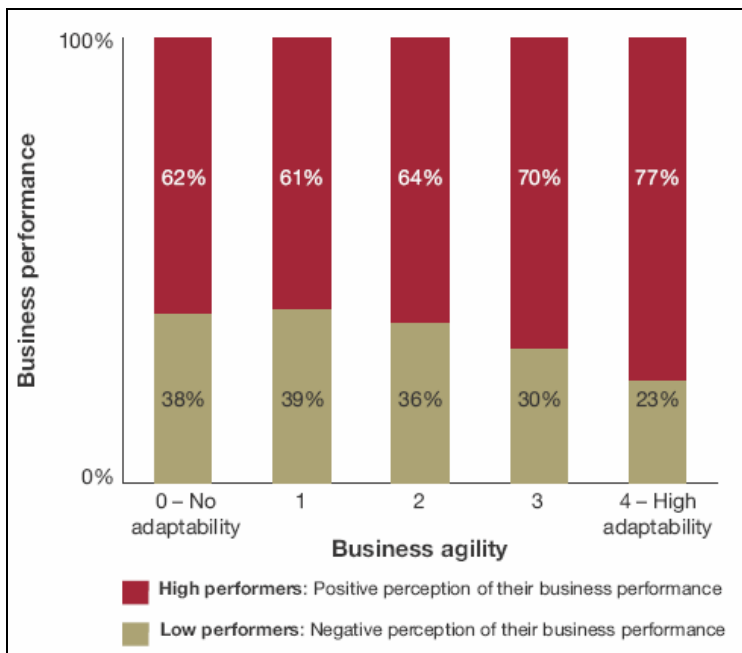
---

[1] Capgemini Consulting carried out a survey of 300 CIOs of major organisations in 21 countries across Europe, North America and Asia. Average revenue of the companies interviewed was €8 billion; average IT budget, €100 million.

Companies in the most volatile markets surveyed were the most likely to have adopted a proactive response to business change and there is a clear positive correlation between high-change environments, agility and business performance (see Figure 1 below). While all respondents agreed creating an agile business will involve investment, this investment pays back through increased business performance and competitive advantage.

Surprisingly, budget was rated as the least important factor in creating agility with only 42% of the CIOs questioned citing cost reduction as a barrier to agility. In terms of streamlining operations, only one in three cited outsourcing of the IT function as critical for IT agility. On the other hand, those organisations that have outsourced parts of their IT function have experienced a higher degree of IT agility, implying that outsourcing does actually increase a business's agility.

Camoin summarises: "*Business transformation is accelerating, often due to increased legislation, and is prevalent across all sectors and all regions. In order to remain competitive in this environment, firms must approach change proactively. By changing their philosophy to one based on customer intimacy and focusing on becoming responsive to external drivers, businesses will become more agile and able to respond to other external change. Those that take control of change will create sustainable competitiveness and those that resist will be forced into change at great expense.*"

Figure 1: Business Performance Versus Business Agility

Capgemini Consulting has made the following recommendations to business:

- Adopt an IT Strategy based on customer intimacy
- Re-invent your IT organisation to stay agile
- Be great at managing IT investments as a balanced portfolio
- Focus on the payback
    - Do not have a cost-only focus for your IT Strategy
    - Make a business case for agility
- Take action to achieve IT agility
    - Invest in improving the capabilities of IT staff
    - Improve processes that bring business and IT together
    - Embrace a service-oriented business culture

About Capgemini Consulting

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, which it calls the Collaborative Business Experience. Through commitment to mutual success and the achievement of tangible value, the company helps businesses implement growth strategies, leverage technology, and thrive through the power of collaboration. Capgemini employs approximately 68,000 people worldwide and reported 2006 global revenues of 7.7 billion euros.

Capgemini Consulting is the management consulting discipline of the Capgemini Group. We offer transformational excellence through understanding specific customer needs in all business sectors. Based on our strong functional expertise and our ability to accelerate change, we collaborate with customers to design the best strategies and execute the transformation, impacting both business results and growth. Across the globe, Capgemini Consulting has 5,000 management consultants.

More information about individual service lines, offices and research is available at www.capgemini.com.

Capgemini Press Release