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Capgemini Completes its First Acquisition in China: Praxis Technology

Acquisition of Chinese Utility industry specialist builds on Capgemini's ambitious strategic growth plans in China

Paris, Shanghai, 24 June 2011 – Capgemini, one of the world's foremost providers of consulting, technology, and outsourcing services, today announced the acquisition of Beijing-based Praxis Technology, an established specialist provider of IT and consulting services to the Chinese utility market. Praxis Technology's scope includes business management consulting services, Enterprise Resource Planning (ERP) implementation and application and software development services for the Chinese energy industry. This acquisition forms part of Capgemini's strategic plan to intensively build its position in the Chinese market, the world's second largest economy, through organic and external growth and reinforce its position in China's fast growing utility sector. The acquisition, whereby Capgemini will acquire a 100 percent stake in Praxis Technology, will be financed by the Capgemini Group's net cash. The acquisition is expected to be closed shortly.

The acquisition of Praxis Technology, as well as the acquisition of leading Brazilian IT services company, CPM Braxis, announced in September 2010, further builds on Capgemini's emerging market offerings which represent an important strategic growth opportunity for the Capgemini Group.

With its China headquarters in Shanghai, Capgemini employs over 1,800 professionals in China and has offices operating in several major cities including Beijing, Guangzhou, Shenzhen and Hong Kong. It also operates dedicated BPO centers in Guangzhou and Hong Kong and has a Shared Service Centre in Kunshan, Jiangsu Province. Over the last ten years, Capgemini's client base in China has grown quickly with its product portfolio further diversified to cover consulting, technology services and outsourcing for the Chinese market, with clients including China National Petroleum Corporation (CNPC), China Guangdong Nuclear Power Corporation (CGNPC), China Southern Grid, China Datang Corporation and Shenzhen Energy Group Co., Ltd. The Group has a strong presence in the local utility and manufacturing sectors, and is ready to create strong momentum in China around its global Smart Energy Services offering.

With 2010 revenues of over 50 M RMB (over 5 M euros) and over 110 employees, Praxis Technology is a leader in the specialist field of utility industry management and IT solutions. As a SAP Services Partner and one of the SAP channel partners in the power industry in China, Praxis Technology is a developer of SAP solutions for the utility sector and has provided many solutions which have become the industry standard. Praxis Technology is also a founding member of the Electric Power Industry Solution Center of SAP China Research Institute, an enterprise service-oriented architecture training center certified by SAP in China.

As one of the fastest-growing of the emerging market economies, China is a key strategic region for expansion for Capgemini and the acquisition of Praxis Technology represents a significant growth opportunity. According to IDC, China's IT services market will still be in the double-digit growth stage for the next five years, with a 2009–2014 CAGR of 14.1%¹. In the Chinese utility market, IT is infiltrating the entire value chain in production, operation, management, analysis and decision making. Smart Grid, Smart Metering and Smart Home continue to dominate the national agenda and are expected to drive much further investment in IT over the coming years, offering significant potential for growth.

“With its continuous and rapid economic growth, we see China as a top priority market for expansion,” said Gilles Taldu, Head of New Businesses, Capgemini Group. *“The utility sector has been an important focus area for Capgemini China for many years. This acquisition will strengthen our capability in this sector to help address the needs of China’s largest utilities. Capgemini recognizes that investment in leading-edge SAP ERP technologies will help clients in this space to gain access to a full range of services across the entire lifecycle of an SAP implementation. We look forward to working with the Praxis Technology team to bring the latest SAP technologies to our utility clients in China.”*

“We have built a solid reputation as a leader in utility industry IT and consulting services in China through our specialist technology services,” said Yanpeng Zheng, General Manager of Praxis Technology, who joins Capgemini in China. *“We already have a close relationship with Capgemini, having collaborated a number of times when working with mutual clients. Together, we look forward to providing further value to our clients through the combined global and local expertise offered by the team, providing the depth of knowledge necessary for our work with some of China’s largest companies.”*

¹ IDC report - ‘China IT Services 2010-2014 Forecast and Analysis’, # CN2577406S published in July, 2010
Capgemini Press Release

About Capgemini

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 40 countries, Capgemini reported 2010 global revenues of EUR 8.7 billion and employs over 112,000 people worldwide.

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