

# Innovation Nation

Helping to optimize your  
business operations

2017  
Summer

## SUPPLY CHAIN TRANSFORMATION FOR THE DIGITAL AGE

REIMAGINING THE SUPPLY CHAIN IN THE ERA  
OF INTELLIGENT AUTOMATION

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*In a world where customer expectations are witnessing seemingly exponential growth, the case for a compelling customer experience has evolved from a nice-to-have to an absolute necessity. Digital technology is transforming the way we interact with our customers, creating a more demanding customer that is happy to take his or her business elsewhere if the product is not delivered on time, not as described and not supplied at the right price.*

*In the supply chain space, businesses are starting to embark on digital transformation to take advantage of the opportunities of new technologies – with successful digital transformation initiatives centering on reimagining the customer experience, operational processes and business operating models. With this in mind, the Summer 2017 issue of Innovation Nation focuses on how Capgemini's Digital Supply Chain is creating competitive advantage and enhanced business outcomes for our clients by putting their customers at the heart of our solution – leveraging intelligent automation to transform their supply chains.*

*Raman Katyal, who heads our supply chain team, shares his point of view on how intelligent automation can reimagine the traditional supply chain – fusing the physical with the digital to drive transformation of our clients' industries and their supply chains – through a connected, digital ecosystem that aligns the functions of our clients' organizations to present a single, consistent face to the customer.*

*In our Technology Talk section, we start with the results of Capgemini-commissioned research on UK office workers' optimism about the impact automation technologies will have on the workplace of the future. This is followed by a reaction to this research by Lee Beardmore – Chief Technology Officer at Business Services – who discusses the reasons why companies are not taking advantage of automation, robotics, and artificial intelligence.*

*Our Sector Focus section brings you a series of articles and points of view around adopting a standardized approach to Data Management, as well as a joint Capgemini-ACORD perspective on how Robotic Process Automation is providing opportunities across the value chain in the insurance industry. We also put the spotlight on our Omsk delivery center in Russia, with an interview with Vera Sushko, Omsk Center Director and Unilever Engagement Manager, about the decision behind opening a new delivery center in southwestern Siberia and the added value the center brings to our clients.*

*And finally, our seasoned panel of Business Services experts share their insights on subjects ranging from robotics in HR, how to handle communications in a crisis and tips on how business can handle end-customer operations in order to remain competitive.*

*The late sixth century BC Chinese general, military strategist and philosopher Sun Tzu once said: "The line between disorder and order lies in logistics." I really hope the insight and thinking behind our focus on how intelligent automation is transforming the traditional supply chain – creating an "Amazon-like" approach to customer experience – is something you find as fascinating and exciting as I do!*

*As always, most of the articles in this edition of Innovation Nation are available on our website and we welcome you to share your opinion and views online.*

*Aruna Jayanthi*

Head of Business Services



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# FOCUS ON DIGITAL SUPPLY CHAIN



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# REIMAGINING THE SUPPLY CHAIN IN THE ERA OF INTELLIGENT AUTOMATION

*Raman Katyal*

Head of Supply Chain, Business Services

**Every business on the planet strives to increase revenue, enhance profitability and delight customers. In the past, organizations mainly focused on achieving customer satisfaction with timely product or service fulfillment. Today, however, most organizations recognize it's no longer enough to compete merely on products and services – instead, it's about managing customer experience throughout the buying journey.**

We could go as far as to say this is the era of the experience economy. Most organizations delight their customers by meeting their needs, solving their problems and providing experiences marked by immediacy, vantage and customization.

To my mind, what really matters in this development is the outcome of customers' needs. It's the end result customers are bothered about. For example, B2B network equipment manufacturers are not only focused on meeting their immediate obligations on product delivery, but on sensing the data usage behind the equipment they provide. This might be a key driver for network equipment towers to be installed, or it may be that some infrastructure is gradually replaced by small cell technology. In short, the manufacturer is selling the promise to deliver the outcome. Similarly, in the chemical industry many companies promise an improvement in crop yields as an outcome. Consumer packaged goods (CPG) businesses and retailers are embarking on the same path. They are not only focused on meeting their customers' requirements, but on creating new adjacent needs by predicting their wishes and selling the promise that they will be fulfilled.

So, the next wave of evolution and differentiator will be the "outcome economy." It not only addresses customer end needs by selling a promise of outcome; it also senses and creates wish lists that open new sales opportunities for

businesses to improve revenues and profitability, to deliver an notable return on investment and assets, and to achieve a substantial reduction in Total Cost of Ownership (TCO). Many companies such as Amazon are really leveraging their artificial intelligence (AI) tools to enable it, and we have all seen their growth over last few years.

## **CHALLENGES AND OPPORTUNITIES**

"Amazon-like" has become an industry standard for customer experience. Look at the convenience of placing orders with one-click checkout, real-time feedback from other buyers, and complete visibility on delivery status. For customers, the service not only meets immediate requirements but creates a need for something of which they may not even have been aware until it was recommended. For Amazon itself, it opens sales avenues and creates a phenomenal growth trajectory. To achieve customer experience at this level you need an entire digital ecosystem in the background to make it happen.

A compelling customer experience has evolved from a nice-to-have to a necessity in many industries. Customer expectations are growing at much faster pace, with individualization and customization, online enabled transparency and easy access to a multitude of options driving increased competition in the business supply chain.

In addition, the rapid proliferation of total item variants is adding significantly to costs.

The major challenges are segmented into:

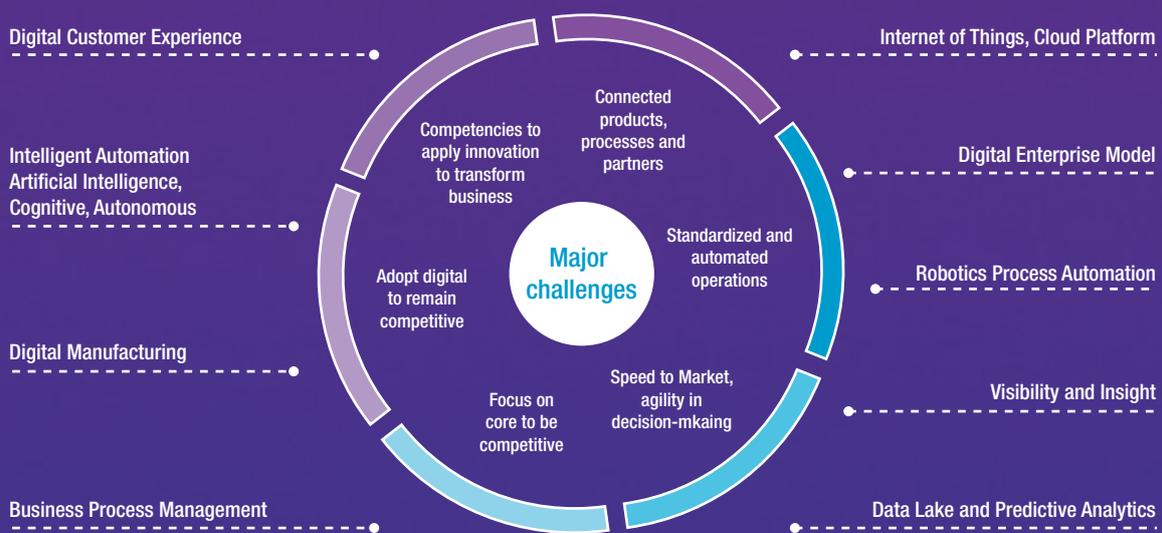
- Interactions with customers and analysis of data touch points.
- Sensing the demand and fluctuations well in advance.
- Agile and decisive actions through real-time insight to respond to evolving needs.
- Collaboration with partners for speed to market.
- Complex processes and technology landscape leading to longer lead times.
- Transparency and visibility across the value chain.

To meet today's supply chain challenges, business are embarking on digital transformation. Successful digital transformation comes not from implementing new technologies alone but from transforming the organization to take advantage of the possibilities that new technologies provide. Major digital transformation initiatives are centered on reimagining the customer experience, operational processes and business operating models.

The fusion of the physical supply chain and the virtual world into cyber-physical ecosystems will drive transformation across industries and their supply chains. Big Data, advanced analytics, robotics and intelligent automation, cognitive artificial intelligence and the Internet of Things (IoT) are creating additional opportunities along the entire industry value chain.

It's a case of "adapt or perish" – across industries, digitization coupled with transformation of the operating model is changing the rules of the game. Businesses that fail to change will be overtaken by their competition. Manufacturing companies are applying advanced analytics to predict the health of their installed bases and reduce downtime with data gathered from IoT sensors. They are also installing robots to carry out shop floor assembly activities to improve efficiency and reduce costs. CPG businesses are implementing algorithm-driven sensing platforms to predict demand well in advance so as to minimize drop orders and optimize inventories. Customer services functions are heavily deploying cognitive and AI applications to enhance critical customer interactions.

### Challenges and trends being faced by industries



## TRANSFORMING THE SUPPLY CHAIN THROUGH INTELLIGENT AUTOMATION

The pre-digital economy was designed principally for efficiency, but in the digital economy, agility, scalability, responsiveness and transparency are key. Digital supply chain transformation is built upon four key pillars:

- Connected ecosystem
- Intelligent processes
- Cognitive analytics
- Autonomous fulfillment

This process not only drives optimization of processes and operations – it opens channels to new innovative business models. Here’s a little more on those key things it brings to the business:

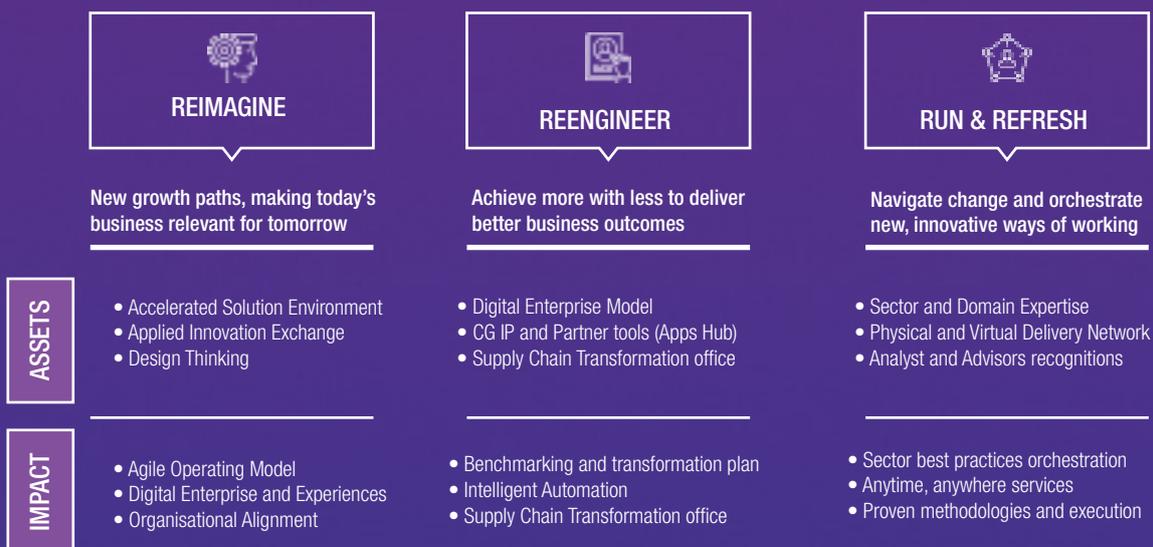
- **Agility** – redesigning the operating model to make it modular, flexible and boundless to adapt to the evolving market landscape.
- **Scalability** – the capacity to reinforce speed to market from product inception to commercialization.

- **Responsiveness** – the capacity to make quick and informed decisions to respond to the market in real time.
- **Transparency** – empowering employees, customers and partners to interact seamlessly, extending real-time visibility across the value chain

Successful digital transformation comes not from implementing new technologies alone but from transforming the organization to take advantage of the possibilities new technologies provide. This journey has three phases:

- **Reimagine** – new growth paths, making today’s business relevant for tomorrow.
- **Reengineer** – achieve more with less to deliver better business outcomes.
- **Run & refresh** – navigate change and orchestrate new, innovative ways of working.

By way of example, here’s our own approach here at Capgemini:



How should CXOs themselves approach this challenge? There are endless tools, technologies and applications available, but what matters is selecting not just the best tech but the one that offers the best and most appropriate way of working in prevailing circumstances.

## THE FOUR KEY PILLARS OF INTELLIGENT AUTOMATION IN THE SUPPLY CHAIN

### Connected ecosystem

Advances in digital technology have changed the buying behavior of customers in both B2B and B2C, giving them access to an array of channels to research, compare and customize the products and services they seek. In turn, this channel proliferation creates unparalleled opportunities for businesses to engage meaningfully with customers and provide differentiated experiences.

To leverage customer interactions and drive revenue growth, companies have invested heavily in omnichannel platforms; but they need to go a stage further, converging views across channels to create a single view of the customer, a single version of the truth, which enables them to respond with a similarly unified experience. This connected ecosystem requires a synchronized operating model in which all the company's functions are aligned to present a single face to the customer, as well as one consistent way of doing business. In B2B markets, companies are providing one single checkout portal to configure the products and services and to order, amend, track and pay in a seamless way. End-to-end integration across the value chain enables real-time visibility, prioritizing and the ability to revise services ordered.

Digitization can break down barriers, so the supply chain can become a completely integrated ecosystem that is fully transparent to all the players involved, from the suppliers of materials and parts to the transporters of those supplies and finished goods, and finally to the customers demanding fulfillment. The digital supply "network" will offer a new degree of resiliency and responsiveness, enabling first-mover companies to beat the competition in the effort to provide customers with the most efficient and transparent service delivery.

**Collaborative cloud-based platforms** – now that supply chains have moved in many cases from being linear to something more tangled, in order to improve time-to-market and fulfill customer demands promptly, organizations must collaborate and integrate partners to arrive at a single version of the truth. The operating base has to be a collaborative multi-enterprise model. As organizations grow across geographies and functions, different versions of ERP arise, which then blocks an end-to-end view of the enterprise and creates much more difficult outside boundaries with partners. Collaborative cloud-based platforms, which are non-invasive and sit on top of multiple ERPs with standard connectors, can bring an enterprise, partners and customers under one roof to deliver real-time end-to-end "run" visibility for prompt decision making. These platforms can create customer-oriented networks, from point-of-sale (POS) through to the enterprise, within which manufacturing units and distribution centers can plan for demand by engaging with suppliers for fulfillment. For instance, some CPG companies can allow customers to custom-mix their own drinks at vending machines, disrupting the traditional distribution model while also capturing valuable customer insights for future products.

**Connected field services** – regardless of whether it's B2C or B2B, customer relationships and experience depend not only on product but also on service, and that's where the aftermarket plays a critical role. Connected field services are key differentiators in providing prompt services and minimizing downtime. Digital platforms today enable real-time connectivity and collaboration between customer service representatives, field technicians, suppliers and logistics providers, delivering manifold improvements in the efficiency and effectiveness of the service value chain. Companies that can put together all these pieces in a connected and fully transparent system will gain a huge advantage by creating tangible value in the areas of customer service, flexibility, efficiency and reduced costs.

**Blockchain** – as discussed, the supply chain is no longer linear: it's a network ecosystem that can be overly complex and hinder visibility and transparency. Blockchain, though, which is new to the supply chain, will be able to resolve challenges around visibility, transparency, and accountability among partners. Compliance with

stringent regulations around product quality, safety and environmental impacts, have created huge obligations for organizations. Blockchain will be able to provide a comprehensive solution by tracking and traceability of goods and services at each step, thereby facilitating trust.

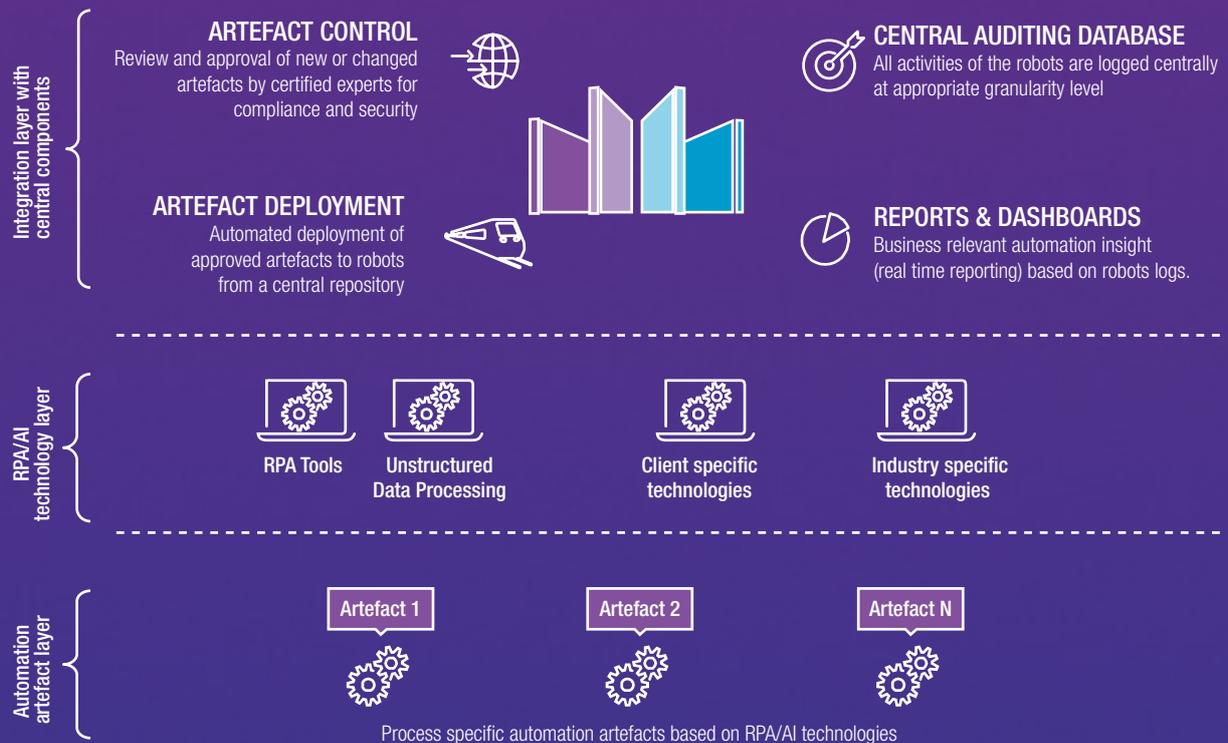
Already complex supply chain pathways are often further hindered in efficiency by redundant systems and processes, reducing accessibility and transparency. Blockchain makes use of an open-permission ledger system to create an ecosystem in which information flows openly. This helps reduce assumed risks while minimizing total costs and driving agility and adaptability.

**The Internet of Things (IoT)** – the digital supply chain is where the physical meets the virtual. We see this in particular in IoT and in the sensors, servers, data lakes, analytics engines, insight and visualization tools that inhabit this world. This environment creates meaningful data but in vast quantities, analysis of which necessitates cognitive computing. We'll be turning to this area shortly.

## Intelligent processes

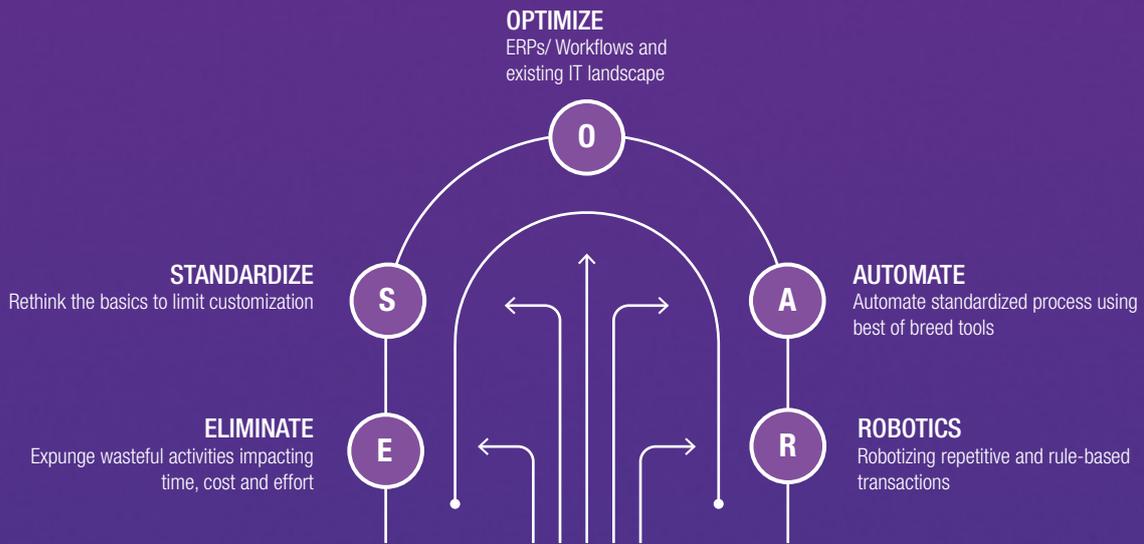
In the last few decades we have seen an evolution in automation from task automation to the automation of data center operations to process level automation. Organizations are striving to do more with less to lower costs by improving efficiency, effectiveness, accuracy and minimizing resource deployment across their supply chain processes.

**Robotic Process Automation (RPA)** – most organizations across CPG, high tech manufacturing, healthcare and the chemical industry are embarking on RPA for process automation, particularly in areas that are high-volume, repetitive and rule-based, such as orders and claim processing, invoice creation, and reports and dashboards. RPA software bots can monitor inventory, generate notifications and reorder products when levels go below a set threshold. It frees up time and resources to work on high-value exception-based requirements. RPA is quite effective in lowering service costs by improving productivity by 40–60%, although results can vary in relation to the nature of the processes involved and their maturity levels.



Processes gain in complexity as a result of multiple handshakes, a proliferation of intermediate steps, and fragmentation across regions and markets. Automating processes without first addressing this issue would mean

not only perpetuating waste but automating it too. It's imperative that processes are first transformed to become lean, standardized and harmonized. Reading from "E" to "R," the methodology below illustrates a useful approach:



**Self-learning algorithm-based demand sensing**

– organizations are frequently surprised by volatility in demand, with fast-changing customer requirements, changing minds and an abundance of alternatives. As forecast errors have cascading impacts on planning, inventories and fulfillment, it is critical to sense true demand – which is often quite different from the forecast calculated by analyzing historical information using quantitative and qualitative methods.

Organizations have to start deploying self-learning algorithm-based demand sensing using real-time demand signals. It synthesises multiple data sources such as points-of-sale (POS), social media interactions, economic indicators and weather conditions, and analyses masses of data to deliver insights. Demand sensing provides a step-change in forecasting added value and in reducing extreme error.

**Demand sensing reconciles all demand signals**



The use of real-time signals in demand prediction is a game changer because it creates forecasts in sync with current market conditions instead of relying on historical shipments and well-meaning but often biased input from sales and marketing. As a result, short-term forecast error is typically cut by around 30–40% compared to traditional demand planning. One of the advantages of automated algorithms is that they are free of human bias and have no concept of gaming the system.

## Cognitive analytics

Data is the principal driver behind the smart connected supply chain. Assimilation and analysis of both structured and unstructured data across diverse sources can provide critical insights and information.

Every activity in the supply chain network is generating a tsunami of data, mainly across stakeholders and partners external to the organization. All this information from connected products and services has the potential to drive operational excellence and new operating models. But the key challenge lies in the nature of that information. 80% of the data generated is unstructured. It's sometimes known as "dark data" – examples are images and videos that can't be analyzed by conventional IT methods because they can't understand natural language or recognize objects or patterns in images.

Data is a treasure trove, but organizations that fall behind in deploying cognitive analytics are obliged to survive on the interpretation of just 20% of their data, which will not be able to provide sufficient insight into current market trends and fast-evolving customer buying behaviors. As a result they will not be able to transform their operating model, reducing their ability to compete.

To thrive in today's digital world, the key differentiator is predictability. Organizations need to:

- Predict demand well in advance to plan inventory and fulfillment.
- Predict the health of an installed base and avoid downtime.
- Sense consumer choices to bring new products quickly to market.

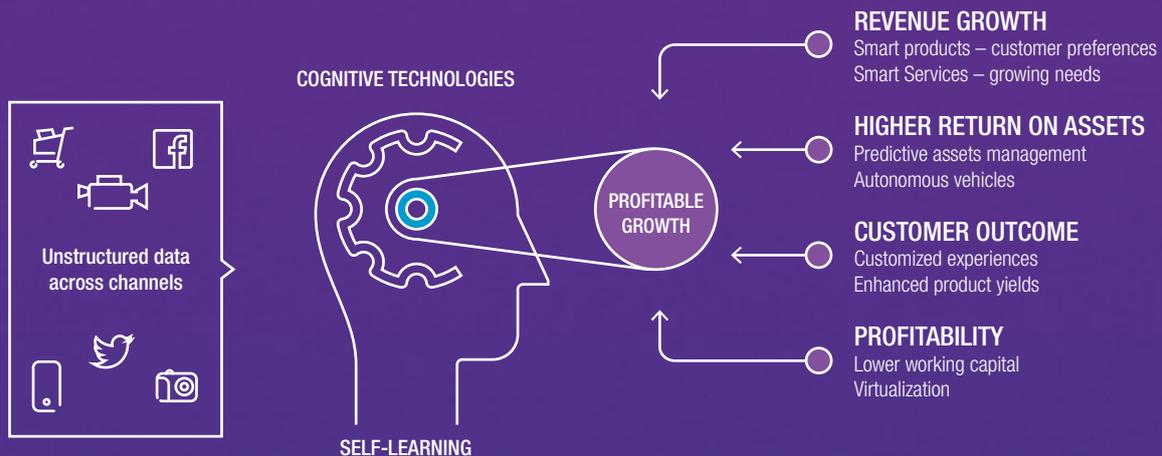
- Obtain real-time data and insight to make prompt and informed decisions to delight customers.

Predictive analysis is a game-changer. Cognitive computing with its ability to analyze more variables is able to make predictions with greater forecast accuracy. Cognitive technology allows computers to interpret deeper reasoning behind data correlations and use advanced algorithms to interpret text in order to derive insights and sentiment from unstructured data. Better predictions can help eliminate things like the dreaded bullwhip effect.

Retail POS data can contain a wealth of insights into consumer preferences and demand. Data is generated through diverse channels including OTC (over the counter), web browsing, e-commerce and product evaluation through social media platforms such as Facebook. Cognitive computing enables organizations to analyze data patterns, and find correlations promptly to predict consumer demand and personalize services. Manufacturing companies are installing sensors in their installed base to enable tracking and traceability, to assess the health of assets, and also, through cognitive analysis, to predict potential failure and carry out preventive maintenance, which in its turn improves return on investment (ROI). Logistics providers have started making use of smart containers embedded with GPS tracking and sensors which generate location data in controlled conditions so as to trace movement and protect products. This is also improving container utilization and availability leading to better return on assets (ROA).

Organizations have to deploy a comprehensive approach to cognitive analytics covering data collection, aggregation and analysis to handle the barrage of data with variety, velocity and volume, to convert into insight at speed, to scale and visualize for fact-based decision-making and to solve persistent problems. Companies need to transform their supply chains by investing in these cognitive technologies, using talented data scientists to create a customer-centric operating model that extends from new product design right through to fulfillment.

Companies are embarking on digital transformation to achieve the next level of operational excellence, leveraging emerging technologies such as advanced robotics, advanced analytics, artificial intelligence and machine



learning. To create sustainable value they are adapting to new business models such as smart factories, smart products, smart supply chains and connected field services.

## Autonomous fulfillment

The future of the supply chain will be self-orchestrated. Radio-frequency identification (RFID) and GPS are not new in this context, but artificial intelligence will change things significantly. For example, Amazon has already deployed thousands of robots at its fulfillment warehouses for pick-pack-ship activities, and Amazon drones are in pilot runs for last-mile deliveries to customers. Self-driven trucks are already being tested in different parts of world, and many logistics providers are planning to include them in their transportation fleets.

The last mile is the most complex part of supply chain, and here we're seeing autonomous deliveries are poised to make the process more efficient, effective, safe and eco-friendly. Containers leveraging IoT and GPS-combined technology have significantly improved container utilization and lead-times.

Autonomous trucks and vehicles are trending a new age of mobility. In coming years, they will change the game for logistics and in both B2B and B2C markets. While autonomous vehicles will improve efficiency, they will also improve safety by minimizing crashes and accidents due to human errors and fatigue. These vehicles are navigated using embedded radar systems, cameras and sensors emitting vast data, which is processed and analyzed by an AI-powered system.

## Capgemini's Intelligent Supply Chain

At Capgemini's Business Services, we orchestrate services and transform our clients' supply chains, leveraging intelligent automation to create a fully integrated-sector specific solution powered by technology, talent, process transformation and visualization. Our Digital Supply Chain is a broad, deep and comprehensive service that brings together business process management – from "plan to deliver" – with best-in-class cloud-based solutions such as analytics and insights, benchmarking and maturity assessments, digital transformation and change management.

This includes an end-to-end collaborative platform for real-time visibility across all supply chain functions for enhanced efficiency and effectiveness, algorithm-based demand sensing to improve forecast accuracy and optimize working capital, RPA to improve order management process efficiency, and cognitive analytics to gather data into one place, deliver insights at the point of action and generate differentiated business value.

## In conclusion – the importance of strategy

Intelligent automation makes it possible to create an ecosystem for holistic automation to drive value for business. Since there is so much noise about automation and digitization, companies tend to deploy technologies randomly. This can generate point benefits but will not deliver enterprise-wide added value.

The key is to focus not just on automation technologies but to make them part of a comprehensive and strategic approach to the delivery of services.

# New **ways** to increase competitive advantage through reinforced business drivers that **focus** on your end **customer**

In the age of rising customer expectations in the modern supply chain space, business are embarking on digital transformation to take advantage of successful digital transformation initiatives centered on reimagining the customer experience, operational processes and business operating models.

Capgemini's **Digital Supply Chain** offering puts your customers at the heart of our solution and opens up your channels to new innovative business models –resulting in increased revenue, profitability, working capital and customer satisfaction.



For more information, visit us at: [www.capgemini.com/business-services](http://www.capgemini.com/business-services)



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# SHOULD SUPPLY CHAINS BE AUTOMATED?

*Raman Katyal*

Head of Supply Chain, Business Services

# A recent Capgemini survey of over 1,000 UK office workers found that nearly half of UK office workers are optimistic about the impact automation technologies can have.

## QUESTIONS

Respondents to the survey, conducted on our behalf by Opinium, an independent research company, had a general idea of the benefits that might accrue but were less clear as to how these technologies can be applied to their area. What's more, our survey found that fewer than 20% of those surveyed felt their organizations were currently benefiting from automation. Which prompted two questions for me:

- One, is this low level of adoption specific to the UK?
- And two, how can automation be applied to the supply chain?

## ANSWERS

The first question is easily addressed, and the answer is no. Capgemini serves multinational enterprises across the globe, and our sense is that in other parts of Europe, in the US and elsewhere – not just in the UK – while levels of understanding about the reasons for adopting automation, artificial intelligence (AI) and machine learning are relatively high, understanding of how to adopt these technologies within specific industry sectors is still low, and companies are looking to partners to help them.

The second question needs more consideration, because supply chain is clearly a focus for automation. Indeed, when asked where they thought automation benefits were mostly likely to be found, our survey respondents showed distinct differences. Around half (47%) of the total pool saw potential applications in supply chain.

## OBSTACLES

In my experience, the biggest obstacles to automation envisaged by those with supply chain responsibilities are largely matters of perception. Decision makers are concerned about the implementation costs, they are unsure of the security implications, they doubt they have the requisite in-house skills and experience, and, as our survey shows, they are unclear as to what the benefits of implementation might be. In a nutshell, they are apprehensive of taking on such an ambitious project all at once, as it may jeopardize the operation of their whole supply chain. In contrast, they want a step-by-step approach in adopting automation.

## ACCENTUATE THE POSITIVE...

I could spend the next few paragraphs advising supply chain executives of the perils of this mind-set and of the inertia it generates, but by nature I'm a more positive person. I'd rather talk instead of the opportunity automation represents:

- **Greater visibility** – for instance, web-enabled sensors installed throughout the supply chain improve not only traceability but process knowledge. People know where things are, what's happening and how well things are working.
- **Lower costs** – greater efficiency means lower overheads.
- **Improved accuracy** – greater knowledge delivers not only more accurate forecasts but greater responsiveness. Organizations can respond more flexibly to changing market conditions.

- **Time to focus on more valuable tasks** – greater insight into daily operations, better process control, more efficient order management and fulfilment and more besides – all these improvements reduce the demands made on time and resources, enabling people to focus on other areas including...
- **Improved innovation** – when supply chain operations are transparent and streamlined end-to-end, there's more room for organizations to think about how to introduce exciting new approaches to product and service fulfilment that will delight and enthuse their customers.

There's also an opportunity in those current low adoption levels. Organizations implementing an automated approach to their supply chains before their peers have first-mover advantage and are likely not just to see the benefits outlined above but to see gains in cost-competitiveness and also in market share. They'll be ahead of the game.

## ... CONQUER THE NEGATIVE

Of course, to realize these advantages people first need to overcome those negative perceptions I mentioned earlier:

- Misgivings about implementation costs.
- Lack of awareness of the benefits.
- Concerns about security.
- Lack of sufficient in-house skills and expertise.
- A lack of a digital ecosystem.
- The right operating models.

All these concerns are a product of fear of the unknown – but I'm not recommending organizations should simply ignore that fear and march blindly in. Instead, I'd suggest a proof of concept (POC) approach. Automating part of the supply chain will enable the enterprise to gauge both costs and returns. The benefits of AI can be seen and better understood, and rigorous cloud-based security measures will become both tangible and reassuring.

Working on the POC with an experienced external services provider will not allay not only these misgivings but also any doubts about on-board expertise: the services provider will work alongside the in-house team to make things happen, sharing knowledge while at the same time freeing up internal resources to address other projects – the next phase of the rollout, perhaps.

For one of our global CPG clients, for example, we started with demand planning in one country and delivered a POC for three months, demonstrating that by leveraging Capgemini patented tools we could make substantial improvements in their forecast accuracy. We formalized this approach and expanded it to other regions, which has led to us now managing global demand planning for the client.

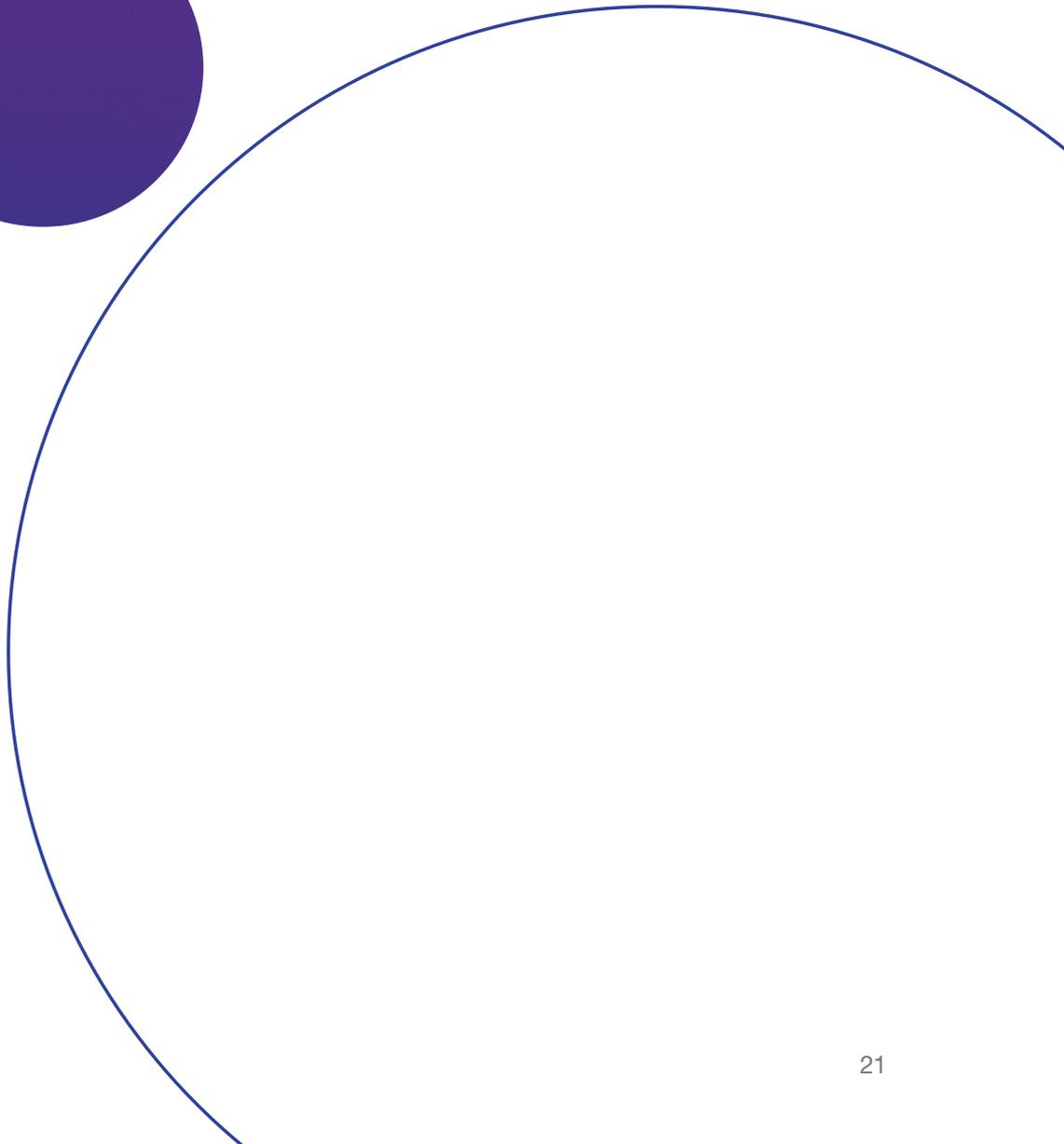
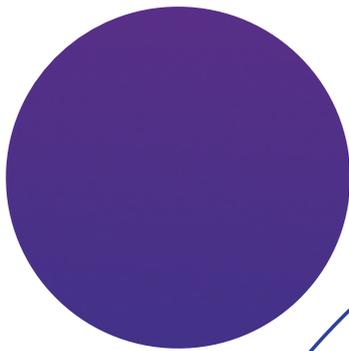
## COMPREHENSIVE BENEFITS

A POC is a good start, but it won't deliver all the benefits of supply chain automation. These can only be realized when digital transformation is fully implemented across the enterprise. For instance, a POC might streamline activity in one business area or geography – but a comprehensive implementation that makes possible full visibility of processes end-to-end will provide efficiency improvements on an entirely different scale. To my mind there are few better examples than this of a case where the whole is so much greater than the sum of its parts.

One of the main positives from our survey was that people do see the benefits of automation and, despite misgivings and gaps in their knowledge, are beginning to warm to its possibilities. However, with all the noise around robotic process automation (RPA), AI, cognitive analytics and the digital customer experience, companies often deploy technologies randomly, generating benefits without delivering enterprise-wide added value. My advice is, don't do it. It's too big a thing to get wrong. The supply chain may once have been merely tactical, but it isn't any more. It's more than that. It's core to the customer experience and hence to the brand identity of the enterprise.

And as I mention in my recently published Point of View entitled "Reimagining the Supply Chain in the Era of Intelligent Automation," the key is to focus not just on automation technologies but to make them part of a comprehensive and strategic approach to the delivery of services.

And that's why your approach to supply chain automation needs to be planned, considered, tested, comprehensive and above all, strategic.





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# NEW PERSPECTIVES ON SUPPLY CHAIN MANAGEMENT

*Mike Meech*

New Logo Sales Director, Business Services

**In the film *Dead Poets Society*, Robin Williams plays an English teacher, John Keating. Early in the film he asks his class to stand on their desks. It will enable them to see things differently, he says.**

Recently I've had much the same experience. I've been in business process outsourcing (BPO) for many years. It's familiar territory for me. But a few months ago I joined the team at Capgemini, and the move has enabled me to see this known landscape from a new perspective – and in particular to re-assess its application to the supply chain and procurement environments on which I focus.

## **SIMILARITIES**

Let's start with the things that don't change. Multi-national client organizations may have different cultures and operate in different markets, but they all have customers to serve and stakeholders to satisfy, and they all strive to meet these expectations as satisfactorily and cost-effectively as possible.

Their supply chain operations play a substantial part in this, and as a result BPO service providers all aim to assist in the delivery of customer-driven value networks, and they work closely with their clients to make them happen.

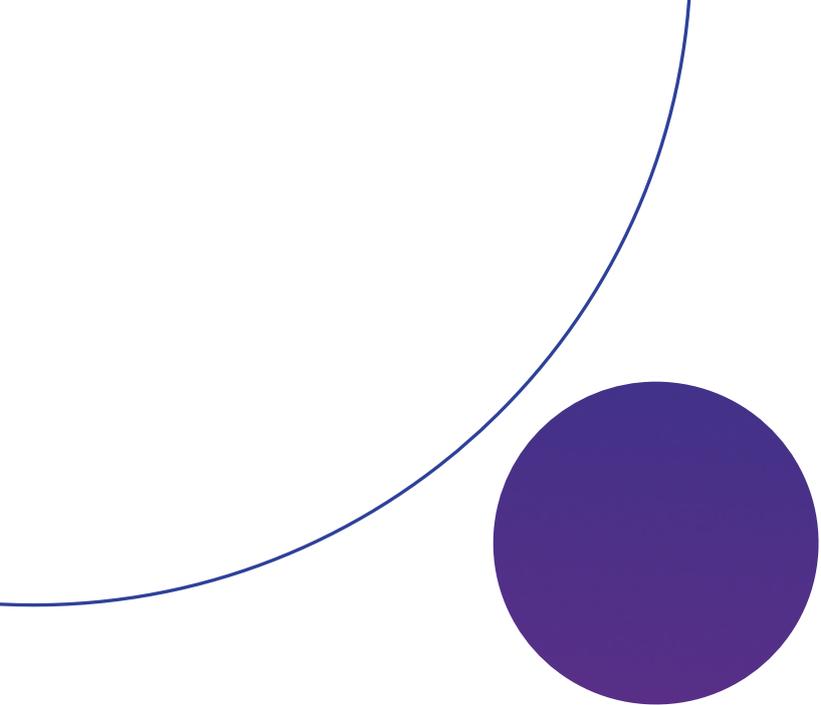
## **DIFFERENCES**

I've seen a number of such service providers in action (not just those in the various places I've worked) and I've also heard first-hand from global businesses who have experience of other such providers, so I've been able to pool this knowledge and gain a pretty good sense of where differences can lie.

Here's the first. Have you heard that line: "to a person who only has a hammer, every problem looks like a nail?" Well, some service providers seem to me to be rather like this. The methodology they bring to supply chain platforms can be pretty generic: it's not necessarily tailored to the supply chain function or seen as distinct from procurement, which has its own demands. Nor is their offer tailored to the circumstances of their individual clients, let alone to providing a point of view on how BPO supply chain can assist with the shift to Industry 4.0, the Internet of Things (IoT), 3D printing, smart maintenance and Intelligent Automation.

Others, by contrast, take time to understand this industry shift and the character of the organization for which they're working. They're also well versed in this area of global business: they've recognized the supply chain's shift to BPO at an early stage, they've invested in it, and they've worked with major clients to develop an offer that meets its specific requirements. Most importantly they are delivering tangible outcomes that not only make a difference to the bottom line but also to the top line.

Here's another difference. If the first can be summarized as "one-type-or-nothing," this one is "one-size-or-nothing." Some service providers are uncomfortable offering anything other than a full-scale, enterprise-wide implementation.



In one way I can understand this. Supply chain BPO is an area in which the benefits of implementation at scale significantly exceed the sum of separate executions at a lower level. Here at Capgemini we see clients achieve not only substantial enhancements to customer service delivery, but sizeable and measurable improvements in efficiency and profitability. These positive changes aren't always immediate but they are dependable in scope and sustainable over the long term. They are the result of what at Capgemini we call digital supply chain transformation, built on the four key pillars of the connected ecosystem, intelligent processes, cognitive analytics and autonomous fulfilment. (Raman Katyal, our head of supply chain, has written a paper about this, which you can [read here](#).)

But although I understand the sentiment behind the "one-size-or-nothing" approach I don't entirely subscribe to it. I'm a believer in the proof-of-concept (POC) approach where the service provider works hard with organizations to identify an area of the business that can act as a microcosm for the model as a whole, so clients can see it in action and gain confidence in its usefulness and wider applicability.

## RESULTS

The fresh perspective my fairly recent move has given me has brought new focus to the differences I've noted here. I've also seen the result of these differences. Major organizations are astute: they can see when, as I've described, a provider understands the specifics of the

supply chain discipline. They can see, too, when a provider is prepared to take time to tailor its offer to circumstances and perhaps also to start small.

When organizations see these things, they grow to trust in the provider's ability to perform, to bring flexibility to the business and to deliver tangible, revenue-affecting results. They see that improvements in efficiency unlock cash that can be used to extend the model and create further improvements in customer service.

We're in the midst of great change right now. The supply chain is evolving. We're seeing it move to center-stage in the organization – which is where, perhaps, it ought always to have been.

And from up here on my metaphorical desk, I can see it's the more insightful, more experienced service providers that are helping to make it happen.

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**We're seeing the supply chain moving to center-stage in the organization – which is where, perhaps, it ought always to have been.**



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# E2OPEN AND CAPGEMINI – ENABLING COMPANIES TO BE SUPPLY CHAIN WINNERS

*Shawn Lane*

SVP Sales and Marketing, E2open

## Shawn Lane, SVP Sales and Marketing at E2open, shares insights on how to better manage supply chain operations and offers advice for supply chain leaders in disrupted markets.

**Innovation Nation:** Let's start with a bit of background. Could you please tell us about how E2open fits into the supply chain space?

**Shawn Lane:** Yes, that's good place to start. E2open is an end-to-end supply chain company. We provide software solutions around supply chain planning, execution, collaboration and connectivity. Our E2net is the largest direct materials network in the world, managing about \$250 billion dollars worth of spend from some of the largest companies in the world.

In terms of where we fit into the supply chain market, if you go back to the old days, companies had two choices: they could go to an ERP provider and get a monolithic solution that integrated well but probably didn't provide the level of business value they were looking for because it was broad but not very deep; or they could go to different niche providers and buy separate software packages from different software vendors, but had the responsibility of integrating them together – so they got the business value, but the expense, cost and effort to maintain a multitude of suppliers was problematic. E2open sits in the middle – we give you an integrated solution, but from a company that is 100% focused on software-as-a-service (SaaS) supply chain, enabling you get the best value at the most reasonable cost.

Finally, we focus on not just better operations of a single company, but collaboration between companies. Today, competition isn't company vs. company, it's supply chain vs. supply chain. Seamless coordination between all the companies in a supply chain is an absolute necessity to be able to deliver reliably and consistently.

**How did the partnership with Capgemini come about and what challenge does the joint offering address?**

E2open has been around for 17 years and we've known Capgemini from the beginning. We saw them investing heavily in the supply chain area and providing creative solutions. In particular, their managed business services caught our eye because our clients were increasingly not only asking for software solutions to solve their problems, but they also wanted to outsource the work. They wanted someone who could plan and manage their supply chain using our software, either because they didn't have the skills and capabilities, they didn't consider it a core competency or they needed to drive productivity gains.

We saw Capgemini as a logical partner in that space because they had a lot of experience in doing this with other companies, so in this respect, the partnership is very synergistic. We also saw a level of depth around process understanding, redesign, change management and strategy. We felt Capgemini could go into large companies, recommend the transformation and follow it all the way through, giving us the opportunity to remain good at what we do – which is being a software provider and a network.

**Which industry sectors are moving quickest in adopting this type of solution?**

Consumer packaged goods (CPG) is the biggest one. Activist investors and the rise of Amazon.com are forcing companies to change the way they behave. Companies are terrified, and they know they need to perform better.

They know that they need to have higher customer performance at lower cost and they're struggling to figure out where to get those productivity improvements – which is where we come in. We enable you to take non-core areas of your business such as supply chain planning and demand forecasting, and let Capgemini provide the service using E2open tools to do it cheaper, better, faster and with better outcomes. This allows companies to invest more in improving their products, services, stores or other aspects of their core business.

The need for dramatic productivity improvements applies to almost every industry. In the pharmaceutical industry, for example, there's a rush to become efficient, so they can price more effectively. In the US, the government is forcing providers to reduce costs, but they're unable to reduce the amount they spend on research and development, making it a perfect fit in having Capgemini provide the business planning functions using E2open tools.

It also extends to high tech, where margins are shrinking and the success or failure of a company is largely dependent on the availability of the supply of chips and glass for screens and a number of other constrained materials. The right way to manage that is to outsource the planning and let the company focus on designing and marketing better products. It really applies to all industries but I'd say the CPG, pharmaceutical and high tech industries are the really hot ones right now because they have particular market pressures.

### Can you share any client examples where the solution has been applied?

Yes. E2open is one of the best kept secrets behind hundreds of Fortune 500 companies. Procter & Gamble uses E2open to forecast its entire global business. Dell runs their procurement, manufacturing and distribution on E2open. Boeing manages the production of the 787 Dreamliner on E2open. Most of our clients have seen paybacks in a year or less, with inventory reductions that amount to hundreds of millions of dollars.

### Could you talk about some of the new developments you're currently working on at E2open?

A lot of the work we're currently doing is in artificial intelligence (AI). We've been providing AI-based products for about 15 years, but they have largely focused on the demand side within specific industries. We're now working to apply AI to the supply side, to make better decisions around the make, move and pack of materials and extending them across other industries.

We're also working on making the experience more seamless. Historically, companies bought multiple niche software products for different processes such as forecasting, inventory planning, supply planning and procurement. Users would log in and out between applications and it required extensive IT investment to integrate the disparate products. The lines are now blurring and when your supply chain is run in the cloud, it won't matter what product you're in – what matters is that you have access to the information you need. So we're trying to make the process seamless and cohesive across functional groups to allow better collaboration.

### And finally, what advice do you have for supply chain leaders?

Act now! The worst decision you can make is to do nothing. It's important for companies to act right now because the lifeblood of these companies is at stake. More and more companies are going bankrupt because they are failing to be efficient and productive in their markets. And there's a lot of trepidation in the market right now – the private equity effect in CPG, the regulatory effect in pharmaceutical, and the market depression in high tech.

But if companies can step back, what they realize is that during times of change there are tremendous amounts of opportunities. Investing in change, new techniques and approaches is best done in times of transition. Coming out of these difficult markets, there will be winners and there will be losers – and Capgemini and E2open work with companies to enable them to be winners.

# One Place in the Cloud to Run Your Supply Chain

**LEARN MORE AT [E2OPEN.COM](https://e2open.com)**



A man with glasses and a beard is leaning over a wooden table, looking at a tablet. Another person's hand is visible on the left side of the frame. The scene is dimly lit with a warm, yellowish tint. The text ".02" is positioned above the main title.

.02

# TECHNOLOGY TALK

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**AUTOMATION WILL  
HAVE A POSITIVE  
IMPACT ON THE  
WORKPLACE**

## Capgemini research shows that nearly half of UK office workers are optimistic about the impact automation technologies will have on the workplace of the future. However, the cost of implementation and lack of infrastructure are big barriers to adoption for UK businesses, and more education and training needed to ensure the UK is ready for automation.

Capgemini commissioned independent research company Opinium to survey over 1,000 UK office workers to explore their attitudes and expectations of cutting-edge technologies including automation, robotics, and artificial intelligence (AI), including machine learning. It found that 40% of respondents believe machine learning will have a potentially positive impact in the workplace along with robotics (32%). Only 10% of respondents felt automation would have a negative impact.

### OPPORTUNITY FOR AN AUTOMATED WORKPLACE

Nearly half of respondents (47%) revealed they have given serious thought to how automation technologies can support their department with its day-to-day processes; this rises to 85% among those office workers who are responsible for finances. In addition, business owners and directors, who were also part of the research sample, believe that as much as 40% of business tasks in their organization could be automated in the next three to five years. Tasks such as invoicing (41%), managing expense claims (28%) reporting (28%) and administration tasks (28%) were all highlighted as having the potential for automation in the near future.

As a result of increasing the use of these technologies in the workplace, office workers are starting to see the benefits these could have, including freeing up staff time to do higher value, core business tasks (27%), lowering costs (25%) and improving the accuracy of results (21%).

"It's really heartening to see the optimism for automation technologies among the UK's office workers – particularly when nearly half have given serious thought to implementation in their own workplace," says Lee Beardmore, Vice President and Chief Technology Officer of Capgemini's Business Services. "At present our survey estimates that around 13% of businesses in the UK are benefiting from automation, but there's still a lot that haven't seen anything yet. We certainly expect this figure to rise in the near future as more and more businesses realize the transformational power of technologies such as AI, robotics and automation. All of these technologies represent an opportunity for growth for businesses in every industry sector."

### BARRIERS TO A MORE AUTOMATED FUTURE

Although there is much optimism surrounding the benefits of automation technologies, office workers also noted a number of challenges to their organization's adoption, with an average of just under a third of respondents saying that implementation costs were the main barrier across all the technologies. Interestingly, Cybersecurity is most commonly seen as an obstacle to taking up AI (17%), while there is least awareness of the potential benefits of robotics (18%) and machine learning (17%). Time needed to implement, as well as skills and expertise needed, were also in the top five reasons cited as barriers.

One of the biggest problems businesses will have to overcome is a lack of infrastructure. More than seven in 10 office workers (73%) were either not sure or knew their businesses didn't have the infrastructure in place to adopt AI. Respondents had the most confidence in automation, but 60% still admitted they didn't or might not have everything in place to adopt the technology.

"I would urge all businesses to not only start thinking about the potential value of automation technologies, but to also start looking at the skills and expertise they need within their organization for future implementation, to stay competitive in the years to come," continues Lee. "That's why we are continuing to help in the drive to educate and support businesses when it comes to key technologies such as AI, robotics, and automation. By doing so Capgemini aims to boost the prospects of individual businesses and UK PLC's productivity on the whole."

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**Our survey estimates that around 13% of businesses in the UK are benefiting from automation.**



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# THE AUTOMATION NATION

*Lee Beardmore*

Chief Technology Officer, Business Services

## A recent survey shows UK businesses understand the benefits of automation. So what's stopping them?

In a recent survey on automation (see "[Automation Will Have a Positive Impact on the Workplace](#)" on page 31), UK businesses said they believe as many as 40% of business tasks in their organizations could be automated in the next three to five years.

Their employees welcome this potential development. Our survey showed that nearly half of UK office workers are optimistic about the impact automation technologies will have on the workplace of the future. The same proportion said they have given serious thought to how automation technologies can support their department with its day-to-day processes – and among those people who are responsible for finances, that figure rose to 85%.

Not surprisingly, most respondents saw the most potential in areas such as invoicing, managing expense claims, reporting and administration tasks, with key benefits including freeing up staff time to do higher value, core business tasks, lowering costs and improving the accuracy of results.

### AND YET...

So far, so good. But the same survey found fewer than 20% of those surveyed are currently benefiting from automation. And this isn't just a UK phenomenon, in my experience, business leaders in other countries such as the US, the Nordics, and other parts of Europe are also hesitating.

So what's preventing companies from taking advantage?

One issue is the question of technology. Many businesses are struggling with uncertainties about how to select, implement, and manage automation in their organizations. Dividing lines between robotic process automation (RPA), artificial intelligence (AI) and machine learning can blur, and

it can be difficult to know what's best suited for individual circumstances. If you're interested in the detail of how to apply automation then take a look at our Automation Drive Suite.

And then there's the question of financing the transition. Just under a third of respondents to our survey said that implementation costs were the main barrier across all the technologies.

I believe there are some understandable misconceptions here – understandable because for many this is as yet uncharted territory. There's a fear factor – should we adopt? How should we do it? What benefits will we see?

To answer these questions, companies need proof-of-value solutions. They need to start small. As time passes and data grows and populates the model, they'll start to see the benefits that can be achieved. It doesn't need to be a huge up-front investment. There's a great deal of free open-source software out there to help companies explore the potential. The key is to start small with a pilot to see what works and then scale once they're better able to manage the cost profile and the benefits.

### A QUESTION OF SKILLS

But there's another disincentive to adopting digital automation, and it's pertinent to the question of technology I raised earlier – the need for appropriate skills. Many organizations may be aware of the potential benefits of automation, but they lack knowledge not just of the technology, but also of the knowledge and experience necessary to implement it. They're concerned that if they adopt automation and lack the skills to apply it correctly, if they attempt to impose it on inefficient processes, and if they don't have the right skills to effectively scale and

manage, they may not realize the full potential. Worse still, they may create even bigger issues for the business. What's more, they think: "And it's not just the technology that's an investment. Those skills we need – well, they cost money, too."

The good news is not just that proof-of-concept (POC) implementations needn't be expensive, but that acquiring the requisite expertise can also be achieved cost-effectively. Many major vendors and service providers such as Capgemini are willing to assist with POC trials and can bring with them knowledge of the appropriateness of a solution to the task in hand – whether that solution be based on RPA, AI or machine learning, separately or in combination.

The knowledge of these advisors can make an invaluable contribution to building the internal automation team – an "automation hit-team," if you will. The right service providers know what constitutes best practice and how it can best be tailored to individual circumstances. They know how to reduce risk of failure. They know how to ramp up and both implement and manage at scale.

In addition, service providers bring a flexible resource pool. Skills are there when demand peaks but once the in-house team grows in size, knowledge and confidence, our role can diminish. Just as the technology itself means in-house teams can be freed of low-level activities so they

can focus on more demanding tasks, so our availability as a resource gives client organizations flexibility they wouldn't otherwise have. Internal and external teams can work together just as humans and bots do.

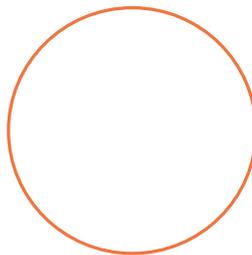
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**Many organizations may be aware of the potential benefits of automation, but they lack the knowledge and experience necessary to implement it.**

## **THE TIME HAS COME**

The potential benefits of automation are too great to allow doubts about technology, cost and skills to stand in their way – especially when those doubts can be so effectively overcome.

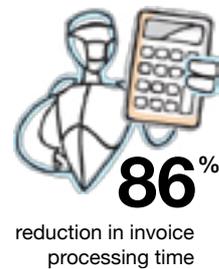
It's time for business to take the next step. It's time to automate.



# MAC CHINE LEA ARNING ENABLES OR GANISATIONS LIKE YOURS

TO SEE BETTER

NUMBERS



Celaton inSTREAM™ is an enterprise-class software platform that applies artificial intelligence and machine learning to streamline processing of the plethora of information that flows into organisations every day from customers, suppliers and employees by post, paper, fax, email, attachments, social media, and lots of other electronic data streams.

Unique to inSTREAM is its ability to learn through the natural consequence of processing and monitoring the actions and decisions of humans in the process. It's machine learning, but to our customers it's the best knowledge worker they ever hired and it means better customer service, better compliance and better financial performance.



[www.celaton.com](http://www.celaton.com)



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# MACHINE LEARNING – TACKLING DATA VOLUME AND UNPREDICTABILITY

*Andrew Anderson*  
CEO, Celaton

**According to a recent study, we create a staggering 2.5 quintillion bytes of data every day. Many organizations are reliant on data to run their business, including everything from order management and cash flow to HR and customer services. Yet the sheer amount of data that organizations receive on a daily basis from staff, suppliers and customers from a wide variety of channels can be overwhelming and if left unprocessed damaging to an organization's financial performance and reputation.**

In addition, the amount of data received is subject to surges created by factors out of the organization's hands such as "acts of God." For example, for train operating companies a disruption on the rail network may cause an influx of compensation claims and in the same respect a sudden flash flood may cause an influx of claims for insurance companies. These surges are unpredictable and as such difficult to plan for. Organizations are either forced to put additional strains on existing staff to process this incoming data, often resulting in delays to the customer or supplier or employing last minute temporary staff, at an inflated cost to the business. So, the question is how do organizations plan for and effectively manage these surges in data?

Unfortunately, there is no way to predict surges 100% of the time, so organizations need to have an effective system in place that can cope with any incoming data volumes – to be able to scale on demand. More and more organizations are turning to machine learning technologies like Celaton's inSTREAM™ to achieve this.

Technology with machine learning capabilities can not only handle the plethora of incoming data regardless of volume or document type but also learn to understand the meaning and intent of the content. This allows it to recognize and extract key data, enrich it via other sources of information, and then process and deliver accurate

information to other business systems or robots for further processing. Software that learns through the natural consequence of processing and monitoring the actions of humans in the loop can achieve greater productivity per person with continuous optimization. The greater the volume of data the faster it learns.

Taking it a step further, when machine learning technologies are applied as part of a business process transformation program, that's when the real value is realized. For example, Capgemini's Automation Drive Suite includes the Virtual Delivery Center which uses Celaton's machine learning coupled with autonomous robots to deliver straight-through machine-to-machine processing without human intervention, unless there are exceptions to be handled. This delivers significant benefits in both productivity and accuracy in finance and accounting processes.

Applying machine learning technologies to optimize business processes means that organizations can continue to deliver great customer service, without delays, without additional staff, regardless of increase in volumes or unpredictable surges.







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# CENTERS OF EXCELLENCE

# “CENTERS OF EXCELLENCE” — A LOOK AT SOME OF THE INNOVATIONS AND ACHIEVEMENTS FROM ACROSS OUR GLOBAL DELIVERY CENTERS.

## EL PASO

Our El Paso Delivery Center continues to honor Capgemini’s firm commitment for information security by successfully completing the external audit and extending its certification with the Electronic Healthcare Network Accreditation Commission (EHNAC).

## SARASOTA

Our Sarasota Delivery Center will grow more than 140% during the second half of 2017, significantly contributing to increasing Capgemini’s footprint within insurance for Business Services in North America.

## GUATEMALA CITY

In an effort to drive green initiatives for one of our largest consumer product and retail clients, our Guatemala team was able to identify and eliminate printing waste to deliver a more eco-friendly process that saves 2 million sheets of paper per year and €25,000.

## CAMPINAS

Our Campinas Delivery Center automated business process performance reporting for a large CPRD company that removed all human intervention, improving accuracy and speed while reducing costs by 75%

## BANGALORE

Our Bangalore Delivery Center added two new marquee accounts to its client portfolio, delivering finance transformation and setting up new shared services operations.

## TRICHY

A recent "Innovation Week" encouraged our Trichy Delivery Center team members to showcase innovative ideas in an effort to learn and apply innovation to deliver more value to our clients.

## KRAKOW, KATOWICE

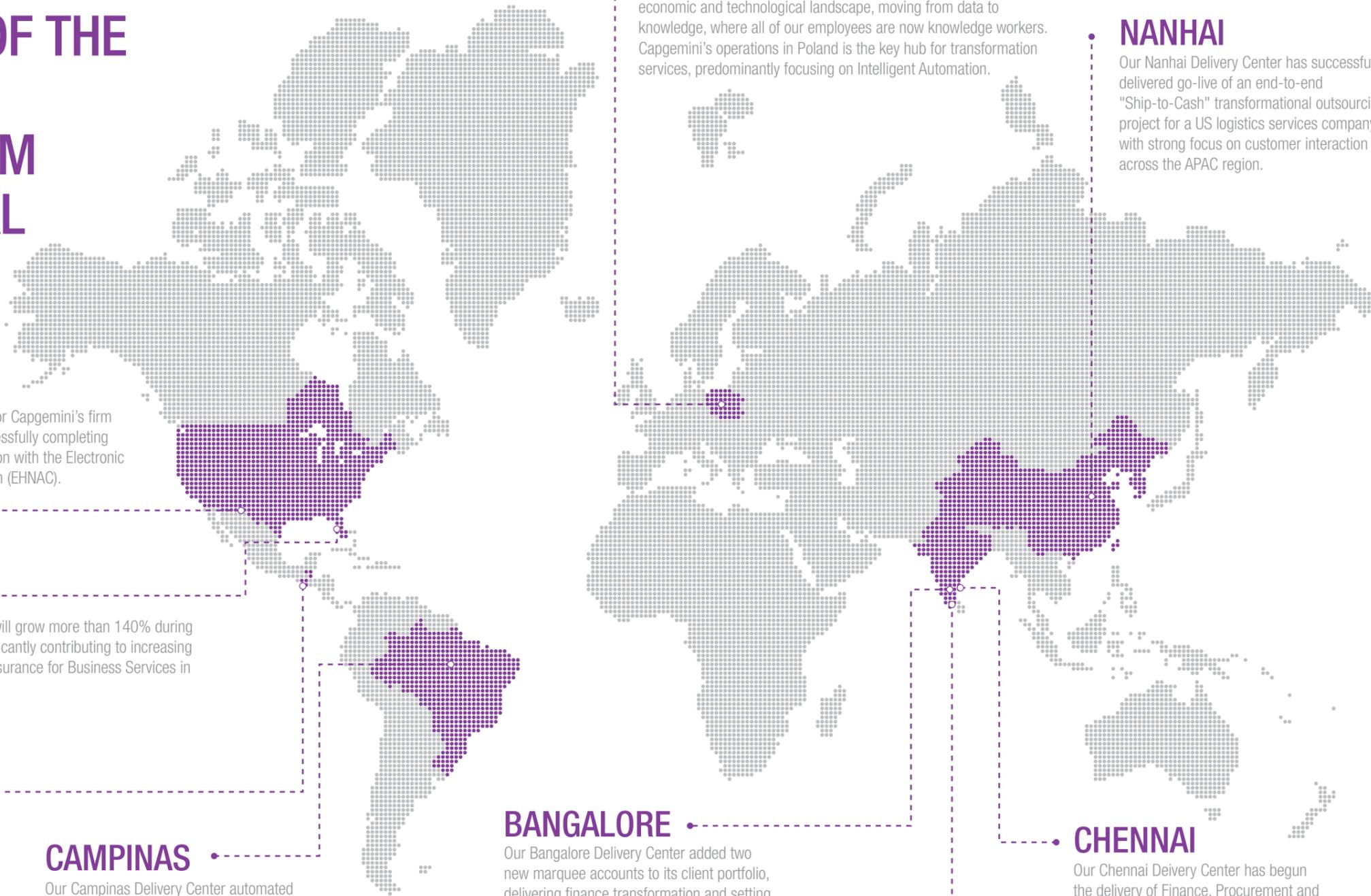
Our Polish delivery centers are actively adapting to the new economic and technological landscape, moving from data to knowledge, where all of our employees are now knowledge workers. Capgemini’s operations in Poland is the key hub for transformation services, predominantly focusing on Intelligent Automation.

## NANHAI

Our Nanhai Delivery Center has successfully delivered go-live of an end-to-end "Ship-to-Cash" transformational outsourcing project for a US logistics services company, with strong focus on customer interaction across the APAC region.

## CHENNAI

Our Chennai Delivery Center has begun the delivery of Finance, Procurement and Data Management services for one of Australia’s leading utilities providers.



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# Center Spotlight – Omsk

## LANGUAGES

Russian, English,  
Ukrainian



## LOCATION

Omsk, Russia



## # FTEs

Capacity of 158



# WHY OMSK?

Our Omsk center is located in the main and the only economic center in the region. There's only one other big city – Novosibirsk – within a radius of 1,000 kilometers from Omsk. The geographical location of Omsk is in the middle of Russia allows us to serve all 11 time zones. Omsk also boasts:

- Consistent education and workforce migration from Kazakhstan to the Omsk region of up to 6,000 people each year.
- Well-connected to Moscow with seven flights daily – and to other major Russian cities, with 15 flights daily.
- A workforce population of over 755,800 people with an average age of 39 years.
- A total of 15 universities that have economic and HR faculties graduating over 4,500 graduates each year.
- A favorable average time to fill vacancies: specialist – three weeks, manager – four to six weeks.

## SERVICES

The Omsk center's portfolio of services include:

- F&A – Procure-to-Pay (P2P), Travel & Expenses, Credit-to-Cash (C2C), Record-to-Analyze (R2A), tax, legal contracts, service desk.
- HRO – workforce administration, reward, payroll, recruitment, tax, service desk.
- CD operation – CD reporting, CD motivation, CD rebate process, CD legal doc flow.
- Master Data – employee, customer, vendor, pricing, system access management.



## CLIENTS SERVED

Unilever, Syngenta





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# ON-TRACK TO OMSK

*Vera Sushko*

Omsk Center Director and Unilever Engagement Manager,  
Business Services

## Vera Sushko, Omsk Center Director and Unilever Engagement Manager for Capgemini's Business Services, talks to *Innovation Nation* about how the Omsk Delivery Center builds on our 10-year relationship with Unilever while opening up the business services market for large Russian companies.

**Innovation Nation:** Capgemini recently opened a new delivery center in Omsk, Russia – what prompted this decision and what added value does this location bring to our clients?

**Vera Sushko:** The Omsk Delivery Center continues to build on our 10-year relationship with Unilever to bring about Finance and Accounting (F&A) and HRO process transformation and increased productivity. Omsk is responsible for delivering F&A and HRO services for Unilever Russia, Ukraine and Belarus. We provide a full scope of F&A services, including procure-to-pay (P2P), order-to-cash (O2C) and record-to-analyze (R2A), as well as HR operations such as Work Force Administration, Payroll, Employee Service Desk and Recruitment. We also provide support for customer development and Procurement processes.

The Russian market has huge potential for the development of business services, collaborating not only with global companies, but also with big local Russian companies. Capgemini's Russian-based Business Services business unit is able to provide services with deep knowledge of local legislation and effective support for document workflow. In addition, our Omsk Business Services Centre enables our clients to avoid the influence of foreign exchange volatility in deals due to operating with contracts in the local currency.

**What is the profile of companies that Omsk is best suited to serve?**

Being in the heart of Russia, we tend to look at global companies that already have a developed Russian business in portfolio. This includes large Russian federal companies that have their own in-house shared service centers and might be ready to move it to third-party provider – Gazprom, Sibur, Lukoil and Severstal, just to give a few examples.

**Could you give some examples of innovation or outcomes already delivered?**

We have finished standardization alignment towards the Unilever Global Model across all process. We carried out a major redesign of the P2P process and centralization of help desk, including query tool implementation. We have also started Robotic Process Automation (RPA) implementation for our clients in areas such as Master Data Management pricing activities, Travel & Expenses posting and SAP report collection.

## How are you developing the knowledge and skillsets of your teams?

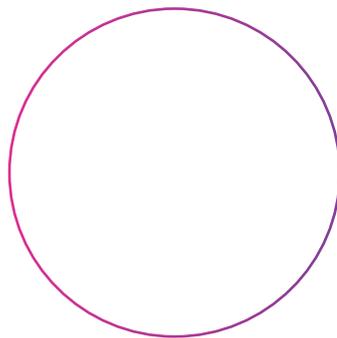
At Omsk, we run a range of different programs aimed to cover the needs of our people who work within different areas of the business and who might be at different places in their careers. This includes an on-boarding program for new joiners that covers both business culture as well as functional knowledge and skills, professional external and internal training that enable our people to upgrade their knowledge and be in line with legislation changes, and leadership programs for different position levels that enable our people to improve their personal effectiveness and accelerate their leadership skills and competencies. We also provide a full set of process documentation, including maps, DTPs and procedures.

## What's next for the Omsk delivery center?

Being a relatively new center, our main focus is to consolidate our ability to maintain successful and efficient delivery of F&A and HRO services to our existing clients. But looking to the future, we are looking at providing F&A and HRO services for other clients in Russia and Ukraine, as well as expanding the scope of our services across the region towards transformation projects such as designing new target operating models and building transformation roadmaps.

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**The Russian market has huge potential for the development of business services, collaborating not only with global companies, but also with big local Russian companies.**





A person wearing a blue button-down shirt is seated at a desk, working on a laptop. Their hands are visible, with one hand on the keyboard and the other near the mouse. The desk is cluttered with papers, a pen, and a highlighter. The background is blurred, showing other people in a similar setting. The overall lighting is warm and slightly dim, creating a professional yet relaxed atmosphere.

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# SECTOR FOCUS



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# ROBOTIC PROCESS AUTOMATION IN INSURANCE

*Indivar Khosla*

Global Head, FS-Business Services

## An ACORD-Capgemini perspective

### A NEW ERA IN INSURANCE

Insurers have been accustomed to the current market realities of relatively low premium growth, rising loss costs and ever increasing customer expectations. Over the years, carriers have focused on adapting the business to address the challenges posed by these conditions. Senior management, business unit and IT leaders have directed investments primary towards performance improvement initiatives including cost take-out. However, the industry is now facing an inflection point where current market conditions, the growth of emerging technologies, and the rise of a digitally-empowered consumer is driving an outcomes-focused operations and technology (O&T) agenda. The result is a new insurance technology "era," where CIOs and COOs are increasingly working together to attract, retain and develop customers while maintaining their focus on maintaining and transforming the current business and IT infrastructure.

The cornerstone of this new "era" is digitization, which not only involves the conversion of paper and hard-copy information into digital formats, but also includes the deployment of capabilities that support digitized processes including big data and analytics, internet, and mobile technologies. The end result for insurers is a digitized business model that will support improved decision-making, enhanced customer relationships and expanded automation across the value chain.

Unfortunately, not all insurers have the culture or capacity to embrace this change and the fundamentally different operational models that are now appearing on the horizon. A recent ACORD study of digitization in the insurance industry, suggests that only about 40% of carriers have truly digitized the value chain while more than 10% are not leveraging digital technologies within their current business processes.<sup>1</sup> While the reasons insurers struggle

with digitization vary, there are a number of common barriers face including:

- Accumulated legacy systems characterized by outdated technologies and a complex infrastructure of siloed applications and supporting data, systems and architecture.
- Complex business models, particularly in the area of underwriting and claims, where multiple variations of similar processes, modified to support unique lines of business, co-exist across the value chain.
- Lack of vision, C-suite support, and talent to implement and manage a digitized process environment.
- Impact of organizational silos including multiple, complex balance sheets and a lack of transparency and collaboration across the enterprise.
- Marketplace disruption including emerging competitors and shifting compliance and governance requirements.

In order to address these issues, O&T professionals and business leaders among insurers, agents, brokers and reinsurers are increasingly turning to Robotic Process Automation or RPA, the use of software combined with artificial intelligence and cognitive computing to mimic the activities of humans conducting highly repetitive tasks. Current spending on RPA technologies among banking, financial services and insurance firms (BFSI) is estimated between \$50 million and \$100 million and is forecasted to grow between 30% and 60% annually, potentially surpassing \$1 billion in the next five years.<sup>2</sup> This is being driven by the need for strategic flexibility, operational adaptability, and process efficiency.

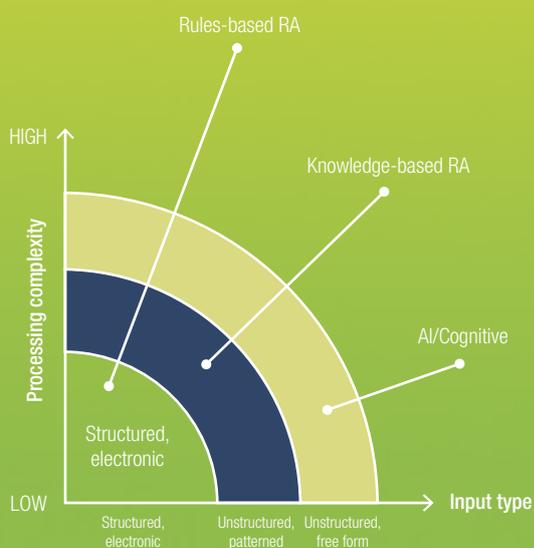
<sup>1</sup> ACORD Insurance Digital Maturity Study, 2016

<sup>2</sup> ACORD Research, 2017. Analysis of RPA spending estimates and forecasts in the BFSI segment.

## UNLOCKING THE POTENTIAL OF ROBOTIC PROCESS AUTOMATION

Robotic Process Automation (RPA) is a software application that combines user interface recognition technologies with workflow execution tools. RPA software is programmed to follow predetermined actions within specified applications that replicate and therefore replace the human interaction required to complete the required activities within a business process. These activities including moving or populating data between locations, performing calculations, initiating actions and activating downstream activities. RPA systems can be either attended, where an automation assists users and then returns control or unattended, where an automation selects input from a queue and processes it end-to-end without human intervention. Regardless of the level of human interaction, RPA solutions typically consist of five key elements:

- Non-intrusive business system integration.
- Data aggregation that pulls information from multiple back-end systems.
- Business rule execution based on defined logic and self-learning.
- Work item and exception queuing.
- Activity monitoring.



RPA applications have evolved from the early days of "screen scraping," where applications collected data from one application to be shared with another. Today, most RPA systems are rules-based, which enable them to work well with complex processes governed by a specific set of repetitive rules, such as completing an invoice. Finding success with these systems, some insurers have begun to implement more sophisticated, knowledge-based RPA solutions. These systems are able to handle a wider variety of tasks and can operate outside a limited set of rules. A typical example of knowledge-based automation would be in the customer service function, searching for information across systems and answering customer emails. As artificial intelligence and cognitive computing advance, RPA solutions will eventually evolve into more value-adding initiatives.

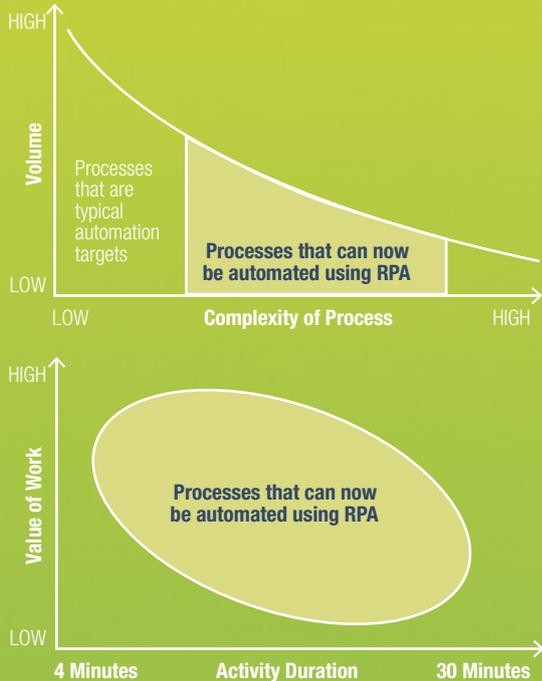
What is particularly revolutionary about RPA software is that it does not necessarily require companies to make changes to their strategic processes or existing back office technologies. Even if companies are separated geographically or have various technological systems implemented, RPA is able to connect systems. Therefore, RPA may function as a low cost, low risk solution for process optimization with near-term payback.

## OPPORTUNITIES FOR INSURANCE

Despite the value potential RPA solutions can bring to the business, not all processes are candidates for automation. Advances in artificial intelligence and cognitive computing are providing new opportunities to extend automation to processes requiring a high degree of decision making or involving a wide potential for exceptions. However, today's RPA solutions are typically best suited for processes with the following characteristics:

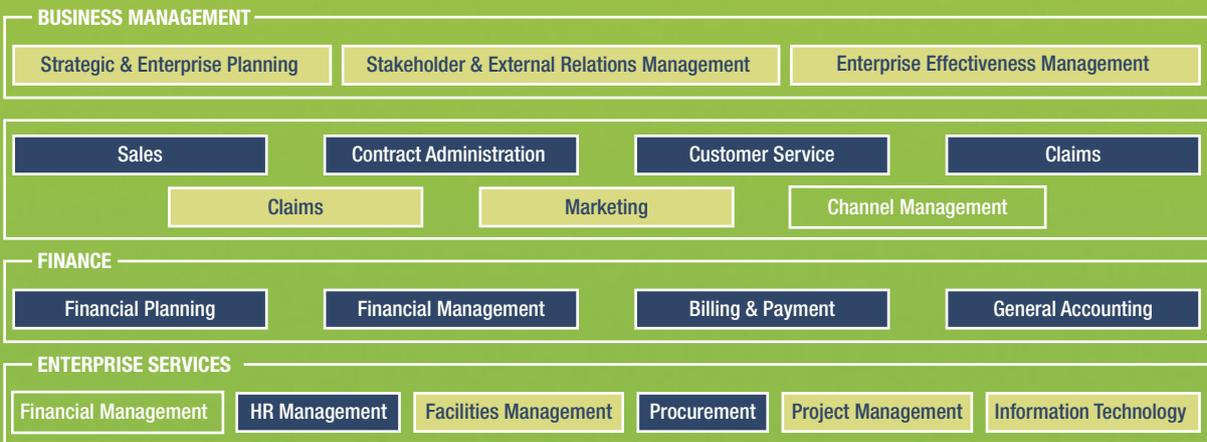
- Require access to multiple systems.
- Prone to human error.
- Comprise unambiguous rules.
- Require limited human intervention.
- Require limited exception handling.
- Manages high volumes of transactions.
- Highly repetitive or subject to significant peaks in workload.

## Characteristics of processes that can be automated using RPA



Across the insurance value chain – including sales, underwriting, policy issuance, policy servicing and claims processing – there are a number of manual and repetitive tasks that would benefit from automation. These include menial sub-processes where RPA could be applied to allow human employees to focus on the more complex, value-added activities. Within the underwriting function, for example, the collection of policyholder records, prior-year claims documents, and other underwriting data can be easily handled by RPA applications, improving the underwriter’s productivity and freeing up additional capacity to handle more cases. This will not only lower costs, but also provide revenue growth opportunities by increasing the capacity to write more business.

A review of the insurance business models highlights several key areas where RPA could have a meaningful impact. These include not only core insurance processes, but also non-core, back office functions such as finance and accounting, procurement and HR.



Sample Use Cases	<b>Sales</b> <ul style="list-style-type: none"> <li>Quote Generation</li> <li>Application Processing</li> <li>Underwriting Risk Assessment</li> </ul>	<b>Channel Management</b> <ul style="list-style-type: none"> <li>Producer Payments</li> </ul>	<b>General Accounting</b> <ul style="list-style-type: none"> <li>Journal Entry Processing</li> <li>Reconciliations</li> <li>Closing</li> </ul>	
	<b>Contract Administration</b> <ul style="list-style-type: none"> <li>Contract Issuance</li> <li>Endorsements</li> <li>Policy Renewal</li> </ul>	<b>Financial Planning</b> <ul style="list-style-type: none"> <li>Budgeting</li> <li>Forecasting</li> </ul>	<b>Risk Management</b> <ul style="list-style-type: none"> <li>Audit Management</li> </ul>	
	<b>Customer Service</b> <ul style="list-style-type: none"> <li>Customer Contact Mgmt.</li> <li>Incident Management</li> <li>Update Customer File</li> </ul>	<b>Financial Management</b> <ul style="list-style-type: none"> <li>Treasure</li> <li>Cash Management</li> <li>Reporting</li> </ul>	<b>HR Management</b> <ul style="list-style-type: none"> <li>Payroll</li> <li>Data Processing</li> <li>Benefits Administration</li> </ul>	
	<b>Claims</b> <ul style="list-style-type: none"> <li>First Notice of Loss</li> <li>Claims Review and Audit</li> <li>Fraud Management</li> </ul>	<b>Billing &amp; Payment</b> <ul style="list-style-type: none"> <li>Billing</li> <li>Collections</li> <li>Accounts Receivable</li> </ul>	<b>Procurement</b> <ul style="list-style-type: none"> <li>Low-/no-touch procurement</li> <li>Purchase Order Administration</li> <li>Invoice Processing</li> </ul>	

## IMPLEMENTATION CONSIDERATIONS

Before launching an RPA project, a number of considerations must be taken into account to ensure that the full benefits of RPA are realized.

First, experience shows that RPA delivers the greatest level of efficiency when applied to processes that have already been optimized and where any non-value activities have been removed. Simply jumping straight into robotics exposes the organization to the risk of magnifying what already is a bad process. Eliminate, Standardize, Optimize, Automate and Robotics (ESOAR), is one approach that can be used to prepare a process for the implementation of RPA.

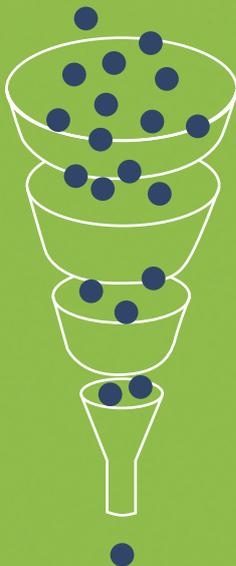
The first stage of this approach involves eliminating any unnecessary steps while optimizing the remaining actions in the process. The improved process is now ready for the application of automation, first through the implementation of traditional straight through processing (STP) applications that has the potential to automate between 25–40% of the manual steps within a process. RPA can then be deployed utilizing analytics and monitoring for an additional 10–15%. For some processes, RPA leveraging cognitive computing

may be deployed, resulting in yet an additional 20–25% reduction in the amount of manual processing.

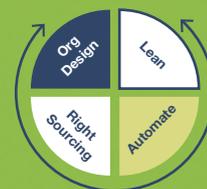
Second, in addition to the RPA software and process improvement activities, a number of supporting components are required to successfully implement and manage RPA-enabled processes.

- RPA will be running critical client processes and will require close monitoring and preventative maintenance. RPA coordinators will need to stay in close contact with the application owners and process owners to anticipate any needed changes to the automation based on product introductions or application changes.
- RPA involves transaction handovers between both humans and automated processes as well as between one or more automated processes without any human interaction. As a result, workflow tools which monitors and tracks transactions and ensures nothing falls through the cracks will be required.
- RPA provides granular data on each and every transaction. Data management is required to generate and leverage operational intelligence and insights. Unlike traditional sampling techniques, this data is 100%

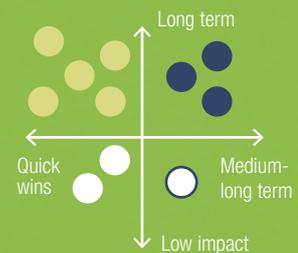
### RISING TRANSACTION VOLUMES IN NON-CORE AREAS AND PRESSURE ON PROFITABILITY



- 1 Value Stream**
  - Eliminate
  - Deflect
  - Identify volume drivers and sources of effort eliminate them at their roots
  - Reduce time spent in handling end-to-end work
- 2 Process Optimization**
  - Error-proof
  - Improve
  - Filter/Detect
  - Optimize large technology platform in use to eliminate tasks that are needed on account of sub-optimal design of platform
- 3 Process Automation**
  - Standardize
  - Replicate
  - Enhance
  - Automate standardized process landscape through non-invasive tools
  - Deploy technology solutions to tackle time-consuming, manual processes
- 4 Robotics**
  - Attended work
  - Unattended work
  - Robotize repetitive/rule-managed work
  - Enterprise-level scalability, resilience
  - Strong controls, real-time dashboards



### OPPORTUNITIES' CATEGORIZATION



auditable, quality compliant and provides an operational picture unavailable through traditional approaches.

- Once RPA reaches industrial scale (50 or more robots) the need for a continuous focus on driving value using smart scheduling of robots becomes critical. This can be achieved through attendant automation, autonomous automation based on triggers or using one robot for multiple processes.

## BENEFITS

As with traditional automation solutions, one of the most obvious benefits of RPA involves the reduction in labor cost associated with manual processing. When compared to their human counterparts, RPA can cost as little as one-fifth of an on-shore full-time employee (FTE) and one-third that of an offshore FTE. RPA applications also have the potential to reduce error rates by 20% and free employees from tedious tasks, enabling them to focus on more value-added initiatives.

Overall, the benefits achievable through RPA fall into one of three categories. From a productivity perspective, RPA applications can run 24 hours a day, 7 days a week, vastly reducing the need for downtime. Since RPA consists of

software, human training is replaced by programming which can be conducted across tens, hundreds or thousands of RPA applications at the same time. Insurance firms have reported productivity gains of up to 50% within those processes where RPA has been implemented.

Operational efficiency, particularly in the area of service delivery, is another key benefit. Reductions in cycle-times of nearly 80% are not uncommon among those processes where RPA has been implemented. In addition, RPA ensures a level of accuracy, security and continuity that is higher than when the same processes are handled by humans. This is particularly important in the insurance industry where customers are increasingly demanding consistent and transparent levels of service. An additional, and somewhat overlooked, benefit to RPA involves regulatory compliance. When properly coded and applied to the appropriate process, RPA applications can ensure 100% compliance with stated regulations.

Finally, RPA has demonstrated significant cost optimization savings over both on-shore and offshore delivery options. The lower costs achieved through the reduction in FTEs and other "run the business" expenses, often translates into RPA investment recovery periods of as little as six to nine months.

### Case Study

Leading Global Insurer

#### Business Process – Policy Renewal Process Activities

- General Liability and Financial Lines
- Non-Standardized process between three different locations worldwide
- Process involved more than 25 applications and numerous documents, forms and emails
- Part of the process involved an offshore Business Services provider

### Benefits

- 50% reduction of FTEs
- 30–40% increase in efficiency
- Elimination of overtime, including peak cycles
- Increased customer satisfaction due to faster response times
- Increase in quality and accuracy output

Source: Capgemini

### Case Study

Global Insurance Brokerage Firm

#### Business Process – Robotics Center of Excellence Activities

- Identify business processes for automation
- Establish and demonstrate RPA capabilities within the context of the business
- Illustrate expected benefits and obtain business user acceptance on automated results

### Benefits

- 70% reduction in cycle time of targeted processes
- Reductions in error rates
- Ease of scalability to extend RPA
- Reduced operational cost

Source: Capgemini



## CRITICAL SUCCESS FACTORS

The success of RPA depends on many factors including identifying and prioritizing the most appropriate processes to automate and deciding on the extent to which RPA will be leveraged across the organization. In reviewing multiple RPA projects across the insurance industry, there is a core set of best practices that underpin the most successful implementations:

- The application of Lean Process Optimization before any application of Robotic Process Automation.
- Business Ownership of the solution is essential. Business criticality and component-based architecture should be used to drive prioritization of RPA candidate processes.
- Implementation of a Center of Excellence (CoE) including guidelines for assessment, design, development, and deployment of robots.
- Creation of a central RPA command center to proactively monitor progress, benefit realization, capacity, and interdependencies.
- Establishment of a dedicated, regional RPA project execution and maintenance team coordinated through the command center.
- Formation of a shared asset library across geographies and functional areas.
- Alignment of RPA deployment architecture across geographies and business units.

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**The success of RPA depends on factors such as identifying and prioritizing the most appropriate processes to automate and the extent to which RPA will be leveraged across the organization.**



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# FINANCIAL SERVICES DATA MANAGEMENT — TIME TO STANDARDIZE

*Pankaj Ratna*

Head of Product Strategy and Transformation,  
Business Services

## Who puts all their eggs in one basket? Very few of us. Major financial services organizations are a case in point. They're competitive bodies, and to ensure the data services they use are of best-of-breed and suitable for their own specific needs, they employ offerings from several different commercial vendors.

But upsides often have downsides, and in this case the problem is a lack of homogeneity. A survey recently conducted by A-Team Group for Capgemini found senior-level data management executives at financial institutions across North America and Europe complain that each vendor's service is effectively bespoke and that consequently they are obliged to adopt the standards – data definitions, identifiers, data models and more – used by each of their suppliers.

Respondents said the lack of standards and of collaboration among providers mean process standardization is impossible. As a result, they said, they are obliged to allocate significant sums to integrate disparate data sources, even where coverage is essentially the same. The survey found this effort is duplicated across the industry as organizations attempt to integrate the same data sources to address the same internal data integration needs.

In short, it's cumbersome, costly and time-consuming, and it dilutes the benefits accrued from each of those best-of-breed offerings. So it's small wonder that 87% of the survey's respondents said they envisaged significant benefits in having a standardized approach to data management. Such an approach, they said, would result in improved data quality, leading in turn to cost reductions from streamlined operational processes and reduced exceptions and reconciliations.

Standardization would also improve data lineage, which is emerging as the new "must-have" for regulatory reporting; it would streamline new product implementations; and it would allow them to gain more control over data attributes. Finally, the survey respondents said they expected to see

major improvements in data cleansing and validation, data sourcing and distribution, and management of identifiers and classifications.

### Planning a route

But of course, it's one thing to picture the benefits of a destination, and another thing altogether to chart a path to it. Our view at Capgemini is that it may be some years before we see any real industry-wide change.

In the meantime, organizations are going to need to tackle the issue on their own. Obstacles will include internal organizational and political issues in the form of business and data silos and legacy technologies. To overcome them they are each going to have to adopt a sequential approach, requesting the development of standard feeds from each of their providers in turn and bringing them together in a holistic model. There are no shortcuts, and to make it possible they'll need to assign responsibility and a budget.

The goal is uniformity, and it's a task with which seasoned global service providers can help. They have broad experience; they have a fund of knowledge of the prevailing standards; they can apply best-practice approaches from implementations in other sectors and geographies; and they can develop function-rich models that are fit for purpose in each organization's specific circumstances. At Capgemini, we're already working with CTOs at banks and other finance houses to help bring about the change that is so clearly needed.

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# ADOPTING A STANDARDIZED APPROACH TO REFERENCE DATA MANAGEMENT

*Pankaj Ratna*

Head of Product Strategy and Transformation,  
Business Services

**Major financial services organizations operate in a highly competitive market. The data services they use need to be leading-edge and productive in their own individual contexts, and so they tend to employ best-of-breed offerings from several different commercial vendors.**

## THE CHALLENGES

The problem, though, is a lack of homogeneity. In a survey, recently conducted by A-Team Group for Capgemini as part of this report, we found senior-level data management executives at financial institutions across North America and Europe complaining that each vendor's service is effectively bespoke and that consequently they are obliged to adopt the standards – data definitions, identifiers, data models and more – used by each of their suppliers.

Reference data management, they felt, is characterized by duplication of effort on an industrial scale that consumes time, effort and money for little in terms of unique business benefit.

These circumstances create significant and specific challenges:

### Resources

Managing inconsistent reference data duplicates effort on an industrial scale throughout the banking and financial industry. In the face of declining margins and increased regulatory compliance, organizations are confronted with tough choices about an operating infrastructure that supports evolving business models, new products and fresh markets. They also face the challenge of increasing the quality of Financial Instrument Data (FID) on complex legacy infrastructure. In short, in tackling the issue they are consuming time and effort for little, if any, business benefit.

They are also consuming substantial financial resources in the form of long-term operating costs: each organization finds itself integrating the same multiple and mission-critical data sources, but within their own individual areas and with their own granularity of coverage, administrative processes and commercial models.

Furthermore, survey respondents said, there is a lack of tools and services that can make it easier to implement new services and gain from the use of standards where they exist.

### Data quality and consistency

The financial data managers responding to our survey point to a lack of standardization in their industry's approach to data management and say there is a need for a collective approach to address wasted effort. Without collaboration among providers of reference and other data services, they feel, process standardization is impossible.

It's not just about inconsistency, though. There are also data quality issues. According to the EDM Council, the downstream impact of bad data can be significant. Statistics indicate that up to 30% of financial trades fail due to financial instrument data (FID) issues, and over 50% of institutions report they lack the agility to manage this type of data.

These challenges are accentuated by unrelenting regulatory pressure. New change management programs are needed to comply with regulations such as Dodd-Frank, FATCA, and AML, and meet BCBS 239, Basel III and MiFID II requirements.

Obstacles to compliance and to achieving other benefits, respondents tell us, include internal organizational and political issues in the form of business and data silos and legacy technologies.

## Industry view

*"The financial industry has no common language, and this lack of standardization brings a big burden to the industry."*

*"All vendors should use the same definitions and IDs and deliver in standardized formats."*

*[Standardization should involve] "setting generally accepted guidelines in regards to how data domains (parties, securities, prices, etc.) are created or supported, as well as to how these are governed. The goal is to enforce a level of consistency or uniformity to certain practices or operations within the selected environment."*

*"Now standardization is ad hoc, [but] standardization will be driven by regulatory requirements."*

All quotes sourced from respondents to the A-Team Group survey

## THE APPROACH

There are several factors of which organizations should be mindful when faced with these challenges. For instance:

### Digital business model

To address inconsistencies in internal infrastructure, thought needs to be given to creating a holistic digital business model. A uniform technology platform coupled with enterprise-wide consistency on processes can deliver

considerable improvements in efficiency – especially when (subject to permissions) people across the organization are able to see and share data that previously may have been unavailable to them.

### Supplier buy-in

Here's another recommended step. To achieve standardization organizations may need to develop a phased approach, requesting the development of standard feeds from each of their providers in turn and bringing them together in a comprehensive model. Key to the success of such initiatives, respondents felt, will be greater transparency from service providers around their data coverage roadmaps and client-onboarding strategies. Cooperating and planning in this way, they argued, will improve data quality and hence simplify reconciliations and reduce exceptions, thereby streamlining operations in general and reducing costs.

### Regulatory compliance

Respondents to the A-Team Group survey agreed that a standardized approach to data management could also improve data lineage, which is fast becoming a de facto requirement for regulatory reporting, streamlining new product set-ups and allowing firms to gain more control over data attributes. In addition, it can deliver major improvements in data cleansing and validation, data sourcing and distribution, and management of identifiers and classifications.

### Applicability

A standardized approach won't be appropriate for every process. Certain functions will require continued manual intervention; but areas in which most benefit may be gained from standardization include all the main data management tasks, as well as data distribution and wider data infrastructures, where the opportunity exists to reduce footprint and operational overhead. Survey respondents also agreed that a standardized "Data-as-a-Service"-type model in the form of shared services or mutualized data management platforms is appropriate here.

There are no shortcuts to any of this, and to get there organizations will need to assign responsibilities and allocate budgets. Yes, there will be costs – but they should rather be seen as an investment, because the net benefit will be so much greater than the outlay.

## MOVING FORWARD

Recommending an approach, even including specific steps such as those above, can only take organizations so far.

Each bank or financial institution will be highly familiar with its own specific issues and will also be aware it's not alone in facing the challenge of disparate reference data. But it won't have any detailed experience other than its own. Nor will it have any in-depth knowledge of steps others have taken and the extent to which those steps have been successful.

This is why it's worth seeking the external perspective of service providers who are not just familiar with a generic approach to the standardization of data management, but who also have real, hard experience of design, implementation and management in individual circumstances – preferably at comparable international business levels.

Such providers can apply their breadth of knowledge and experience to new and specific environments, analyzing the scale of the issue and the outcomes expected before developing a pragmatic approach to reference data management suitable to cases and needs.

## A case in point

For instance, Capgemini offers Integrated Data Management services to help financial services organizations better manage and remediate their legacy data infrastructure while improving data quality to address regulatory requirements. Their work with leading companies across the globe have delivered outcomes such as:

- **Cost reduction** – up to 50% savings in the cost of reference data management, including elimination of large upfront licenses and efficient and timely data distribution to all relevant systems

- **Enhanced agility** – easier scalability through offshore resourcing and rapid speed of implementation and transition
- **Increased accuracy** – almost 100% accurate and up-to-date reference data, leveraging automation to reduce manual processing
- **Reduced risk** – lower global risk exposure by standardizing data to provide additional data parameters to quantitative research analysts for models that support Value at Risk (VaR), potential credit exposure and large exposure calculations

## SUMMING UP

It was clear from the in-depth discussions conducted as part of this review that there is an appetite in every major international financial market for an end to long-term inconsistencies in reference data.

To achieve this there should be a collective effort from institutions, their data suppliers, regulatory bodies, services providers and other stakeholders to standardize data management and to support this move with enterprise-wide digital business models as well as rigorous and consistent best business practice.

It's felt most firms should gain from a standardized, shared-services model in about three years. Some, however, are already seeing the benefits of a standardized approach to data management. Capgemini has itself been active with major institutions worldwide to help bring about the change that is so clearly needed.

This paper draws on discussions with 40 industry practitioners, including heads of data management at sell-side and buy-side financial institutions in the UK, mainland Europe and North America.

*To find out more about the Capgemini IDMS platform visit: [www.capgemini.com/business-services/integrated-data-management-services-idms](http://www.capgemini.com/business-services/integrated-data-management-services-idms)*

*A-Team Group provides news and analysis, white papers, webinars, events and more through our two online communities. For information visit: [a-teamgroup.com](http://a-teamgroup.com)*

**A-TEAM**GROUP



A close-up, high-angle photograph of a woman's face and shoulders. She has light brown hair and is wearing a white, button-down shirt with a scalloped collar. The lighting is soft and warm, creating a professional yet approachable atmosphere. The text is overlaid on the left side of the image.

**.05**

**EXPERT  
INSIGHTS**



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# INTRODUCING THE DIGITAL CONTRACT LAWYER

*Agnieszka Chmiel*

Senior Manger, Head of Contract Support Services,  
Business Services

## From small law firms to big corporations, many organizations are struggling to manage their contracts in a digital way. Agnieszka Chmiel talks about what it actually means for today’s contract lawyer to be “digital.”

Everything today is digital. Since the invention of the internet, life has changed completely. You can shop online, work online, learn online and even date online! However, legal services are still very traditional. And I am not talking just about individual lawyers. From small law firms to big corporations, many organizations are struggling to manage their contracts in a digital way.

So what does it mean for today’s contract lawyer to be “digital”?

- **Put the pen down** – let’s start with the simple things. Digital lawyers must have all their contracts in one database and they must be easily available and searchable. Interactive, real-time dashboards with contractual data are the key to getting the most value out of your contracts. This will become the basis for legal teams to negotiate the best contracts based on the knowledge gathered in the database. Digital lawyers can search through the contracts library on their tablet using key terms and contract metadata. They can also draft and review contracts on iPads! Paper is so 20th century.
- **Use a tool** – there are, of course, multiple tools available on the market to help lawyers manage contracts throughout the lifecycle. The key is to choose the right tool for a specific need, whether it’s small procurement contracts or big multi-year IT agreements. Most in-house lawyers have little time for obligation management, and to be honest, it would be a waste of their skills. Today, tools can do it for you

and the lawyers will get involved should any disputes or potential litigations arise. But having the evidence easily available with an audit trail will make a lawyer’s life easier. Many companies struggle with the management of contractual obligations, including how to avoid the unnecessary cost and how to keep evidence in order to have it easily available should a client dispute the end result. The same applies to clients who want to make sure they get the most out of their contracts.

- **Stop using email** – all contracts have to be drafted, negotiated, and signed off. Lawyers still like to use Microsoft Word to draft and redline contracts. The exchange of documents is very traditional; as a result, documents are sent back and forth, resulting in lost time, energy, and content changes.

Believe me, there are great tools out there for interactive, real-time contract drafting and negotiations. It makes the drafting and reviewing process easy when each party sees the changes real time and has the opportunity to chat and exchange comments. The tool tracks all the changes, proposes alternative terms or clauses from the clause library, highlights open negotiation points, and compares positions. A truly digital, almost paperless and touchless tool allows lawyers to use their brains and knowledge in a more productive way.

Embracing digital takes time, but this is the future! Digital lawyers are already embracing the opportunity to drive the digitalization of contracting. Are you ready?



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**I AM YOUR  
CUSTOMER –  
UNDERSTAND  
ME, KEEP ME  
HAPPY AND  
SURPRISE ME!**

*Magda Matell*

Senior Manager, Transformation & Innovation Lead,  
Business Services

## “The digital customer experience really matters!” Magda Matell gives a few tips on how business can handle end-customer operations in order to be remain competitive.

Over the past few months, I've spoken with various Fortune 500 companies about the future of digital customer operations and the focus on client centricity. While these companies represent different industries and have different business models, there are a few common themes that everyone agrees should be leveraged when handling end-customer operations:

### KNOW YOUR CUSTOMER

Keeping tight partnerships with your key customers is crucial. But before you reach this level, you should know your customers and understand their needs, which includes their strategic initiatives and the role that your business plays in achieving key objectives. This is the measure of how relevant your business is to your client. We frequently observe businesses establishing offices close to their business partners. I truly believe that physical proximity is important as it fosters stronger connections. Investing time in building relationships not only brings you closer to your client's business and enables you to better understand their needs, but it also may pay off in additional growth. The best outcome is to have your client partners recommend you to other clients.

### THE DIGITAL CUSTOMER EXPERIENCE (DCX) REALLY MATTERS

Over the past few years, we've seen the growing importance of DCX. The voice of the end customer has never been so important, whether you are an industrial manufacturer, a freight carrier, or an insurer. Companies feel that they have to fit into a digital agenda and frequently need help and guidance on how to get there. Over the past few years, the industry has developed some best practices to deliver efficient processes that provide value to the

business. However, one minor detail is often forgotten: how do our internal processes affect the end customer? To be able to answer this, businesses should ask themselves a few questions:

- "Do we make the end user's life easier or do we bother them with our internal processes?"
- "How do we motivate employees in terms of customer priorities?"
- "Are customer needs and customer service part of employee development plans?"
- "Are teams incentivized to deliver an outstanding customer experience?"

This is the key difference of taking a truly client-centric approach. I always explain it as a combination of a) motivated people focused on customer needs and understanding, b) client-centric processes that keep the customers happy, and c) technology to constantly surprise clients. If we prioritize the end-user experience, not only will we end up designing more efficient processes, but we will also please customers, employees, and partners.

We are all customers of one company or another. What is it that makes us want to buy from company X versus company Z? Taking this perspective may result in a better solution for your business. Look at your internal KPIs. As a customer, do I really care how many cases are handled per day or do I prefer to have my case solved? Businesses that focus on the average time per call and the number of calls handled per XYZ agents are not taking a customer view. This definitely does not add value to me as your end customer!

When considering long term, think innovation, think investment, and think like a startup. Investing in new solutions and people may help you win new businesses and transform your traditional business with new business

lines. Working like a startup and promoting co-creation models with your business partners may result in more sustainable relationships and growth.

## LET YOUR CUSTOMERS SPEAK

What strikes me is that the voice of the customer does not necessarily come from the end customer. We often assume what is best for the end customer; however, we do not always understand the situation. Once we start measuring and truly "hearing" our customers, we may end up with a different outcome.

I frequently hear my business partners express concerns over new practices such as enabling self-service to end customers because they're afraid that they may get more complaints or that the end customers won't be interested in using such an option. Is it really the end customer who lacks interest? Businesses should not make such assumptions about the end customer (or even themselves), but rather take a different view. As a customer, I just might want to be able to check and track a delivery or be able to submit a claim online.

## TAKE CARE OF ALL YOUR CUSTOMERS

sometimes, instead of focusing on "good" customers, business processes are built around pleasing the biggest complainers while neglecting the true revenue generators. It is not only about making the customers happy but also about truly understanding their (changing) business needs.

Alter your perspective: some customers may want personalized service but others may not want to be bothered. In the end, all customers want to get through the process as easily as possible, but the way we address their individual needs may require more personalized contact, self-service portals, automation, etc.

## RESOLVE COMPLAINTS QUICKLY AND WITH STYLE

the complaints process is a critical part of the value chain: the one process that should be streamlined and automated to the furthest extent possible. Tools like self-service portals, virtual agents, and FAQs should be your best friends! Maintaining manual and complicated processes not only extends the resolution time but also makes us focus on the wrong priorities. If you add the costs of the complaints resolution with the actual revenue loss on credits raised for fixing the defaults, you may end up wasting more energy ironing out defaults rather than building the perfect waste elimination process.

And if you are in a situation where you deliver a perfect order fulfillment, you may then conclude that your customer is always right! Why? Because the best complaint resolution process is NO COMPLAINTS!

As a customer, I want to have a great DCX each time, every time, irrespective of the communication channel. I want to be able to follow up on my case anytime, anywhere!

## SIZE OF THE PRIZE

what is the value of providing an amazing customer experience? I have seen many attempts of quantifying the additional revenue for providing great customer service. One way to respond to this is to show how many customers buy from your business based on the recommendation of other customers. If your business is digitally present and takes customer experience seriously, the numbers should be available. Businesses that are obsessed with delivering a positive customer experience will grow faster than the ones that focus on internal efficiency. If you want to keep your customers and grow your business, put yourself in the customer's shoes.

I strongly believe that in order to be competitive businesses, you need to follow a simple magic formula: I am your customer. Understand me, keep me happy, and surprise me!



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# DO YOU “DO” ROBOTICS IN HR?

*Anjali Pendlebury-Green*

Head of Digital Employee Operations,  
Business Services

## Pro(cess)bots, Chatbots and ThinkBots – Anjali Pendlebury-Green discusses how three automation trends are disrupting HR.

"Do you 'do' Robotics in HR?" I have lost count of how many times in a week I am asked this question by HR leaders. I find that it is a strange dynamic that many still believe that HR is "special" and therefore robotics in HR should be "new" or even disruptive. To me, this smells of a traditional HR leader that is led by technology trends rather than someone sitting in the driving seat crafting the organizational interaction or experience that they should drive.

So for my friends in HR who wonder if we "do" robotics in HR, here are three key automation trends to consider:

- **Pro(cess)bots** – that are faster, more efficient and reduce errors. They work in the back office and undertake repetitive tasks empowering HR teams to focus on the less mundane and critical tasks of business partnering and candidate/employee engagement.
- **Chatbots** – to power the employee helpdesk. These are critical to helping employees look for answers in their natural language while reducing the number of queries that actually convert into calls or emails. They look and feel like you are chatting to a human. Chatbots are essential when you implement new HR systems like Workday or SuccessFactors which push the responsibility of people transactions to the thousands of managers out there.
- **ThinkBots** – that use Artificial intelligence will truly disrupt HR where the processing technology is already leaps and bounds ahead of Finance or Supply chain functions. The application of this in HR is about 12 months away due to the complexity of human interaction. But it will get there.

So to answer the question – do we "do" Robotics in HR ... doesn't everyone?





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# THE DEMOCRATIZATION OF ANALYTICS

*Divya Kumar*

Director of Analytics and Research,  
Business Services

## As newer analytical needs continue to emerge, the definition of analytics has changed. While this has created new opportunities, it has also shifted the focus from technology back to talent. Divya Kumar looks at how the analytics landscape continues to develop.

There was a time when analytics meant implementing a huge Business Intelligence (BI) system, spending a lot of money and landing up with a project that would run into several years. Naturally, a wide chasm emerged between the "haves" and "have-nots."

You either had a system where all your data was cleanly (or not so cleanly!) pulled from various source systems into a common data warehouse from where charts and information were used for decisions; or, you had "analysis" (rather than "analytics") happening in different parts of the enterprise with each unit pulling its own data from its own source system and making it work for its particular needs.

Interestingly, the reason for not investing in analytics was not always the lack of funds but rather the lack of a strong business case for such a huge expenditure since the ROI was rarely clear. Further, such systems were always owned by IT rather than the business, which made the business case even more obscure.

As the years progressed, while the overall ROI remained unclear, BI systems started to provide uniform global views of data, and standard information began to be accessible to diverse parts of the organization. The technology kept getting better and the gap between the haves and have-nots continued to widen with every upgrade.

Then something very surprising happened – there came a tipping point. The curve hit a peak and started a downward spiral. Analytics started becoming more democratized than ever before. The nature of data and technology changed; but more significantly, as newer analytical needs emerged, the very definition of analytics

changed and traditional systems found themselves struggling to keep pace with business user requirements. Not only did this development create new opportunities, but it also shifted the focus from technology back to talent.

Let's look at these changes in the analytics landscape more closely.

- **Changing data** – the term "big data" comes from the exploding volume, variety, and velocity of data. Traditional systems struggled with this, giving way to new entrants such as Hadoop which have a drastically different approach to the way they store and process data. This has opened up more flexible options for those who did not go the BI route.
- **Changing analytical needs** – both external and internal factors have pushed analytics from being an "information provider" to being a prescriptive decision enabler and a predictive indicator, helping companies stay ahead of the curve. What the businesses need is not trends but simulations and complex data crunching to give them options in a way that meets specific objectives and enables them to act very quickly based on real-time data.
- **Changing technology** – in order to get to the prescriptive or predictive element, or to obtain even basic visibility, it is no longer essential to go whole hog on having a data warehouse. Flexible options from newer technology players and targeted modules from large, established players now enable easy data upload, consolidation, and consumption – be it for visibility, post-mortem analysis, or more advanced analytics.

- **Cloud adoption** – the move from on-premise systems to the cloud has greatly increased affordability. Without compromising on data security, companies can scale up or down based on their needs. The now commonly accepted "pay-as-you-consume" model helps experimentation and projects to take on their own life without becoming cumbersome.
- **Platform-based analytics** – there are now analytics platforms targeted at very specific use cases. These are industry focused (e.g. consumer products or financial services) or function focused (e.g. sales or supply chain) and are more flexible. Being mostly cloud-hosted, their implementation can be as small or large as the user requires.
- **Integration of analytics with ERPs and operational platforms** – this is the real game changer for analytics. ERPs are themselves undergoing a radical change. Increasingly, all new operational platforms are being launched with analytics modules built into the configuration. While most of these now focus on the visibility and descriptive phase, their roadmap is sure to include prescriptive and predictive elements. Some examples of analytics built into platforms include:
  - SAP S/4HANA for finance operations comes with prepackaged analytics and connectors to plug into many other analytical or visualization tools.
  - Salesforce has many features built into its CRM that can provide standardized or customized analytics to the user.
  - The increasingly popular Workday tool for HR operations includes most metrics.
- **Open source software** – for companies where cost is the primary factor, the open source wave has unleashed a variety of options. All you need is a bunch of very talented analysts and they can do wonders with free software such as the very popular "R".

While the above changes have significantly narrowed the aforementioned gap, it doesn't mean that the quality of analytical information available to all has reached the same level. The final and perhaps most critical differentiator is talent. The key to successful analytics is defining the problem statement or objective, knowing which analytical technique or technology to apply to which objective, applying it effectively, interpreting the results of the analysis, and converting these recommendations into actions that make an impact.

Business users now have an abundance of choice and analytics is more accessible to all than ever before, requiring far less time, effort, or money. If you haven't invested much in analytics in the past, now is the time to grab the opportunity and level the playing field.

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**If you haven't invested much in analytics in the past, now is the time to grab the opportunity and level the playing field.**



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# CONTRACT LIFECYCLE MANAGEMENT: THE DINOSAUR AND THE ROBOT — MAKE FRIENDS NOT WAR

*Craig Conte*

Head of Contract Compliance and Optimization,  
Business Services

**“If the robots are going to take over, what will we do with the dinosaurs?” While the next generation of commercial managers will have to be able to operate in a highly digital and automated environment, argues Craig Conte, the dinosaurs can also add value and make the system more intelligent.**

I've been writing about contract management, legal process outsourcing (LPO) and digital for quite a while now. But the reality is that when it comes to a company's contract lifecycle management (CLM), the teams doing contract lifecycle management are not super NextGen, virtual, cloud, automated, robotic, hyper-digital, six-sigma, touchless, integrated, agile ... insert next buzzword here participants. And that's okay. There are a lot of really smart people out there who have done this for years who, dare I say it, may never be "digital." Again, that's okay.

But while it is okay today, it won't be tomorrow. The next generation of professionals pursuing careers in contract or commercial management, legal, procurement or vendor management will have to be able to operate in a highly digital and automated environment. Feel free to disagree with me if you think companies can survive with more "old-school" lawyers or commercial managers.

The future is digital and the present filled with either tech-adopters or the last of a dying breed – dinosaurs. And I use the term "dinosaur" in the most polite way possible. I could very well have named this blog "Robots vs. the Printing Press," but I doubt there are many Johannes Gutenberg or William Caxton fans still out there.

Now let's get to the point. We are in a time where technology is pushing CLM to the next level. The next generation (or perhaps this one) will be doing contracting – and all of

the associated activities – without paper, perhaps even without people given the projected direction of blockchain and smart contracting. So if the robots are going to take over, what will we do with the dinosaurs? They are big and powerful, so it would be foolish to just bet exclusively on the robot in the short term. Besides, there is the delicate little matter of "change management," poor varieties of which have killed many a project.

Therefore, we need to look at building a system in a practical way:

- Put the robots where they can win and take big leaps that create speed, accuracy, savings and absolute rule-based consistency.
- Allow the dinosaurs some room to maneuver, add their value and make the system more intelligent.

This all may sound very theoretical, but the point here is to get you all on board with my premise ... and allow me to talk about robots and dinosaurs. Seriously, it's time for CLM to invest in technology, but companies should also allow the dinosaur room to graze. Given some time, they just might evolve.

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**Technology is pushing CLM to the next level.**



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# HANDLING COMMUNICATIONS IN A CRISIS EVENT

*Bobby Abedeen*

Sales Director, Business Services

## Bobby Abedeen shares his insights in how to effectively manage customer interactions and communications in unplanned event, outage or crisis.

British Airways<sup>1</sup> dominated this year's Spring Bank Holiday weekend news in the UK:

£500 million wiped off share value, estimated £150 million compensation, damage to brand reputation, extremely unhappy customers. All down to a global IT power outage.

We all know that things go wrong, so it's important to plan for disruption and "crisis," and crucially to test the process and systems involved while adopting a continuous learning program. British Airways will of course recover and maintain its brand integrity, but let's run through some quick tips around the customer experience and communications, as many reports cited the fact that customers were relying on third party updates via Twitter rather than official updates:

- Think through a range of worst-case scenarios with the broader business.
- Plan, discuss and agree on a crisis communications strategy covering people, process and technology – ensure your systems and people are able to leverage data and information in real-time to provide help and assistance.
- Execute the strategy and undertake a training program across the business.
- Test this process regularly and ensure that each team member knows how to invoke it including on-spec or follow-on actions.

- Once invoked keep a continuous monitoring and engagement process active – the right technology will do this automatically.
- Keep your customers and staff informed proactively across all channels!
- Provide the customer with links to claim forms and relevant online information – don't leave them in limbo.
- Once the situation is resolved communicate this out and offer feedback to learn what could have been improved from the customer experience perspective.

There are a number of solutions that can help with an unplanned event, outage or crisis. Odigo, for example, provides omnichannel communications, strategy, and applications that enable organizations to effectively manage customer interactions in such situations.

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**We all know that things go wrong, so it's important to plan for disruption and "crisis," while adopting a continuous learning program.**

<sup>1</sup> [www.bbc.com/news/uk-40069865](http://www.bbc.com/news/uk-40069865)



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# CAPGEMINI COMMUNITY



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# BUILDING THE NEXT GENERATION BUSINESS TRANSFORMATION TEAM

*Carole Murphy*

Head of Business Transformation Services, Business Services

**Over the past several years, I've had the privilege of working with some of the best and brightest minds in the business services industry. Together we have not only witnessed, but also played an active role in driving change in the market through process innovation and technology advancements – and we're just getting started.**

Capgemini's Business Transformation Services team is working with the latest technologies including AI, robotics, and cognitive computing to enhance our BPO portfolio of solutions.

We are rapidly expanding and we have a number of opportunities for professionals with business transformation, automation and robotics expertise who want to help us set the pace for bringing intelligent automation to finance.

This is a great opportunity to not only be at the forefront of the next generation of business transformation, but to join an organization that offers exciting career paths. Capgemini's Business Transformation Services team is an excellent example of a group of individuals who have joined at different times with the right variety of backgrounds and have taken the opportunity to build their careers with us. We empowered them so they can empower you!

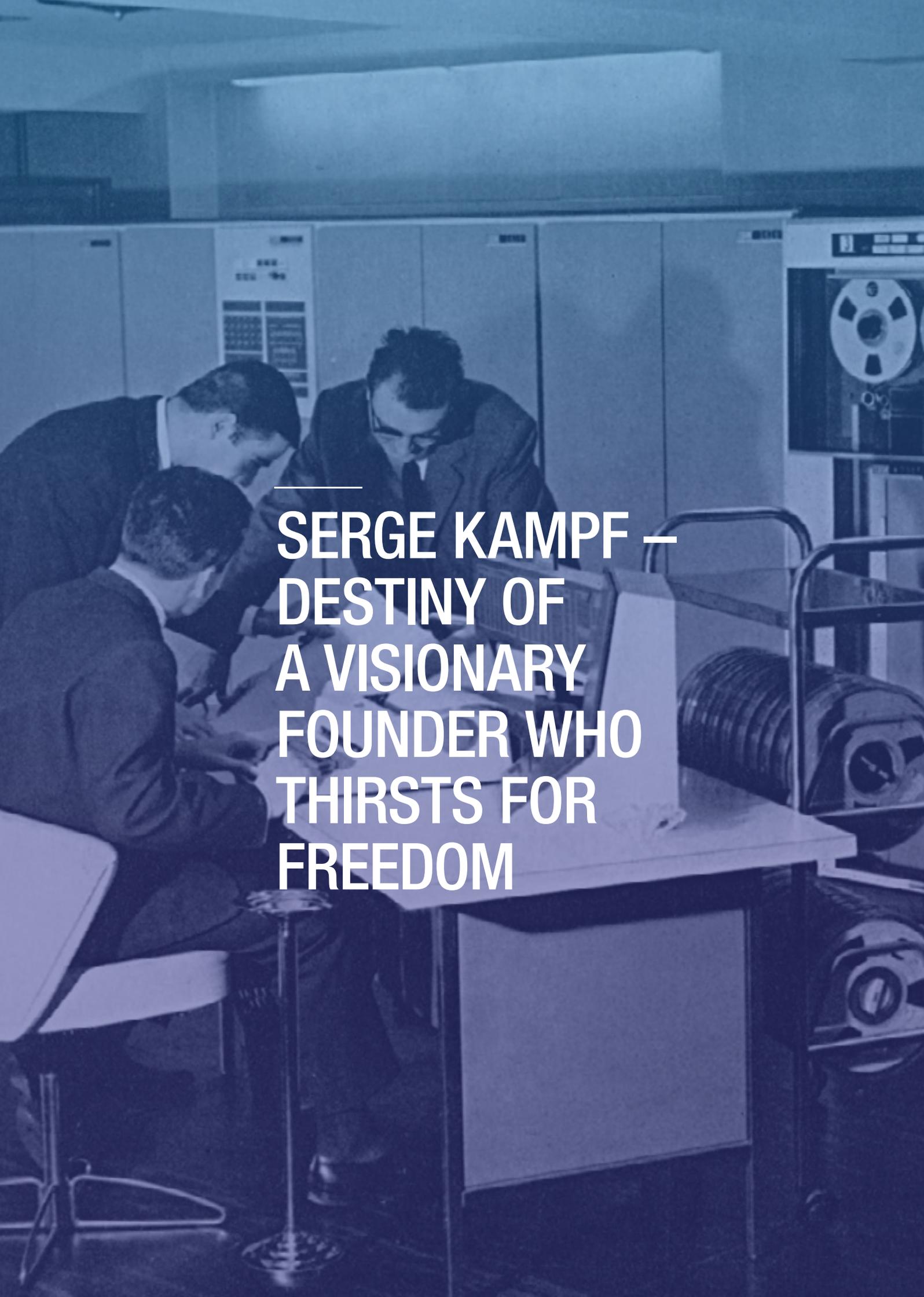
**Adam Bujak** a Polish native, came on board in 2007 in Germany to support operations and is now a VP running our automation practice. During this time he led a global continuous improvement practice across five continents and had international assignments in India and Germany driving technology development and delivery excellence.

**Justyna Piwowarczyk** also joined us from Poland in 2002 in a junior level role as a process associate and is now a VP in charge of our PMO practice. She has just received another promotion to become Center Director Europe for all of our delivery operations in Poland.

**David Lumley**, an Australian native, started with Capgemini Consulting in the UK and has since run engagements for a range of clients including an assignment in Brazil where he had an opportunity to launch a successful BPO offering for the local market. David is now a VP and back in the UK running our finance transformation team.

**Filomina Gogel** began her tenure with Capgemini in 2014 as a Vice President running customer service operations. She is now leading our customer optimization team leading the way in determining how our market leading Odigo product can help transform Customer Experience.

**Ravi Bansal** joined Capgemini in March 2015 to lead the finance transformation team in India. He has drawn from his "Big 4" firm experience to take the lead in working with our clients to drive transformation globally and to explore how automation will change the way they work.



**SERGE KAMPF —  
DESTINY OF  
A VISIONARY  
FOUNDER WHO  
THIRSTS FOR  
FREEDOM**

**On October 1, Capgemini will celebrate its 50th anniversary! This is an opportunity to tell our story – the story of men and women driven by a passion for technology and clients. But it’s also an opportunity to tell the story of the founder of a Group that became a world leader in its field. Serge Kampf was not only a daring and visionary entrepreneur, he also had a deep moral conviction and strong belief in values. These values were reminiscent of another one of his passions – rugby.**

"I was torn between three careers: tram driver, fighter pilot and journalist." In the end, he became an entrepreneur. Over the span of a few decades, Serge Kampf transformed a young startup of six people working out of a two-room office in Grenoble, France, into a global leader.

In many ways, Serge Kampf is an exception among the leaders of large IT services companies. Not a graduate of a French Grande École like most of his counterparts, he proved himself an unparalleled creator and entrepreneur driven by an insatiable desire for performance. An organizer by nature and a rigorous manager, he understood earlier and better than others that technology is nothing without the people behind it. Over the course of nearly 50 years, he applied himself with persistence to develop this visionary idea, never becoming distracted by the latest trends and fads. A lover of words, he considered it an honor to personally write the Letter from the President that opened up the Group’s Annual Report each year. Aware of the importance of branding, he designed Capgemini’s logo in 1967, the famous Ace of Spades in which all Group employees still see themselves today.

### It all started in Grenoble

Serge Kampf was born in Grenoble in 1934, the only son of a career soldier who was killed in Alsace in 1945. His father, with whom he unfortunately had little time, had once run a successful local business.

Did Capgemini’s founder inherit his father’s enterprising spirit, passion for client relations, and keen attention to detail? These three defining qualities certainly went on to shape the future of Capgemini. During his years at boarding school, where his mother often had to leave him on weekends, he developed another highly valuable habit: working on Saturdays and Sundays.

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**His work in telecom administration bored him. then one of his acquaintances told him of a whole new sector that was just emerging and in need of people: IT.**

## At a crossroads

In the mid-1950s, after receiving his high school diploma and enjoying a few months of carefree living, Serge Kampf successfully passed the entry exams for French Telecom administration. He then completed a double honors degree in Law and Economics. He learned three major lessons from this coursework: the Law taught him rigor, Economics imparted openness to the world, and Telecommunications gave him technical knowledge. These lessons affected him deeply.

He then became a Telecom Inspector assigned to an underground telephone exchange, monitoring long distance communications between France and North Africa. He quickly grew tired of the mission. Then one of his acquaintances told him about a new sector that was just emerging and in need of people: IT.

Visionary and full of determination, Serge Kampf applied to the two IT powerhouses at the time, the French firm Bull and IBM. Both companies made him offers, but he went with Bull, which offered him a position in his hometown. It was the summer of 1960 and, believe it or not, Serge Kampf had never really seen a computer in his life. He spent six years at Bull, first as a commercial engineer, then as branch manager, and finally as regional manager. He got to know the IT profession, quickly becoming the best salesman in the company. He resigned in 1967. At 33, he was annoyed by what he thought were mistakes of his general management, who had removed material he had just sold to clients from the company catalogue. Serge Kampf found himself at a crossroads.

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**"I started my own business to be free" – Serge Kampf**

## Sogeti sees the light of day

"I started my own business to be free and to be my own boss," he often used to say. This is what pushed him to create Sogeti, an IT services company, on October 1, 1967. The business was not the first on the market. Many competitors already existed, some of which were quite large. And yet little Sogeti, which later became the Capgemini Group, was the first French IT services company and the first European company of its kind, later making its mark as one of the world's industry leaders.

## "Napoléon Kampf"

Serge Kampf's groundbreaking vision, his ability to anticipate market demands and his global ambitions account for much of this success. But his abilities to facilitate and federate were also key. He was able to lead people while motivating them around common values. "Napoléon Kampf" and "Charlemagne Kampf" are some of the nicknames the English-speaking press would call Serge Kampf, a rare entrepreneur set apart by his strategic skills, speed of execution, charisma and discretion. Dividing his time between Grenoble and Paris, he was a private man – a "countryman" as some would say – who was rarely seen at mundane events, only occasionally attending the social gatherings of other CEOs.

## Succession

Serge Kampf fully dedicated himself to the company he created up until 2012, the year in which he announced his departure from Capgemini's presidency. He recommended to the Board of Directors that Paul Hermelin, who joined the Group in 1993 and had served as its CEO since 2002, should succeed him as Chairman and CEO. Serge Kampf remained deeply involved in the Group's life and strategic direction as Vice-President of the Board of Directors until his death at age 81 in Grenoble – the place where it had all begun 49 years ago.

## VISION & AUDACITY

"When I created Sogeti in October 1967, you couldn't find even 10 people who would support me, but at least 100 to discourage me, saying, 'It's too late – the market is already cornered,'" recounted Serge Kampf. When he launched Sogeti, the competition was already strong.

Serge Kampf brought with him something new to the IT services industry: a rare entrepreneurial spirit, the desire to build, grow and become a champion. He also brought groundbreaking ideas that would shape Capgemini's journey and ultimately make it a world leader.

"He is not only an exquisite technician, but also a visionary," wrote Gabriel Farkas in 1977, editor of the former French newspaper *France Soir*, highlighting the entrepreneur's true uniqueness – his unshakable outlook. In the early 1970s, he became the first to link IT and organizational consulting, "two seemingly incompatible activities, which we believe on the contrary are very complementary," he argued. He was also the first in Europe to embrace outsourcing, a concept that would later spread among all the Group's competitors.

### Client culture

Serge Kampf envisioned a strategy that seemed unusual at the time: meeting clients' diverse needs by offering them the full range of IT services. The client was of utmost importance to this approach. "We have always placed the client at the heart of our business. Our core principle is to take the time to listen," said Serge Kampf. Thanks to its truly unique decentralized structure, the Group was able to maintain close bonds with its customers. This client focus represented a clear departure from the engineering norms at the time where the project was king.

### More and more daring...

Serge Kampf built the Capgemini Group by striking a fine balance between being bold and being rational. He selected boldness as one of the Group's key values, and defined it as "the desire to take risks and to take

charge, but also periodically reviewing decisions and circumstances, which should be addressed with caution and clear-sightedness."

The entrepreneur never stopped being bold. In 1973, he led the first takeover France had ever witnessed in the industry. He would often recreate the Group's organizational structure from scratch to adapt to a new environment. He orchestrated multiple acquisitions in Europe and the United States, doubling the size of the company by merging with Ernst & Young Consulting. The Group then boldly expanded into India and Brazil. Serge Kampf's audacity is what made Capgemini what it is today: a world leader present in around 40 countries and counting more than 100 different nationalities.

## ETHICS & VALUES

Serge Kampf had created his company to be free, and he did everything to maintain this freedom. He saw independence from political, financial, and industrial powers, particularly that of computer manufacturers, as "a necessary condition in the consulting business" and one of the Group's core values. "Some might even call it an obsession," he added.

Only once in its history, and for good reason, Capgemini took the risk of surrendering its financial independence. In 1991, Daimler Benz was offered a capital investment opportunity in the Group. But the merger didn't go through and the partners went their separate ways in 1997. Capgemini was far too attached to its freedom –another one of the Group's core values.

### The seven values, or the spirit of capgemini

Serge Kampf imparted his sense of ethics, which were defined in the Group's seven key values:

- Honesty (integrity and complete refusal of any unfair practices).
- Boldness (the desire to take risks with caution and clear-sightedness).
- Trust (the willingness to empower employees).

- Freedom (independence of spirit and respect for others).
- Solidarity (teamwork, friendship and loyalty).
- Modesty (simplicity, discretion, common sense).
- Fun (working together to see a project through to the end).

These values represent the spirit of Capgemini. For 50 years, they have defined ways of being, working, and behaving for all employees. Serge Kampf carefully ensured that these values were respected at all times. They are Capgemini's DNA, always inspiring and leading the Group forward. "These values safeguard our shared sense of adventure when difficult times call everything into question," Serge Kampf emphasized. Today, Capgemini is recognized worldwide for its exemplary practices. In 2016 and for the fifth year running, the company received the American title of One of the World's Most Ethical Companies.

Through it all, Serge Kampf never lost sight of the importance of people. He saw the men and women of Capgemini as the Group's most precious asset. His deepest pride was "bringing together people from very different backgrounds, showing them respect, and connecting them to our values and projects." This love for people inspired him to establish Capgemini University in 1991, and then to provide it with a real campus, which opened in Les Fontaines, Chantilly (France) in 2003. For him, Les Fontaines was more than just a meeting place for talented people. He considered it a genuine melting pot for shared culture and values.

## THE LOVE OF RUGBY

Serge Kampf loved rugby, a sport he played briefly in his youth. He also gave generously to the sport and offered both his time and his friendship.

As a young regional manager at Bull in the early 1960s, he got permission from management to invite his best clients to big rugby tournaments. He also invited close friends to join him, at his own expense, in attending rugby matches all over the world.

At the heart of his passion for the oval ball were rugby's core values. Serge Kampf loved reminding people how much the sport's values were linked to those guiding Capgemini since 1967. He pointed out this connection in two main ways. The first was that he saw rugby as a team sport where solidarity is a must – a sport, he said, "in which you can't accomplish anything without the rest of your teammates, where the player who scores a try doesn't think he's king of the world because he knows it's the result of teamwork, a shared drive and a common strategy." The other connection was that he thought of rugby as a combative sport. "One of the essential values to the company's success is this fighting spirit – the desire to battle it out, engage, take risks and to win!" he said.

## BENEFACTOR OF FRENCH CLUBS

So many values from rugby resonate throughout the Group's history: solidarity, synergy, teamwork, personal relationships, competitive spirit, and a whole lot of daring. We are also reminded of the importance Serge Kampf placed on modesty – backed by his own undeniable sense of decency – that led him to attend some matches as if he were a regular supporter. He was sometimes embarrassed by the recognition, such as when Biarritz Olympique named one of their stands after him, or when rugby fans would come thank him for helping save their club. In his own discrete way, Serge Kampf offered financial help to numerous French clubs such as those in Biarritz, Grenoble and Bourgoin. This is how he earned the nicknames "Top 14 Benefactor" and "Grand Treasurer" of rugby.

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**"Rugby is a team sport in which you can't accomplish anything without the rest of your teammates" – Serge Kampf**

A sponsor of the French Barbarians, he never stopped working to develop ex- rugby players professionally, some of whom later made their way to Capgemini. Strong links were forged between the Group he founded and the rugby world. Official sponsor of the Rugby World Cup in France in 2007, Capgemini has also partnered with Biarritz Olympique since 1992. Sogeti has supported the Grenoble rugby club since 2002.

**Read more about 50 years of Capgemini at**

<http://capgemini50.com/en/>



## FOR MORE DETAILS CONTACT:

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## About Capgemini

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With more than 190,000 people, Capgemini is present in over 40 countries and celebrates its 50<sup>th</sup> Anniversary year in 2017. A global leader in consulting, technology and outsourcing services, the Group reported 2016 global revenues of EUR 12.5 billion. Together with its clients, Capgemini creates and delivers business, technology and digital solutions that fit their needs, enabling them to achieve innovation and competitiveness. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

Learn more about us at

[www.capgemini.com/business-services](http://www.capgemini.com/business-services)

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