

NEAT EVALUATION FOR CAPGEMINI:

Supply Chain Transformation for Sustainability

Market Segment: Overall

Introduction

This is a custom report for Capgemini presenting the findings of the 2024 NelsonHall NEAT vendor evaluation for *Supply Chain Transformation for Sustainability* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of Capgemini for supply chain transformation services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering supply chain transformation services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with specific capability in consulting & transformation, Supply Chain-as-a-Service, and sustainability services.

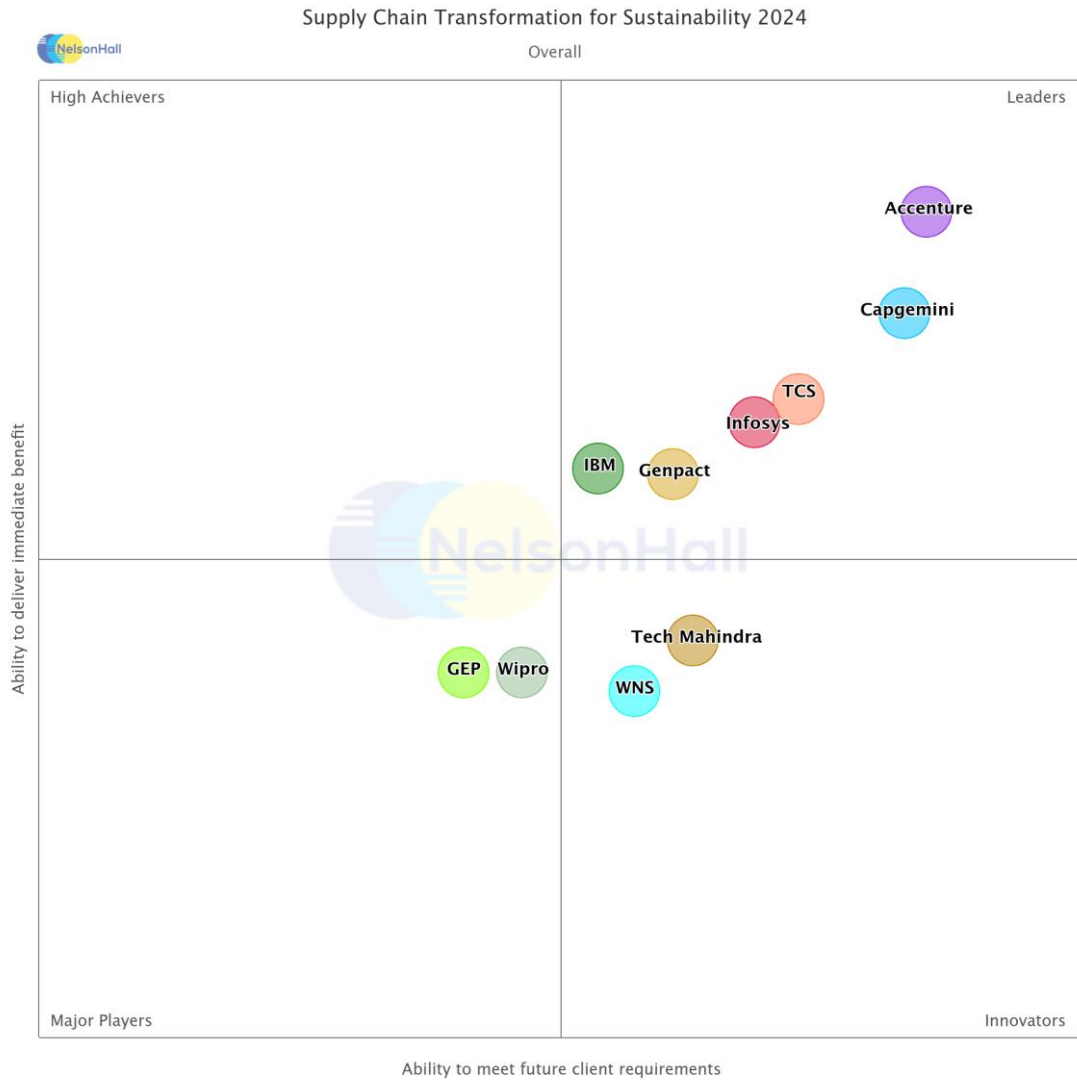
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Accenture, Capgemini, Genpact, GEP, IBM, Infosys, TCS, Tech Mahindra, Wipro, and WNS.

Further explanation of the NEAT methodology is included at the end of the report.



NEAT Evaluation: Supply Chain Transformation for Sustainability (Overall)



NelsonHall has identified Capgemini as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Capgemini’s overall ability to meet future client requirements as well as delivering immediate benefits to its supply chain management clients.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *Supply Chain Transformation for Sustainability* NEAT tool (*Overall*) [here](#).



Vendor Analysis Summary for Capgemini

Overview

Capgemini's supply chain management services are part of the organization's enterprise management services. Capgemini offers intelligent business operations which are further split into:

- Frictionless finance
- Intelligent supply chain operations (touchless supply chain planning, autonomous supply chain, and cognitive procurement services)
- Intelligent people operations
- Intelligent process automation.

Capgemini's SCM services include consulting, engineering, system integration, cloud-based supply chain platform offerings, data and AI, and managed services. Capgemini positions its supply chain offering with an end-to-end capability from design to delivery; this includes services, engineering, cloud, and data. Capgemini categorizes its SCM services across:

- *Network Monitoring*: network design and risk management
- *Planning*: design, build, and deployment forecasting and integrated business planning
- *Procurement*: sourcing analysis and supplier collaboration, including supplier scorecards (resilience, performance, and sustainability)
- *Manufacturing*: smart factory solutions to increase manufacturing throughput, improve product quality and reduce manufacturing overhead costs
- *Execution*: architect, integrate, and deployment solutions and automation, from smart order management to agile warehousing and transportation, to optimize customer experiences and operations. This also includes design and deployment of reverse supply chain operations for a profitable circular economy model
- *Supply chain as-a-Service*: providing externalized business services across the supply chain with a focus on best practices and digitalization
- *Supply chain control tower and performance*: design, integrate, and deployment of cloud-based supply chain platforms, providing end-to-end visibility, traceability, and event monitoring capabilities with a focus on end-to-end performance.

Capgemini has ~12k FTEs supporting supply chain management delivery globally. NelsonHall estimates that ~3.5k+ FTEs support managed services, ~1k support consulting services, and ~7.5k support engineering, applications, and technology. Capgemini's supply chain FTE breakdown by location is estimated as: APAC ~8.5k (India, China, Philippines), Americas ~1k (Guatemala, Brazil, Mexico), and EMEA ~2.5k (Poland, Romania, Egypt, U.K.).

Capgemini typically works with clients with medium or high levels of maturity in their supply chain function and continues working with them during their transformation journey across services, platforms, and technology enablement. Capgemini is additionally looking to target clients on their ESG journey. Capgemini has clients across several industries but has typically focused on the CPG, life sciences, and manufacturing sectors. Most of Capgemini's clients have been European companies. However, it has been expanding its client base in the U.S. and focusing on building delivery capability in LATAM to service clients in the U.S.



In 2023, Capgemini entered into a strategic agreement with Kuehne+Nagel to create an integrated supply chain orchestration service offering. This partnership combines Kuehne+Nagel's logistics management and execution expertise with Capgemini's intelligent supply chain operations capabilities to deliver end-to-end services across the supply chain network. The partnership's focus is to establish a global ecosystem by creating resilient, efficient and sustainable supply chain operations.

Financials

Capgemini's SCM services revenue accounts for ~14% of its global revenue. This includes advisory/consulting, engineering services, technology/digital, and operations revenue.

Supply chain-managed services and consulting accounts for ~\$300-350m of revenue in CY 2023.

Strengths

- An integrated supply chain offering that includes consulting, managed services, platform integration, and engineering services that provide end-to-end solutions to clients
- A large client base across the CPG sector with proven results and use cases
- An ecosystem of technology offerings with investments and POCs in some of the latest technology such as GenAI
- Ability to seamlessly integrate intelligent automation such as RPA, chatbots, and virtual agents within the service delivery to drive efficiency and user experience.

Challenges

- Currently no managed services FTEs in North America
- Ability to seamlessly bundle offerings to provide clients with a 'one Capgemini' approach rather than dealing with different Capgemini teams.

Strategic Direction

Capgemini's supply chain services remain a core focus area at a group level, receiving significant attention and access to investment. Capgemini has strategically positioned its SCM services with a focus on digital-led transformation encompassing RPA, AI/ML, and GenAI. It is also looking to build on its existing capabilities and proven domain expertise across the CPG and pharmaceutical sectors to drive growth across SCM. Some of the core focus areas for the coming years include:

- Increased emphasis on the U.S. market: Capgemini has been focusing on driving growth in engagements in the U.S. market, and the company is strengthening its delivery footprint in the LATAM region
- Leveraging its partnership with Kuehne+Nagel: Capgemini expects this new alliance will help them deliver end-to-end services across the supply chain in the next couple of years. This also means working with existing and new clients to provide seamless data exchange, transform supply chains, improve resilience, manage risks, shorten order cycle times,



improve logistics, and optimize inventory. Capgemini expects this new alliance to be one of the major pillars of SCM services in the coming years

- Growth in supply chain sustainability services: Capgemini expects sustainability services to be a significant growth and focus area in the next 2-3 years.

Outlook

Capgemini will continue expanding its SCM offerings across platforms and services, focusing on transformation, touchless planning, ESG, warranty, and returns management.

Expect to see:

- Further investments in its proprietary technology that supports ESG in supply chain management
- Use cases and investments in adopting GenAI in supply chain management
- Leveraging the alliance with Kuehne+Nagel to offer supply chain orchestration with a focus on execution
- Increased emphasis on building the SCM ecosystem, including some partnership announcements across services and technology
- New client acquisitions in some emerging markets.



Supply Chain Transformation for Sustainability:

Market Summary

Overview

Demand for supply chain services is evolving. CSCOs and process owners are moving beyond order management and productivity, and clients and vendors are prioritizing areas such as planning and forecasting, warranty and returns management, and real-time data visibility. Clients' priorities for the next couple of years within the supply chain include ERP transformation and optimization, improving supply chain planning, digitalization and automation, end-to-end supply chain visibility, and sustainability.

With a focus on automation, future requirements are expected to grow in areas such as logistics management, global trade management, sustainability, consignment tracking, WMS, and TMS. Process areas such as inventory planning and order management will continue to be mainstream, but warranty and returns management, which have a small existing base, will exhibit strong demand.

Vendor offerings will evolve across end-to-end logistics management and execution, end-to-end and real-time touchless data visibility, bolt-on offerings across planning, consignment tracking, and global trade management. Offerings will also reflect growing demand across circularity, sustainable packaging, and scope 3 reductions.

While Global 2,000 and Fortune 500 clients remain a priority, vendors increasingly focus on clients with a turnover of \$1bn—\$5 bn. NelsonHall expects the share of the business from mid-market clients to grow in the next 3-5 years.

NelsonHall expects strong growth in demand across telecom, retail, energy, and utilities, along with increased penetration in the healthcare and life sciences industry.

There will be a significant increase in nearshore delivery footprints, with major delivery capability developments in Europe and LATAM. Offshore will continue to be mainstream delivery locations, but clients expect a hybrid delivery model.

Buy-Side Dynamics

Buyers frequently seek vendors' support in order management, planning, forecasting, inventory, and logistics management. They also express the need for better processes and operating models in supply chain decarbonization, end-to-end supply chain visibility, and supply chain control towers.

100% of buyers surveyed by NelsonHall have imminent transformation plans, or are undergoing transformation initiatives in areas such as demand planning and forecasting, data visibility & analytics, and ERP implementation and transformation. Key drivers for adopting a transformed supply chain include:

- Demand planning and forecasting enhancements
- Need for improved data visibility and analytics
- Supply chain process improvement, e.g., order management, planning automation
- ERP implementation and transformation



- Manufacturing and distribution planning transformation
- Sustainability within the supply chain
- TMS/WMS platform implementation and transformation.

Market Size & Growth

NelsonHall estimates the global supply chain transformation services market to be worth ~\$3.5bn in 2023, and it is expected to grow at a CAGR of 11% through 2028.

Success Factors

Critical success factors for vendors within the supply chain transformation market are:

- A focus on supply chain automation, one of the most important aspects of transformation for clients. Vendors continue to develop their offerings in this area through the use of in-house technology capabilities, partnerships, or acquisitions
- As organizations continue to grapple with real-time supply chain visibility and demand planning challenges, so vendors need planning, forecasting, and tracking capabilities, which can be completely touchless and help drive efficiency and improve revenue relationships
- An integrated capability to deliver ERP transformation and optimization services, an area of key importance to buyers over the next two years
- Leveraging consulting as a gateway to larger engagements, allowing clients to evaluate process areas holistically
- Offering SaaS coupled with BPS and consulting offerings, e.g., through partnerships with firms such as Ariba, Kinaxis, O9, and Celonis
- Delivering a more unified delivery experience, which can be limited due to factors such as internal structural alignments and leadership mandates
- Industry-specific offerings. Clients are seeking industry-specific expertise such as track and trace for the pharma industry, returns management, and other similar offerings
- Focus on sustainability offerings, though many vendors' sustainability practices and capabilities are in nascent stages and lack diversified client examples
- Ability to provide more substantiated, industry-specific benchmark data coupled with offerings to drive significant transformation
- Leveraging AI and other advanced technologies to minimize the workload of daily planners.



Outlook

- Currently, vendors are focused on creating assets and leveraging partnerships to drive sustainability with clients; however, larger tier 1 service providers are more focused on innovation in sustainability services and services such as circularity, sustainable packaging, materiality assessment, and carbon footprinting
- GenAI will impact areas such as contracting, inventory management, customer/vendor helpdesk, spend analytics, and risk management, with GenAI-enabled tools becoming mainstream in the next 12-24 months
- Vendor offerings will evolve across end-to-end logistics management and execution, end-to-end and real-time touchless data visibility, bolt-on offerings across planning, consignment tracking, and global trade management
- There will be increased collaborations and acquisitions with a focus on leveraging automation capabilities, platform and tools capabilities, and sustainability services
- Vendors will be focused on embedding sustainability at scale across the value chain with a focus on cross-selling and up-selling sustainability to the existing SCM clients
- A further focus on building pre-built proprietary tools and capabilities such as Cognix from TCS, RapidResponse-based proprietary solution for life sciences and consumer packaged goods, Infosys' delay predictor, or Tech Mahindra's Yantr.ai
- Continued targeting of Global 2,000 & Fortune 500 clients across the U.S. and Europe, aiming to increase footprint from mid-market organizations; and targeting other geographies such as Australia and APAC markets.



NEAT Methodology: Supply Chain Transformation for Sustainability

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet future client requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet future client requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



Exhibit 1

‘Ability to deliver immediate benefit’: Assessment criteria

Assessment Category	Assessment Criteria
Offerings	<ul style="list-style-type: none"> Supply chain operating model and design Planning & forecasting offerings Sourcing and procurement offerings Production and manufacturing offerings Logistics and warehousing offerings Order management offerings Warranty and returns management Supply chain sustainability offerings Analytics offerings Overall SCM offerings
Delivery Capability	<ul style="list-style-type: none"> Scale of delivery capability in SCM Scale of Supply chain Sustainability services Availability of proprietary tools Application & availability of SCM tools and technology Application & availability of sustainability tools and technology Delivery capability in support of the Americas Delivery capability in support of EMEA Delivery capability in support of APAC
Client Presence	<ul style="list-style-type: none"> Scale of client base: Consulting/Transformation Scale of client base: Managed Services Scale of client base: Sustainability services Number of clients in the Americas Number of clients in EMEA Number of clients in APAC Number of global/multi-country clients
Benefits Achieved	<ul style="list-style-type: none"> Level of improvement in visibility of the overall supply chain achieved Level of automation in order management achieved Level of improved access to real time data Cost reduction in supply chain management Improved asset utilization Improved planning and forecasting accuracy Improved process compliance GHG assessment and reduction Sustainability roadmap and transformation Increased customer satisfaction or NPS



Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Investments	<ul style="list-style-type: none"> Investment in analytics tools and capabilities Investment in Supply chain BPS capabilities Investment in Supply chain transformation/consulting capabilities Investment in self-service delivery Investment in latest technology such as AI/ML/GenAI Investment in RPAs and process automations Investment in process mining Investment in sustainability tools and capabilities Investment in building sustainability capability
Ability to Deliver Innovation	<ul style="list-style-type: none"> Mechanisms in place to deliver client innovation Extent to which client perceives outcome and transformation has been delivered Suitability of vendor to meet future needs of client Innovation in delivery management and engagement commercials
Partners and Technological Advancements	<ul style="list-style-type: none"> Existing partners and technology alliances Agility and investments towards strategic alliances and partnerships Ability to evolve services Perceived commitment to transformation
Market Momentum	<ul style="list-style-type: none"> Client wins in the past 12 months

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



research.nelson-hall.com

Sales Inquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager: Guy Saunders at guy.saunders@nelson-hall.com

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