Capgemini
CONSULTING.TECHNOLOGY.OUTSOURCING

THE CAPGEMINI SAGA

1967 2007

THE CAPGEMINI SAGA

1967 • 2007

THE CAPGEMINI SAGA

Tristan Gaston-Breton
Corporate Historian

Contents

Preface a company like no other

"You're on!" Such was my reply to Serge Kampf when he asked me to write the preface to the history of the Group he founded forty years ago. Still, as a newcomer to the management team, I was not in the best position to speak with authority about a saga so closely tied to the personality and destiny of the man who began it all. Indeed, Serge Kampf never ceases to amaze me - although he had the natural legitimacy and historical perspective to write this preface, he finally persuaded me that the viewpoint of a 'freshman' such as myself would be more interesting to readers today than that of an 'old boy'. "I would have talked about the past, whereas you will talk about the future." And so I find myself in the strange situation of the Huron in Voltaire's L'Ingénu: asked, through eyes which have seen something of the world but which have not yet become misted over by time, to contemplate the history of a company created in a small apartment in Grenoble in October 1967 and which has since become a worldwide company.

But what is the point of such a history? Some historians will say that it prevents us from "being condemned to repeat it." However, reading these pages, I have the feeling that the Group has constantly repeated its history, sometimes even with a certain amount of amnesia. Indeed, it seems to follow an unchanging pattern of conquest, crisis and transformation. Each time, Capgemini has emerged from this balancing act stronger and more determined than ever. So, perhaps history's first task is to teach us not to be surprised by ourselves. But we like giving ourselves a fright, pushing ourselves to the limit and then overcoming our own resistance. The Group has always preferred new challenges to comfort and peace and quiet. Its entire journey has been driven by a subtle mix of daring and reason. Daring has meant taking risks; reason has guided its thirst for new adventures. This account reveals in detail how the company has constantly tried to scale new heights, but has never lost its nerve or put its founding values at risk.

Telling this story, our story, is also a way of letting others get to know us better: first and foremost, our customers who have the absolute right to know who they are dealing with and where the Group to which they entrust their business comes from and is going to; secondly, our partners, allies, advisers, critiques and other relations; and thirdly, our shareholders - though they often know us best of all. But perhaps above all, it provides an introduction for all the men and women who have joined the Group in recent years (the others were able to read the story of the first 30 years in a book published in October 1997) and not so long ago knew almost nothing about us, just as we knew nothing about them. This book tells them what unites us and makes us members of the same indivisible community. Trust is rooted in shared history; it demonstrates that we share not just a corporate culture but a soul.

Naive and Huron-like I may be (though I've been around quite a bit too), I always felt that Capgemini is quite unlike any other company. It started out differently and has constantly cultivated this distinction. In a world of short-termism where share prices have become the sole measure of performance and worth, the Group's history has followed a common thread which connects the past to the present, Grenoble to Mumbai, the founder and his PA (the only "survivors" of that original October 1967 team) to the 80,000 employees assembled under its banner today. This story highlights:

- *the primordial role that people play in the Group. In an era of globalization, the fighting, pioneering and even somewhat rebellious spirit inherited from the past still prevails;*
- *the spirit of conquest, embodied in the acquisition of several dozen firms (some bigger than itself at the time) but driven by total respect for the culture and personality of the people who were brought in;*
- *the predilection for freedom and independence, which meant that anyone who tried to enslave the Group was driven out;*

* *the judicious but ever-present taste for adventure and risk, making this an epic story of colorful characters, events large and small, and plenty of surprises;*
* *the importance of the Group's fundamental values and its commitment both to the company itself (e.g. budgets) and its customers and employees;*
* *and the importance of being frank, without which there can be no real trust; speaking your mind is truly a duty in this Group.*

This history also demonstrates that there has long been a development model of which Capgemini has been a perfect example in its sector, if not its inventor. This model is founded on "controlled decentralization" and the significant empowerment of individuals who are constantly expected to outperform themselves but also to enjoy themselves and derive personal satisfaction in the process. It bespeaks the existence from the very earliest years of a genuine "Capgemini touch", a way of working together and mobilizing all its energies to serve our customers. Team spirit, if you will.

This history also serves to remind us that, unlike other companies, the Group has never become involved in ventures which would have compromised its professional authenticity. Not that the fertile imaginations of its managers didn't occasionally push the Group in that direction, but Serge Kampf managed to keep the ship on course despite all the obstacles and never gave in to fads or pressure (*). The fact that it has always taken plenty of time to consider things from every angle has meant that Capgemini has always been ahead of the pack, even if people often thought it was lagging behind. This goes all the way back to the "winning pair" of IT services and consulting dreamt up in the 1970s, and encompasses outsourcing (in 1971), the Atlantic crossing, and the more recent establishing in India. Indeed, over the years Capgemini has helped set some of the profession's standards

Today, Serge Kampf and Paul Hermelin, so different and yet so close, share the same vision of the market, the same sense of rigor and the same concern for efficiency. It was this that convinced me at the beginning of 2004, in the eye of the storm, to come and work with them in this deeply multi-cultural community. In the past three years, I have experienced the ravages of the crisis, attacks from all sides, a cohort of transformation projects, a general rallying around clear objectives shared by all, a return to fine weather, and healthy performance once again – a remarkable synopsis of the Group's entire history. Of course, this doesn't make me a privileged observer of this adventure but, in reading this history, the first 37 years of which I knew nothing, I have developed a deep conviction that, to move forward while remaining faithful to itself, Capgemini must constantly innovate, transform itself, take risks and never forget that all crises offer amazing opportunities for bouncing back and metamorphosis to anyone who seizes them. It is as if one can never experience great joy without first undergoing great suffering.

As a child of its century, Capgemini has already left its unique imprint and style, and this is a genuine source of satisfaction and pride as we look back. Now it's time for everyone working in this great company and those who will join us in the future to write the next chapters of this story. We shall continue with the same desire and determination as those who made this Group what it is today to remain masters of our destiny.

Philippe Grangeon
Member of the Executive Committee

(*) by making judicious use of the secateurs, one of only three "management tools" he claims to use (the others being the paper shredder and a coin… for making difficult decisions, he says!)

1967 > 1975: **From Sogeti to Cap Gemini Sogeti**

The story of a corporate project

In less than ten years the SOciété pour la Gestion de l'Entreprise et le Traitement de l'Information (SOGETI), founded by Serge Kampf in Grenoble on October 1, 1967, managed to make its mark as a major player in its sector. This was the result of an astonishing entrepreneurial dynamism, which led the company to start diversifying its portfolio very early on, and which culminated in the consecutive takeovers, in 1973 and 1974, of two large IT services companies – CAP and Gemini Computer Systems. These two acquisitions led to the creation on January 1, 1975, of a Group with a presence across Europe, encompassing complementary professions and cultures: Cap Gemini Sogeti.

The story of a corporate project

1967 > 1975

1967

Business, Society

■ October 1: in France, the second TV channel broadcasts its first programs in color.

■ December 3: a 55 year old South African businessman, Louis Washkansky, is the first human to have a heart transplant. It is carried out in a Cape Town hospital by Dr Christian Barnard and his team.

IT

■ IBM develops the first floppy disk.

Capgemini

■ October 1: creation of Sogeti in Grenoble (SOciété pour la Gestion de l'Entreprise et le Traitement de l'Information).

1968

Business, Society

■ May 14-June 24: the social unrest of May 1968, 10 million people on strike in France.

■ July 1: the last EC customs barriers come down to create the European Common Market.

■ October 14: first live television broadcast from space from the Apollo 7 shuttle.

IT

■ March: creation of the structured programming language Pascal. First PC launched, the HP 9100A, called a desk calculator.

■ December 9: invention of the mouse, which revolutionized the world of IT.

Capgemini

■ February 12: creation of the position of Sales Director at Sogeti for José Bourboulon, Serge Kampf's former boss at Bull.

■ September 1: creation in Geneva of the first Swiss branch, to be headed by Robert Thoral from February 17, 1969.

■ October 5: 1st *Rencontres* in Grenoble (27 participants + spouses).

■ December 31: the first financial year (15 months) shows revenue of 1.5 million Francs and net profit of 4%.

1969

Business, Society

■ February 9: maiden flight of the Boeing 747. A month later, Concorde's maiden flight..

■ April 28: General de Gaulle resigns after eleven critical years in the history of France.

■ July 20: Neil Armstrong and Edwin 'Buzz' Aldrin are the first men to walk on the Moon.

■ August 8: devaluation of the French Franc.

IT

■ Summer: Bell Labs creates the UNIX operating system.

■ September 2: creation at the University of Columbia (New York State) of ARPANET – generally considered to be the forerunner to the Internet. The first data is communicated at 50 Kb.

Capgemini

■ March 28-29: first real "management committee" at Sogeti with six members: Serge Kampf, José Bourboulon, Robert Thoral, Georges Vernais, René Claret and Thuy N'Guyen Cong.

■ April 26: 2nd *Rencontres* in Lyon (43 people + spouses).

■ May 1: opening of the first Paris office in 7 rue Royale, headed by Thuy N'Guyen Cong.

■ June 24: start of research with Cofradel and Cegos-IT to create a processing firm in Lyon.

■ October 21: Serge Kampf sells the 20% of Sogeti-France's capital he had bought from Gemini Computer Systems to Cofradel.

1970

Business, Society

■ April: creation of the Creusot-Loire Group, a new French steel giant.

■ September 21: the American firm General Electric sells Honeywell to Compagnie Bull which it had taken over in 1964.

IT

■ July 1: creation by Xerox of the Palo Alto Research Center (PARC) in Palo Alto.

Capgemini

■ January 30-31: 3rd Rencontres in La Tour-du-Pin (France)

■ February 1: first issue of *Atout Pique*, the monthly in-house magazine, eventually replaced at the end of 1971 by *Pique Pocket* (publication of which ended in January 1975 when the Cap Gemini Sogeti Group was created).

■ March 1: Daniel Setbon (chief accountant) joins the company.

■ June 18: creation of Hermès-Informatique (Sogeti + Solame + Cofradel + Le Progrès + la Société Lyonnaise de Banque) which becomes Eurinfor on January 1, 1971. This brings Sogeti into facilities management 20 years ahead of everyone else.

■ June 19-20: 4th *Rencontres* in Lyon (France).

■ July 1: opening of the Zurich office with Werner Züllig (ex-IBM) as director.

■ December 14: signing of first Sogeti-Bossard agreement.

1971

Business, Society

■ Creation of Pechiney Ugine-Kuhlmann, a leading French private group.

■ February 8: first computerized trading on NASDAQ (National Association of Securities Dealers Automated Quotations) which installs its first IT network between stockbrokers.

■ September 15: first Greenpeace operation: militant ecologists set off from Vancouver on the Phyllis Cormack for the U.S. nuclear tests in Alaska

IT

■ Autumn: launch of the Bowmar 901B, the first pocket calculator with four functions and an eight-digit red LED screen. It costs 240 dollars.

■ November 15: sales of the first microprocessor in history by Intel. The Intel 4004 4-bit processor costs 200 dollars and helps develop micro-computers.

Capgemini

■ January 1: official creation of Eurinfor (chaired by Serge Kampf) and launch of Sogeti-Formation (chaired by Thuy N'Guyen Cong); creation within Sogeti of a Product Division with two specialized departments (basic software and automation).

■ January 18: opening of the Sogeti branch in Marseille, directed by Hervé Jahan, formerly with Bull.

■ March 5 and 6: 5th *Rencontres* in Geneva, the first to be open to external guests (200 participants).

■ April 20: inauguration by the Government IT Director of Sogeti's new premises in Paris in… *rue des Entrepreneurs* (Entrepreneurs street).

■ May 2: Jean-Baptiste Renondin joins the firm as Director of Eurinfor in Paris.

The story of a corporate project

1967 > 1975

1972

BUSINESS, SOCIETY

- June 5: the first Earth Summit opens in Stockholm (Sweden).
- October 28: first flight of the Airbus A300, built in cooperation with five European nations.

IT

- Creation of SAP.
- First portable electronic game from Waco (Tic–Tac–Toe).

- March: first electronic mail developed by Ray Tomlinson. Since he needed a separator between the name and 'address' of the receiver, he chose the @ symbol which was unused and pronounced "at".
- August 1: creation of CISI by the subsidiarization of CEA's Calculations department.

CAPGEMINI

- May 11-14: 6th *Rencontres* in Calcatoggio (Corsica): 340 participants. Pierre Audoin, the French Government IT Officer, makes a statement on the "primacy of hardware" that caused waves in the IT services community and is later proven wrong by the market.
- September 4: Michel Berty (ex-Bossard) joins as Head of the Sogeti Services Division; José Bourboulon heads up the Product Division.
- The CII replaces the CEA as Sogeti's major client (20% of total revenue).

1973

BUSINESS, SOCIETY

- April 14: the Five Nations [Rugby] Championship ends with five winners. Each team had won two matches creating a tie and the championship therefore ends with neither winners nor losers.
- April 25: the Paris "périphérique" ring road is opened by Prime Minister Pierre Messmer.
- October: first oil crisis. In three months, the price of a barrel of crude oil leaps from 3 to 11.65 dollars.

IT

- The Advanced Research Projects Agency (ARPA), behind Arpanet in 1969, launches the Internetting project to connect several networks together.

CAPGEMINI

- January 29: signing in Madrid (under the very nose of CAP) of an agreement between Sogeti and ERIA, a Spanish IT services start-up.
- February: acquisition of Sesi, a data input and processing company, and creation of Sorinfor (Eurinfor + Sorel) to manage IT at the Paris Chamber of Commerce and Industry.
- March: Serge Kampf personally acquires 15% of the capital of CAP.
- May 31-June 3: 7th *Rencontres* in Djerba (417 participants + spouses). The main figures in the IT sector in France and a dozen journalists are invited.
- July 5: CISI becomes a shareholder in Sogeti (34%) and Eurinfor (34%).
- July 25: after purchasing Bertrand Asscher's stake, Sogeti owns 48% of CAP.
- September 14: inauguration in Lyon of the Eurinfor building by Government IT Officer Maurice Allègre, with all employees and customers present.

1974

BUSINESS, SOCIETY

- March 13: inauguration of Roissy Charles de Gaulle airport in France.
- May 19: Valéry Giscard d'Estaing is elected President of France, just ahead (with 50.8% of the vote) of the Socialist candidate, François Mitterrand.

- June: Citroen taken over by Peugeot – a merger desired by Michelin, Citroën's major shareholder.

IT

- The French researcher Roland Moreno invents the smart card.

CAPGEMINI

- March 4: official announcement to customers and the press of the merger of CAP (with staff numbering 780) with Sogeti (250 staff excluding Eurinfor).
- May 31-June 3: 8th *Rencontres* in Marbella (Spain) devoted to discussing the policy and structure of the future Cap Sogeti Group.
- June 5: Serge Kampf takes the risk of organizing a General Assembly for all CAP personnel in the Palais des Congrès in Paris and comes out the winner of a heated debate waged alone against trade unionists opposed to Sogeti's takeover, and finally has the merger accepted by a large majority.
- September 1: acquisition of Gemini Computer Systems (U.S.).

1975

BUSINESS, SOCIETY

- Merger of Pernod and Ricard: the new group becomes leader on the French aperitif market.
- April 30-June 5: fall of Saigon, evacuation of the Americans and the end of the Vietnam War.

IT

- April 4: Microsoft is founded by William (Bill) H. Gates and Paul Allen. The company aims to develop operating systems and software for computers.
- December 19: IT group Honeywell-Bull takes a stake in CII (Compagnie Internationale pour l'Informatique) which ironically had been created in 1966 to promote the French IT industry.

CAPGEMINI

- January 1: the Cap Gemini Sogeti Group is officially created (via the merger of CAP + Gemini Computer Systems + Sogeti).
- January: the last issue of *Atout Pique* is replaced by a new in-house magazine: *Pique Pocket*.
- July: first distribution of a dividend to Group shareholders (no dividend had been distributed since 1967).
- July 31: on the final day of the period offered in July 1973, CISI takes over Eurinfor.
- August 29: following a staff vote at the Dutch branch, CAP splits from its former English partners and CAP Europe operations come under Cap Gemini Sogeti's control.
- October 19-20: 9th *Rencontres* in Istanbul (270 participants) with many journalists attending and a powerful speech by Serge Kampf on the "Seven capital duties" of the new Cap Gemini Sogeti.
- November 25: Serge Kampf receives from Hugues de l'Estoile (Government Industry Officer) the "Prestige of France" diploma to reward "the Group's dynamism, sustained growth and international scope, and the technical expertise of its engineers."

1967 > 1970 First steps in an entrepreneurial venture

On October 1, 1967, a new IT services company officially opened for business in an inexpensive two-room apartment in the center of Grenoble (France). It was called SOciété pour la Gestion de l'Entreprise et le Traitement de l'Information (Business Management and Information Processing), or SOGETI. Its founder was Serge Kampf, a former Bull employee who swapped his enviable executive status for the much riskier one of entrepreneur. He decided to make this change "on impulse" but circumstances played a major role.

Becoming an entrepreneur

It all began with a big spat on December 23, 1966, with Serge Kampf deciding to resign from his job as manager of the Bull General Electric branch in the Dauphiné-Savoie region, based in Grenoble. He joined the computer manufacturer in August 1960 after

1966

December 23: Serge Kampf resigns from Bull.

Serge Kampf shortly after the creation of Sogeti

graduating in law and economics and spending a short time with the government-run Direction Générale des Télécommunications. He was then transferred, at his request, to Grenoble where he was born in 1934. Serge Kampf was initially responsible for sales development in the region and was then promoted to head of the branch in 1966. A pretty good start to a career for this 32-year-old manager, especially as the job was interesting. As well as the purely commercial aspects (selling Bull mainframes and supercomputers to companies in the region), it involved heading up a team of high caliber engineers whose job it was to design and install programs on the hardware sold. But, above all, it involved day-to-day management of the Bull agency in Grenoble, a small local firm at that time. As a manager, Serge Kampf had his hands full persuading enterprises to convert to information processing, still a new technology whose utility or profitability was not obvious to everyone at the time. He also had to fight Bull's major rival IBM, which combined a strong reputation in terms of its technology with savvy commercial skills. Instead of looking for new markets, Serge Kampf decided to fight the local representatives of the "other" computer manufacturer head on, and so managed to attract several long-standing IBM customers over to Bull, including the shoemaker Charles Jourdan and, even better known at the time, SOGREAH (Société Grenobloise d'Etudes et d'Applications

First steps in an entrepreneurial venture

Trademark registered at the Ministry of Industry

1967 October 1: creation of Sogeti

Hydrauliques), an engineering firm which had been a loyal IBM client since 1945! At Bull General Electric's headquarters in Paris, they followed this young manager's professional development with great interest; he surely had a fine career ahead of him in the company…

When, at the end of 1966, Serge Kampf resigned from his job, it was not in the least because he felt that his efforts had been insufficiently recognized or rewarded. He left the company in protest against Bull's cavalier attitude, to put it mildly towards its customers. In October and again in December 1966, it had decided to withdraw two series of computers from the market: first, the GE 600 (Bull General Electric's flagship model), and then the Gamma 140 and 145 series. These two decisions made Serge Kampf's blood boil, as he now had to explain to his customers that the computers they had ordered could not be delivered! What really drove Serge Kampf – along with José Bourboulon, the equally annoyed Lyon regional manager – to resign from Bull General Electric was his sense of honesty towards their customers and a feeling of repulsion at his employer's obvious lack of concern. When they quit, they took with them all eighteen of Bull's other regional managers. But Serge Kampf and José Bourboulon were the only ones to stick to their guns; all their colleagues were to change their minds in the following weeks.

So it was that on June 30, 1967, after changing his customers' orders to the new computers forced on them by Bull's U.S. management, Serge Kampf found himself out of a job, with limited resources and no plans for the future. Two months later, in August, after doing

27 %

The share of Sogeti's capital held by Serge Kampf at the start

Early IT services companies: demand for technical assistance driven by the spread of data processing in the business world

a consultancy job for a bakers' oven manufacturer in Valence (Pavailler, one of his former Bull customers), he found himself 'philosophizing' with a friend on a beach on the Adriatic coast where he was taking a short break. There, Serge Kampf finally made the decision to become his own boss, and for this purpose, to create an IT services company.

An original business model

Serge Kampf was certainly not the first to enter this market. In France, ten or so firms such as SEMA, CAP and SESA were already offering IT services to large French corporations. But it appeared that one niche area was still up for grabs: technical support, i.e. installing and commissioning computer systems on users' premises. Computer manufacturers had recently started billing their customers for these services, whereas until then they had been included in the price of the hardware. But since these firms focused on the manufacture and sale of hardware, they considered this work to be marginal and didn't always make much of an effort to meet their customers' growing expectations. Among the service providers, only CAP (Centre d'Analyse et de Programmation) showed any real interest in this business. At a time when many companies were starting to use computing equipment, the demand for technical support was still far from being satisfied, and therefore presented good opportunities for growth.

This is why Serge Kampf decided to go into technical support, where there was still much work to be done. The company he founded in early October 1967 stood out in the world

500

The number of American IT services companies at the start of the 1960s

IT services: a modern profession

When Serge Kampf created Sogeti, firms dedicated to IT services had already been operating for some time. Unsurprisingly, the sector began in the U.S. as information processing itself started to spread through the corporate fabric. With such firms as Computer Sciences Corporation (CSC), Electronic Data Systems (EDS), and Computer Associates, there were almost 500 IT services providers at the beginning of the 1960s in North America.

This movement quickly spread to Europe, and especially France which became very active in this area. In 1967, there were already a dozen firms, some of them quite large. The stars in the sector at the time were Société d'Etudes de Mathématiques Appliquées (SEMA), created in 1958; CEGOS, which started up in 1961; Compagnie Européenne de Recherches en Cybernétique Industrielle (CERCI), founded in the same year; Centre d'Analyse et de Programmation (CAP) created in 1962; and Société d'Etude des Systemes d'Automation (SESA) in 1964.

Unlike their U.S. counterparts, French service providers tended to focus on specific areas. SEMA, for example, specialized in operational research and IT-supported applied economics; CAP in technical computing for industrial and scientific applications; and SESA in end-to-end systems comprising hardware and software. This approach was largely conditioned by the state of the French market (where IT was less advanced than in the U.S.), as well as by the career profiles of the founders of French firms, usually engineers or graduates of the Ecole Polytechnique, France's top engineering school. Apart from CAP, very few firms in the IT sector were interested in technical support – as a result an extraordinary opportunity for growth opened up for Sogeti.

1967

1975

1996

1997

2000

First steps in an entrepreneurial venture

of IT services in a number of ways. To start with, it was a provincial rather than a Paris-based firm. As we will see, Sogeti, by establishing its headquarters in Grenoble while almost all its rivals were headquartered in Paris, made the most of its proximity to provincial firms, often little known or neglected by the Paris-based service providers. Compared with its competitors, it also put a strong emphasis on the commercial side of the business. Know-how is good, but first you have to know how to sell what you know how to do. Know-how in itself is useless if you sell it badly. This credo owes much to Serge Kampf's professional experience. His counterparts among French service providers simply could not match his first-class experience in sales gained at Bull. As a result, while his competitors often did not make much of an effort to closely engage with their customers, Sogeti started out by using high-quality sales tools, such as standard contracts, documentation, and sales brochures, which gave it a decisive advantage at contract closing time. This sales intensity, together with the regional dimension, was to prove extremely effective. On top of this came Serge Kampf's excellent knowledge of what computer users really needed and expected. Once again, he had gained this knowledge with Bull, and it explains why Sogeti began to diversify its business very early on. A buoyant market, a still under-occupied *niche* area, excellent knowledge of his customers and a solid track record… Serge Kampf had all the trumps to make his entrepreneurial venture a success.

6

The number of Sogeti employees on October 1, 1967

All he had to do now was make the project actually work. After being tempted to set up his firm in Geneva, but giving up on the idea for 'patriotic' reasons despite his Swiss origins, Serge Kampf completed the official paperwork in Grenoble on October 1, 1967. The name of the

2002

2004

company? Sogeti – Société pour la Gestion de l'Entreprise et le Traitement de l'Information, literally Company for Business Management and Information Processing. Its business? As its name clearly suggested, using the vocabulary of the time, it was IT services, with a clear focus on the corporate market. Its shareholders? They were twelve, from various backgrounds, including former Bull employees such as José Bourboulon, who joined the team later as sales manager; three analyst/programmers who provided the young company with vital technical know-how; friends, the largest contingent, and also professional contacts such as Michel Jalabert, the former head of Bull's Services division who was later to join the firm's management team. The capital? 100,000 French Francs at the time (equivalent to €115,000 in 2007). Serge Kampf only owned 27% of the firm's capital to start with and had an option on a further 7% which would give him a blocking minority. A matter of money – the young *entrepreneur* had invested all he had in his new business, and, above all, the will to build a collective project fueled by genuine team spirit. However, the first weeks quickly undermined this initial scheme, as four of the partners (owning a total of 47% of the equity) started maneuvering to take control of the company and try to oust Serge Kampf. He had to fight this unforeseen battle by getting the other shareholders to rally round and battle through fierce negotiations with the 'rebels', at the end of it all owning 51% and then 84% of Sogeti's equity capital (at the price of a heavy personal debt). He had not really been looking to hold such a large majority position in the company and it would have two key consequences for the future. First, Serge Kampf had learnt a lesson and, from then on, would strive to protect the independence of his company by keeping the control of 51% of the capital. Second,

The Ace of Spades

With its strangely rounded Ace of Spades and two strong colors (bright red and turquoise blue), Sogeti's brand new logo was a dash of originality in the rather dull world of IT services.

It was designed by Serge Kampf himself. At first, the young entrepreneur paid a small advertising agency in Grenoble 500 Francs to put forward suggestions. They came up with three ideas: a bee (symbolizing fruitful work); a toothed wheel meant to represent a magnetic tape drive; and an ace of clubs, symbolizing good luck and happiness – perfect for a start-up business. However, Serge Kampf rejected these ideas and opted for another ace – the ace of spades – because it is the highest value card in bridge (a game he had played a lot as a student). But he chose a deformed ace of spades with a crushed base and therefore original enough to be noticed – especially since it had absolutely nothing to do with Sogeti's mission statement. Forty years later people still ask: "why the ace of spades?" And the answer is always, "so you'd ask why!"

The choice of colors was equally unexpected. At the end of 1967, the business press was only interested in the creation of ELF. With its new name, new identity, and new logo, the French oil giant was everywhere. As he browsed through a magazine, Serge Kampf came across a long article explaining the meaning of the colors chosen by ELF for its new logo – blue (stability) and red (dynamism) – and revealing that ELF had shelled out 50 million Francs at the time for its design guidelines. Without hesitation Serge Kampf chose ELF's colors for Sogeti's logo. "At least we've saved 50 million," he explained with glee to his entourage!

Turquoise and red would remain the Group's colors until the merger of CAP Sogeti and Gemini Computer Systems in 1975. For 20 years, turquoise would then become the only color in the new Group's logo. In September 1996, Cap Gemini gave itself a new logo with two shades of blue: the original turquoise symbolizing information technology and navy blue for management consulting. In April 2004, following a commitment to no longer use the Ernst & Young name, the Group changed its name and graphic identity once again, but the same two shades of blue are still found in the new Capgemini (one word) logo. The color red reappeared in 2002 when the new entity for proximity services took over the original name, Sogeti.

Sogeti's corporate brochure, 1969

since he could now freely make use of an additional 33%, he would, through the gains resulting from selling and buying shares, leverage the equity as a fitting tool for expanding the company, forgetting in the process to pay back his own debts. For the time being, Serge Kampf spent his time completing the last formalities. On October 1, 1967, at last everything was ready, and the Sogeti company was officially listed on the Register of Commerce and Trade. The adventure was about to begin.

The Sogeti model: Proximity, sales efficiency and decentralization

Sogeti started small with just six former Bull employees, including Serge Kampf, in a two-room flat. But it had great expectations. Serge Kampf set the bar very high from the start by plainly stating his intention to "earn money from the very first year" and systematically reinvesting every Franc earned in useful projects. To achieve this, the company offered a broad array of services, from diagnostics, IT consulting and auditing, to designing and rolling out IT systems, technical support, and staff augmentation (or "body-shopping"). This breadth of offerings was rare in the world of IT services at the time, but reflected the spectrum of user needs. Very early on, it enabled the company to build up a solid portfolio of clients.

In the second half of the 1960s, more and more firms were acquiring massive amounts of IT hard- and software. The leading computer of that period was the IBM 1401, which marked

IBM's 1440 computer

the real beginning of electronic information processing. Using the Cobol language, it rapidly spread through the world of manufacturing and services. "This computer opened the age of stored program machines," explains Michel Jalabert. "You could now do real programming. As a result, it attracted many more users and therefore applications, especially in management, accounting, stock management, and scientific computing. This marked the beginning of the huge migration of corporations towards information technology." As Sogeti was perfectly familiar with this computer, both in terms of installation and maintenance, the company was able to grow very quickly during its early years. Even before the end of its first financial year, it won a slew of significant contracts with companies such as Evian (mineral water) which entrusted Sogeti with the development of invoicing applications; the La Prudence bank for accounting; Aspro-Nicholas (pharmaceuticals) for payroll; Elf-Distribution (gas stations) for managing statistical data from sales outlets; and Pechiney-Soferec (steel) for installing and commissioning Bull and IBM computers. In November 1967, Sogeti signed a very large contract with the Commissariat à l'Energie Atomique (CEA), the French atomic energy authority, which entrusted the young company with collecting and processing all data at the Pierrelatte enriched uranium plant, meaning no less than 3,000 measurements a second to capture, sort, validate and then transmit in the right order to various end users! These contracts, signed with the region's industrial heavyweights, put little Sogeti on the IT services map.

José Bourboulon officially joins Sogeti.

Plans were progressing in Grenoble as well. A first key stage was completed in February 1968 with the appointment of a sales executive, José Bourboulon, Serge Kampf's former boss at Bull, who joined Sogeti officially as an employee after starting as a shareholder. This was

Adverts published in *Le Monde* in 1970 (left) and *Le Figaro* in 1973 (right); the headlines read 'Don't torture yourself anymore. . . torture Sogeti, the IT services companies group', respectively.

First steps in an entrepreneurial venture

practically a first in the IT services arena, where most firms made do with a catch-all technical-cum-sales department. It also marked the start of Sogeti's genuine sales orientation that was to assure so much of its success. José Bourboulon was successful right from the start in winning new contracts from across the Rhône-Alpes region and very soon from France as a whole. The downside of this amazing development was that it made life truly complicated for Sogeti's analysts and programmers, who had to regularly travel from Grenoble to every corner of France. It also raised sensitive management problems, such as how to manage projects at an increasing distance from Grenoble, where all the corporate resources were concentrated. Such were the challenges that Sogeti had to address only a few months after it had started in business.

The response to these challenges would lead to the creation of the 'branch' concept which, together with the prime position of the sales function, really made Sogeti stand out from its rivals. For many years, the branch approach was the cornerstone of the Group's organization. Although widespread today, the idea of relocating to where your customers were was a radically new idea in IT services at the time, when everyone simply managed their different projects from their Paris headquarters. A born organizer, Serge Kampf realized that if Sogeti was to grow, it had to get as close as possible to its customers by spreading out and penetrating the fabric of medium-sized manufacturers, regional banks and local authorities, all potential users of IT applications.

Starting in January 1968, when it signed a contract with a major company in the Geneva area, Sogeti decided to start up a branch in Switzerland. The project was delayed due to the

The branch: Sogeti's cornerstone

At the beginning of the 1970s, with fourteen branches in Paris and most of France's major regional cities, where they could develop very close relations with the local business community, Sogeti cut an original figure in the world of IT services. Such originality made the company more reactive than most of its key Paris-based rivals, who preferred to send consultants out to the customers. This also highlighted the company's provincial profile as a player close to local companies and attentive to their specific needs.

Acting as real profit centers, the branches (known as 'regional divisions' when they were covering a large territory) could have a staff of up to 20 or 30 computer specialists. But once they reached this size and there were converging signs of strong demand in the region, they would in turn lead to the creation of a new branch that would set up shop in the same city or in one near by. This completely atypical process of "cellular division" was key to Sogeti's anchoring in the region.

The branches were all organized on the same model. They were led by a branch manager who enjoyed a high level of autonomy, in line with the decentralization principle. Acting like a chief executive, the branch manager was responsible for sales activities, the firm's contractual commitments, executing contracts properly, relations with customers, managing his branch's people and, above all, its profit and loss account. This meant that the job was highly motivating and inspired individual managers to push themselves – especially as the head of Sogeti introduced yet another innovation: pay for results. This was the 60-20-20 rule, which quickly became famous within the company. For a theoretical remuneration of 100, 60 was fixed salary, plus two variable parts worth 20 each, which could actually vary between 0 and 40. This meant that in reality the real total compensation varied between 60 and 140. The first variable was pegged to the performance of the unit to which the manager belonged and the second to his individual performance. Although widespread in the U.S., this system was still exceptional in France. They knew the value of this in Sogeti's branches, since it meant that the very best could double or even triple their fixed salaries. And the sales staff truly enjoyed it. "It created an outstanding atmosphere," recalls Jean-Philippe Gaillard who joined the Paris branch in 1974. "It gave us the green light to sign almost every contract! We worked liked demons but thoroughly enjoyed ourselves. Jobs came in at such a rate that on several occasions the branch manager asked me to advance the commissions to sales staff myself. The accounting department couldn't keep up!"

The manager of a large branch was supported by a "Sales Manager" in charge of sales development and customer relations, and a "Technical Manager", normally an engineer who helped and advised the branch's sales people and engineers on all technical issues. In the field, each contract was furthermore handled by a "site technical manager", usually the longest-serving member of staff at the highest level, who supervised and supported the Sogeti technicians and was responsible for monitoring the project in question.

The branch also acted as a tremendous spur for all Sogeti employees to push themselves beyond their perceived limitations. Here more than anywhere else this special entrepreneurial culture – the Group's hallmark – could be best appreciated: sales efficiency combined with a real sense of teamwork and a high respect for human beings. The key word at Sogeti was trust, be it in the branch manager or the technician, and be it in terms of managing the 'shop', gaining new markets, designing a new application, or installing a new operating system. Driving this was the desire to do better and do more, shared by all members in the team. Provided they didn't count the hours they worked (it was still possible to "work more to earn more" in those days) and fully satisfied their customers, a Sogeti engineer, analyst or programmer had every chance of one day being promoted to branch manager, and a branch manager to divisional manager. . .

30

The maximum number of engineers at Sogeti branches


SoGETI
le Groupe de Sociétés de Services et Informatique
recherche des
INFORMATICIENS
pour participer au développement de ses activités :
Organisation informatique - Conseil et conception de systèmes - Assistance technique - Softwares et packages - Service bureau - Formation, Sélection-Télé-informatique.
VOUS ÊTES :
PROGRAMMEUR - INGÉNIEUR - ANALYSTE
INSTRUCTEUR - INGÉNIEUR COMMERCIAL
INGÉNIEUR PRINCIPAL OU EN CHEF
Vous avez en outre une RÉELLE expérience informatique.
Nous pouvons vous offrir, à Paris comme en province, un travail à la mesure de vos ambitions dans un Groupe en pleine expansion, vous garantissant, par la diversité de ses interventions, une formation sans cesse approfondie.
Nous étudierons toute candidature avec l'attention et la discrétion qui s'imposent.
Adressez votre C.V. détaillé et manuscrit, votre photo et vos prétentions à :
SoGETI S.A., 86, avenue Émile-Zola. — PARIS, sous référence SP 25.

Job advert published in *Le Monde* in June 1973

A selection of administrative forms from the 1970s

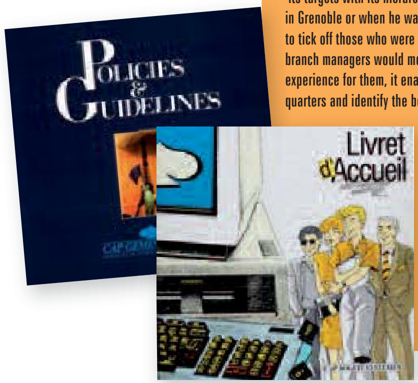
First steps in an entrepreneurial venture

Decentralization yes – but rules have to be respected

As full-fledged heads of their businesses, branch managers enjoyed considerable freedom to manage as they wished, but they had to obey the rules, which were extremely strict. Serge Kampf understood that giving free rein to those on the ground – a must – did not mean running a Group which covered the whole of France without a few safeguards. While free to carry out their business as they thought fit, the branches had to apply and respect very strict accounting methods. Engineers and technicians had to fill out an activity report each week counter-signed by the customer and listing the number of days and hours worked, the nature and purpose of the job, details of expenses, and so on. At the start of each fiscal year, each branch negotiated its targets with its hierarchical superior in terms of revenue, operating margin, use of funds and profitability. From his office in Grenoble or when he was out on the road, Serge Kampf kept a close eye on the performance of each branch, and was prepared to tick off those who were behind on their budget and double check the expense sheets of the overly extravagant. Each quarter, branch managers would meet with him for a detailed review of their results and forecasts. Although this was often a difficult experience for them, it enabled Serge Kampf to get a detailed grasp of the situation in each branch, refocus targets for the next quarters and identify the best people around the table. In the branches, everyone knew that there was a firm hand on the tiller, and on the purse strings too.

Forty years after Sogeti was founded, this discipline is still in force. It was codified in 1989 in a booklet (The Group's Policies and Guidelines) given to each staff member personally, and it still circulates widely internally. The latest version, published in 2006, is called The Blue Book and each staff member receives a copy. It details company basics like mission/vision, values and organization and states that "there can be no ambitious undertaking without respect for an overall plan and common rules." It also highlights the three major imperatives which have guided Sogeti's development since 1967: the need for profitability (vital for survival and independence), the will to grow faster than the market, to remain a leader in a given sector, and the search for excellence in all respects.

The Group's 'Policies and Guidelines', published in 1989 (top); an employee handbook, 1988 (bottom)



Rue Royale in Paris, 1970

14

The number of Sogeti branches in 1972

events of May 1968, when the 'students revolt' and ensuing general strike that paralyzed France for days almost brought Sogeti down. Luckily, it survived due to the support of its first clients. The Geneva branch finally opened on September 1, 1968, under the management of Robert Thoral, who was Serge Kampf's former training mentor at Bull, and five technical staff members. Two years later, the Geneva branch itself expanded to become Sogeti-Suisse with branches in Basel and then Zurich. After Switzerland, it was France's turn, and here too the creation of new branches was driven by the signing of new contracts – lots of them! Between 1969 and 1972, branches opened in Lyon, Marseille, Dijon, Annecy, Lille, Bordeaux, Toulouse, Rennes, Nantes and Strasbourg. And of course Paris, a real apotheosis for the little provincial firm. In 1970, Sogeti found premises on the top floor of a building in rue Royale, above the famous restaurant Maxim's and a stone's throw from the Madeleine. In less than six months, the Paris branch managed to sign major contracts with such prestigious customers as Dior, Renault and L'Oréal, and began to make a name for itself on the Paris market alongside older and better known adversaries.

By 1972, Sogeti had notched up a total of fourteen branches, eleven of them in France's major regions and three in Switzerland. A network of this size had a direct impact on how the company was managed. Sogeti lost its exclusively Grenoble look and feel, and became a multi-regional firm enjoying a fine client portfolio of large corporations and a high number of medium and small businesses. The firm's branches offered two types of service: IT services as such, that is the total or partial design and implementation of complete systems or new individual applications; and IT organization, meaning the analysis of the problems generated by introducing

1968

The year of the first *Rencontres*

José Bourboulon, Robert Thoral, Serge Kampf and Jean-Baptiste Renondin at the 6th Sogeti *Rencontres* in Corsica (1972)

First steps in an entrepreneurial venture

IT into a company and the search for the solutions best adapted to a company's needs and constraints. As resources were increasingly dispersed, business lines evolved, and the workforce expanded, the organization and operating models of the firm underwent profound changes. Serge Kampf realized that branches spread all over the country, sometimes operating hundreds of miles from head office, could not deal with a heavy set of rules. As everything had to be decided on the spot, it was up to the local branch to be in charge of its activities. So he decided on a policy of local autonomy and decentralization, rather than trying to control everything from the center. A pioneering decision in France at the time, this turned branch managers into fully-fledged chief executives. There were, nevertheless, ground rules to ensure that the business was profitable. And branch managers and their staff were not simply left to their own devices. Exchanges, joint seminars, and training courses were set up. In addition, everyone in the company came together every year for an annual staff meeting; the first was held in 1968. These '*Rencontres*' would become one of the Group's traditions.

This powerful blend of strong decentralization, an active sales policy, and client proximity, set against a background of rapid market growth, did wonders for Sogeti, as the figures show. Between December 31, 1968, marking the end of the first fiscal year, and December 31, 1972, revenue multiplied 26-fold and the workforce 19-fold! Only SEMA managed to equal this performance within the same timeframe. Serge Kampf had risen to the challenge he had set himself one day in 1967, on the shores of the Adriatic. It had taken him just four years to turn the Sogeti start-up into an essential player in its sector. It was now time for him to turn to pastures new…

26

The number of times revenue increased between 1968 and 1972

A selection of *Rencontres* invitations and programs: Bad Homburg (Germany, 1984), Marrakech (Morocco, 1990), Istanbul (Turkey, 1975), Calcatoggio (Corsica, 1972), Prague (Czech Republic, 1992) and Djerba (Tunisia, 1973)

Birth of an institution: the 'Rencontres'

How could Sogeti employees working in Lille, Rennes, Strasbourg or Marseille be made to feel more like stakeholders in a single organization? The '*Rencontres*' (literally 'meetings'), one of the Group's institutions, was developed as an answer to this question, underscoring the team-spirit that Serge Kampf tried to promote in his company. The first *Rencontres* were held at the Alpôtel in Grenoble on the company's first anniversary in October 1968. Over a weekend, the company's entire workforce (27 at the time) together with their spouses, spent two days reviewing current contracts, results, and corporate projects. The *Rencontres* also offered an opportunity to get to know people and create personal contacts in a social and festive setting. They also enabled the Group to organize high-level discussions on the future of information technology. In June 1973, for example, the Djerba *Rencontres* (in Tunisia) invited a number of key IT players including manufacturers (IBM, Honeywell-Bull), rival service providers, and the senior management of the Délégation à l'Informatique.

As the workforce grew, the *Rencontres* were eventually reserved for managers, but were still the right place to shape, and decide on, the company's major strategic directions. The invitation of CAP managers, just after Sogeti had taken control of this company, to the Marbella *Rencontres* (May 31 to June 3, 1974) was a key moment in encouraging the two companies to get closer. The same went for the *Rencontres* held in Rome in May 1988, sealing the merger of Cap Gemini Sogeti and SESA. The *Rencontres* as an institution took on a particularly strategic importance at the beginning of the 1990s, in an increasingly competitive context which drove the Group to constantly rethink its approach.

It was during these often heated debates that the main lines of development that have marked Capgemini history were presented, analyzed, discussed and decided upon.

Below are some of the milestones:

- The Marrakech *Rencontres* in June 1990, during which 550 senior managers worked for three whole days to decide on the Group's global ambitions, the return to outsourcing, the creation of a consulting business (which would be Gemini Consulting), and whether to accept a new shareholder (which was to be Daimler-Benz). It was also at this event that Serge Kampf recalled and explained the Group's seven core values: honesty, boldness, trust, freedom, team spirit, modesty and fun.
- At the Prague *Rencontres* in June 1992 the key event was the adoption of the Group's transformation program called 'Genesis'.
- The Amsterdam *Rencontres* in April 1995, on how to bring the consulting business of Gemini Consulting closer to the IT services business.
- At the Berlin *Rencontres* in May 2000, the merger process between Ernst & Young Consulting and the rest of the Group was engineered.
- And at the Montreal *Rencontres* in September 2006, the 'i3' plan was launched with the aim of improving Group performance through Innovation, Industrialization and Intimacy with clients.

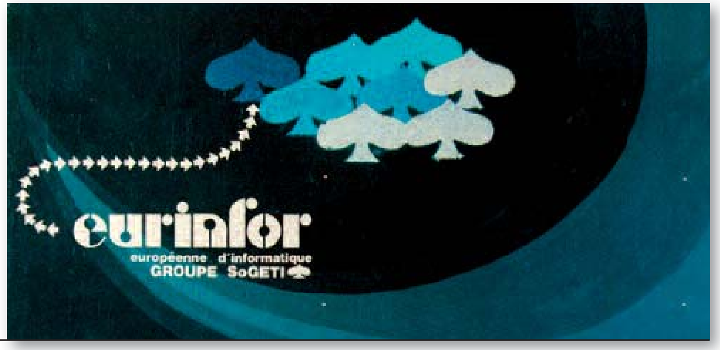
1970 > 1973

Sogeti's new ambitions

Eurinfor's headquarters in Lyon (France), 1973

The 'facilities management' venture

One of Serge Kampf's strengths would be to incorporate a whole range of new businesses into Sogeti, so as to create a genuine IT services group. This was prompted by the realization that, if Sogeti wanted to continue to make money, it had to constantly expand its service portfolio to adapt to the constantly evolving needs of its clients, who themselves were constantly changing. This put diversification in the driving seat at Sogeti, but more specifically a user-centric approach to diversification grounded in a precise analysis of customer expectations. Throughout its life, the Group has refrained from diversifying for the sheer pleasure of doing so, and thus managed to avoid losing touch with its core business. At the end of the 1960s, the diversification process began with what was then called 'facilities management'.



275

The number of Eurinfor employees in 1971

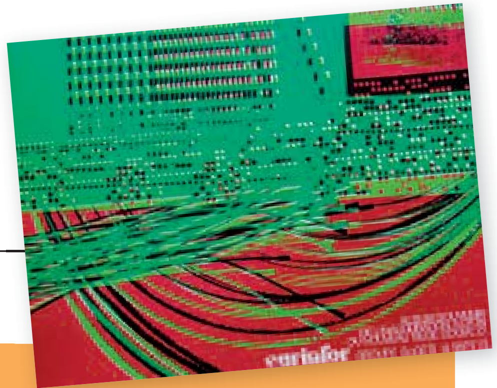
In November 1968, José Bourboulon had a long discussion in Lyon with Daniel Angrand, the Chief Financial Officer of Société Laitière Moderne (formerly Le Bon Lait, "The Good Milk"), a major player in the dairy industry. "He told me that his firm was about to merge with the Economique d'Alimentation," says José Bourboulon today. "This was to create a major food group called Cofradel. Industrially speaking, the merger posed no difficulties. But at IT level, things were far more complicated. Le Bon Lait and the Economique d'Alimentation used a very diverse range of computers with Bull machines alongside IBM, Siemens, ICL, and Honeywell hardware." Rather than suffer the pain of trying to unify the two systems, the future executives of Cofradel decided to create an IT department and leave specialists to manage it. Which is where Sogeti came in. As Daniel Angrand described it to José Bourboulon, the project was fairly straightforward. It involved entrusting Cofradel's entire IT organization to a dedicated operation whose equity capital would be jointly owned by Cofradel, Sogeti and CEGOS, a major business consulting firm at that time. So began the facilities management venture that was to play an essential role in the Group's history.

When he was told about the Cofradel project by José Bourboulon, Serge Kampf didn't hesitate. He had in fact long been convinced that, due to their lack of resources and competencies, companies would sooner or later have to outsource their information

Inauguration of Eurinfor's new headquarters, September 14, 1973

Serge Kampf at the inauguration
of Eurinfor's headquarters in Lyon, 1973

Sogeti's new ambitions



Eurinfor: industrial vision, financial know-how

The lengthy, complex creation of Eurinfor is in many respects a miniature masterpiece of industrial and financial engineering. In September 1969, after negotiations lasting several months, Sogeti and Cofradel decided to create a joint facilities management company called Hermès-Informatique.
But, in the ensuing months, the plan was largely transformed upon Serge Kampf's initiative.

His strategy was simple: incorporate into the initial project several "service bureau" firms acquired to create a large facilities management business and then open it up to new partners and customers. As a result, in June 1970 Serge Kampf managed to persuade the Société Lyonnaise de Dépôts to join Sogeti and Cofradel in building Hermès-Informatique.

He then convinced two large regional firms, Docks Lyonnais and the media group Dauphiné Libéré, to merge their IT services within this new firm. At the same time, Sogeti took control first of SOLAME (Société Lyonnaise d'Applications Mécanographiques), a major service bureau player that had developed IT application packages, and then INFOR, a dynamic young service bureau firm. Through this process, Serge Kampf demonstrated astonishing financial expertise. He sold 20% of Sogeti's capital to Gemini Computer Systems (which the Group was to take control of in 1975) and then bought it back and offered it to Cofradel, generating substantial capital gains on the way.

On January 1, 1971, Infor, Solame and the IT departments of Cofradel, Docks Lyonnais and Dauphiné Libéré merged to form a new company called Eurinfor (Européenne d'Informatique), a name chosen over Hermès-Informatique. A limited company with equity capital of 3.3 million Francs, the new firm was 45% owned by Sogeti, 45% by Cofradel and 10% by Société Lyonnaise de Dépôts.

As the IT specialist, Sogeti held the key positions in the firm: Serge Kampf was appointed Chairman and Chief Executive Officer of Eurinfor, and called on his old friend Daniel Setbon to take on the role of Chief Financial Officer. Setbon was a top notch certified public accountant who had until then been client manager for a Lyon accountancy firm. Georges Vernais, another friend of Serge Kampf, was appointed as Eurinfor's technical director. The position of deputy general manager for Eurinfor in Paris was created for Jean-Baptiste Renondin, the former marketing manager of Thomson-CSF, who was able to bring his close contacts with the Paris world of politics and business.


eurinfor
européenne d'informatique
Groupe SOGETI
CONTRAT DE SERVICE

Sample Eurinfor service contract (1971)

Advertising poster used on all Air Inter domestic flights in 1973

Illustration published in the in-house magazine *Atout Pique* in January 1970

processing to professionals. And his intuition would prove to be correct. Although common in the U.S. and even in the U.K., there was no facilities management at this time in France. So Cofradel's proposal offered a wonderful opportunity to get a foothold in a market that Serge Kampf realized would expand very rapidly in the years ahead.

The process that was to lead to the creation of Eurinfor began in earnest in June 1969 and lasted fifteen months in total. It involved highly complex negotiations driven with flair by a very determined Serge Kampf. Eurinfor was the result of combining two service bureau firms well-entrenched in the Rhône-Alpes region (SOLAME and INFOR) and the IT departments of several large regional firms (Dauphiné Libéré, Docks Lyonnais, Cofradel, etc.). It began doing business officially on January 1, 1971, and marked a key stage in Sogeti's early development. Firstly in terms of know-how as, on top of its major business lines (diagnostics, design and roll out of IT systems, and technical support), the company was now adding a new service – end-to-end responsibility for a company's IT services. Secondly, in terms of resources, Eurinfor was based in Lyon, with 275 employees and a base of 13 latest-generation computers, making it the ninth largest French IT services company and the leader in facilities management. Thirdly, in terms of image, with its links to major regional firms and operating in a cutting-edge sector which was still underdeveloped in France, Eurinfor played a key role in boosting Sogeti's reputation for technological and industrial know-how.

One of Eurinfor's computer rooms

Sogeti's corporate brochure and business lines tree at the start of the 1970s

Sogeti's new ambitions

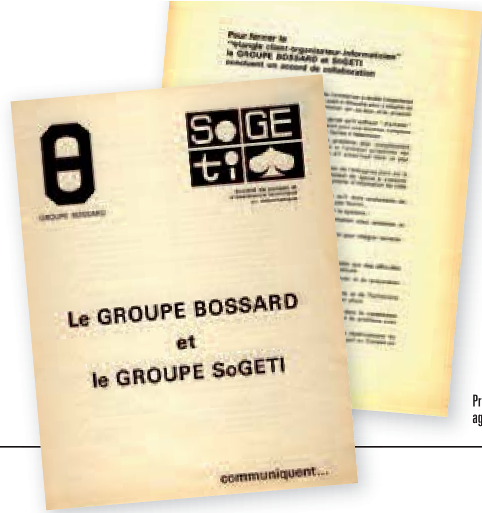
It was clear that facilities management met a real need as Eurinfor grew extremely quickly and, taking a leaf out of Sogeti's book, opened new offices in Paris, Lyon, Annecy, Valence, Mâcon, Grenoble and Marseille, signing new contracts with several large firms from the Rhône-Alpes and Paris regions, and starting to develop and commercialize application packages for payroll, accounting and invoicing. In fact, Eurinfor grew so fast that its first year turnover of 18 million Francs far outperformed Sogeti's 8 million. By entering the field of facilities management, Serge Kampf had just won his wager on the industrialization of IT services. By building a powerful development platform for this business, through Eurinfor, he was twenty years ahead of his time in terms of anticipating how the sector would evolve and foreseeing the Group's future developments in this business. We shall see later that he eventually had to withdraw from this market, but would return in force later. The acquisition in 1990 of Hoskyns, then Europe's leader in outsourcing, and the growing importance of this activity within the Group (20% of revenue in 2000 and nearly 40% in 2007) both stem from the Eurinfor operation. With it, Serge Kampf was clearly looked on as a pioneer.

1970

The first agreement with Bossard

Towards full service

The same goal that led to the creation of Eurinfor – a presence right across the IT services market to meet the diversity of corporate needs – also drove Sogeti to broaden its business to cover all IT-related services. Its ultimate ambition was to provide IT users with 'the whole package', an unrivaled proposal in a sector that favored specialization.



Presentation document of the agreement between Sogeti and Bossard

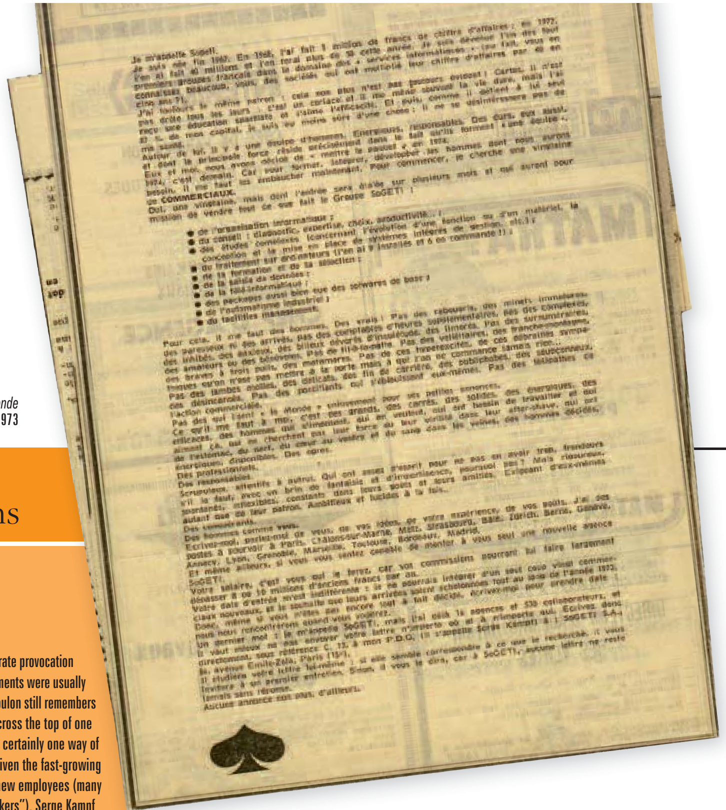
Business consulting was to become a new line of development for Sogeti. It all began on December 14, 1970, with a collaboration agreement with OBM (Organisation Bossard Michel), one of the main business consultancies in France at the time, which had a branch in the Rhône-Alpes region, headed by Michel Berty, by chance located in the same building in Grenoble as Sogeti! Thanks to such neighborly proximity, Serge Kampf was able to suggest to Yves Bossard, the head of OBM, during one of his visits, that they work closely together. For the young chief executive of Sogeti it was clear that IT services and management consulting were complementary. He envisaged the mix as a 'magic triangle', linking the client, the IT specialist and the business consultant. In many ways, Sogeti was already active in the consulting arena, mainly through its IT organization activities which, as we have seen, accompanied its more technical IT services. However, these services were still essentially technical and did not go upstream since this would require a much deeper knowledge of internal organization and processes. So Sogeti sought to fill this gap in its capability-set, by signing a contract with OBM. Under this agreement, the two firms would join forces on certain specific projects, which required some level of integration of their respective competencies, especially in designing, building and marketing application packages, and in training. As it turned out, this alliance did not lead to anything very tangible as the IT and organization teams balked at working together on the same projects. However, Serge Kampf retained from this period the innovative idea that the two activities of business consulting and IT services would eventually work together in a mutually supportive manner. This idea eventually took form twenty years later when Gemini Consulting was created in

A very commercial mindset

Together with decentralization, the sales function was clearly one of Sogeti's strong points. It owed much to Serge Kampf's own career. He started at Bull in the sales department and, as the head of the computer manufacturer's Dauphiné-Savoie branch, locked horns with IBM sales people to persuade their customers to switch to Bull products. Compared to other longstanding French IT services providers, which embodied the technical approach, Sogeti unquestionably had a far more commercial approach to the business.

This mindset translated into rallying the whole workforce around the goal of gaining new customers and honoring commitments to existing customers. There used to be a popular slogan: "we are all sales people." Any kind of initiative was grist for the commercial mill provided it did not damage the company's reputation. Sogeti was also an early user of advertising, which was ignored at the time by most rivals, who found it both unnecessary, since the market was so bullish, and unworthy of an IT services provider! Sogeti, on the other hand, was quick to post advertisements written by Serge Kampf himself. The first adverts cleverly positioned Sogeti as helping corporations overwhelmed by IT and which often had neither the resources nor skills to manage their own IT requirements. "Don't torture yourselves any more – torture Sogeti" was the incisive tagline of one of Sogeti's early adverts, promising a complete assistance package to "solve all your problems concerning the choice, introduction and use of computers." This enabled Sogeti to fine-tune its profile as a company that was close to its customers and attentive to all their needs.

But Sogeti was also quite prepared to be provocative. The next advert, once again written by Serge Kampf, came out in 1972. "Sogeti has gone further than the Cape of Good Hope" it reads, with a clear allusion to CAP (In French Cap also means Cape), the company's main rival. CAP's executives were furious and even went as far as referring the matter to the courts for unfair competition, hiring the already highly respected lawyer Robert Badinter to defend them. Even so, their case was dismissed.



Job advert published in *Le Monde* on January 16, 1973

Sogeti's new ambitions

The fine art of hiring

Often outspoken and given to deliberate provocation on occasion, Sogeti's job announcements were usually written by Serge Kampf. José Bourboulon still remembers the phrase "CEO to be replaced" across the top of one of the company's very first job ads, certainly one way of attracting ambitious job seekers. Given the fast-growing market which constantly required new employees (many of them sales people, true "rainmakers"), Serge Kampf wanted to attract the very best, meaning those best able to go out of their way to "land a contract." Hence the very special tone of his adverts, combining virility with aggressiveness that tended to surprise and even shock people in the IT services community at the time.

In 1972, for example, Serge Kampf sent a job advert to the trade press for systems analysts, which stated that Sogeti "has no jobs for analysts who wear white gloves, learnt programming via a correspondence course and aim to finish their day at 6.30 p.m. every day so they don't miss the children's programs on television!" Another highly unusual announcement is famous in the IT sector as it fueled the charge sometimes levied against Sogeti of "brutality". It was published on January 16, 1973, in the *Le Monde* newspaper and advertised twenty sales positions.

1991 (the Group's management consulting arm) and when Ernst & Young Consulting was acquired in 2000.

With facilities management and business consulting now onboard, in the early 1970s, Sogeti was a pioneer in two activities that would drive the future development of IT services and provide an enduring common thread to the company's strategy. But that was not all. During the same period, Sogeti moved into two other IT-related business lines: data input and processing, and training. Between 1970 and 1973, it acquired three data processing firms – Sorgas in Grenoble, Perfo-Service in Geneva and Sesi in Lyon. Thanks to these three firms, Sogeti created a data input and processing hub which in 1973 accounted for fifteen processing centers and more than three hundred data input workstations. As for the training

Call sheet produced by Perfo Service

52
million Francs
Revenue in 1973

initiative, it led to the creation in January 1971 of a specialized division called Sogeti-Formation, which provided corporate training courses on programming languages, analysis methods, programming and training for managers joining or heading up IT departments.

In just five or six years, the founder had managed to build a fully-fledged Group offering services ranging from facilities management to high-level training. This swift diversification was achieved by means of a judicious blend of organic growth, acquisitions and partnerships, with a constant focus on identifying maximum synergy between the various businesses. This diversification illustrates the company's industrial approach – Serge Kampf's key contribution to the IT services sector – but it also served to position Sogeti strategically with respect to the major issues facing user companies. At a time when there were relatively few professional IT specialists and many companies were finding it very hard to acquire the right capabilities, Sogeti offered to take charge of their information processing, end-to-end, from specifying needs to inputting and processing data. Sogeti was the only firm in France to do this on such a scale at the time.

A key player in the world of IT

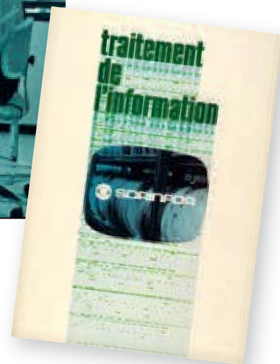
The strategy's results speak for themselves. By the end of 1973, when the major diversification drive had been completed, the Sogeti Group was worth 52 million Francs in sales (equivalent of €40 million in 2007) and employed some 700 people, making it one of the top

Sogeti's new ambitions

ten IT service providers in France. For a company created only six years earlier and a latecomer to the market, this was an impressive performance. Not only did its rivals start to keep a close eye on Sogeti, but so too did the French government. Maurice Allègre, who was head of the *Délégation à l'Informatique* (French government IT committee) set up in 1966 as part of the *Plan Calcul* to promote French-style IT, enjoyed a good personal relationship with Serge Kampf and took part in several events organized by Sogeti (the inauguration of Eurinfor and Sogeti-Paris, and the 1973 *Rencontres* in Djerba). Was this interest because of the company's independence (its founder held an 80% share of the equity capital)? Or was it the company's sales dynamism, or its country-wide presence, or the diversity of its business lines? Whatever the reason, Maurice Allègre was convinced that Sogeti would be a vital link for creating a national IT capability. He first demonstrated this in February 1973 when, as part of an effort to foil a project by the Paris Chamber of Commerce and Industry (C.C.I.P) to use U.S. information technology, he encouraged Eurinfor to create a joint operation called Sorinfor with Soref, a Saint-Malo IT services provider, which would be charged with managing the C.C.I.P.'s IT department.

Maurice Allègre and Serge Kampf

Custom-feed processing unit at Sorinfor's headquarters in Paris (Palais des Congrès)



Sorinfor's corporate brochure

Later in 1973, he again showed an interest in Sogeti's role by putting together an ambitious industrial set-up that combined Sogeti and the Compagnie internationale des services informatiques (Cisi) – the IT services operation of the Commissariat à l'Energie Atomique (CEA). The ultimate objective was to build a major French platform in this sector. After persuading Serge Kampf of the value of this merger, he let him enter into fierce negotiations which were to last all year with André Giraud, the head of CEA and a future minister. The latter began by demanding that, in the long-term all Sogeti's equity should be transferred to the CEA, something which the Chairman, ever careful about both his own and his company's independence, vigorously refused. André Giraud finally agreed to rein in his ambitions. The agreement was signed on July 5, 1973, whereby 34% of Sogeti's capital and 34% of Eurinfor's capital would be transferred to Cisi, which also obtained a buying option on the remainder of Eurinfor's capital until July 31, 1975. This was very hard for Serge Kampf to swallow since he had to sacrifice his entire facilities management arm to protect Sogeti. But every cloud has a silver lining and, by handing over part of its capital to Cisi, Sogeti gained the financial resources it needed to carry out an operation that it was conducting and wanted to finalize. An operation which would completely alter the IT services landscape in France.

1973 > 1975

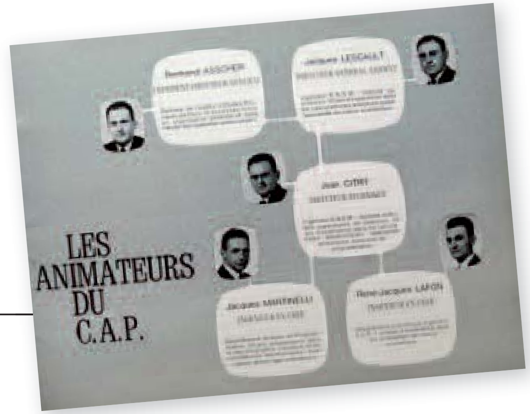
The great leap forward

Data processing at CAP

The birth of a large company

The operation that changed the Group's destiny was the acquisition of CAP (Centre d'Analyse et de Programmation), France's leading IT services provider. It all began at the beginning of 1973, while Serge Kampf was negotiating the conditions under which the Companie internationale des services informatiques (Cisi) would take a stake in the capital of Sogeti and Eurinfor. In March of that year he personally acquired 15% of CAP's capital.

Things had come together somewhat by chance during 1972, thanks to a dispute amongst CAP's executives. This conflict led La Hénin bank, a longstanding shareholder with a 15% share, to sell off its stake. Informed of La Hénin's intentions by one of his many contacts, José Bourboulon noted, when he looked into the case, that CAP had forgotten to provide an



CAP's management team before the Sogeti take-over

approval clause for new associates in its statutes. This astonishing oversight enabled Serge Kampf, acting in his own name – since he couldn't yet do so in Sogeti's name and at the price of a substantial loan – to acquire the 15% of CAP held by La Hénin bank. There was no question in his mind at the time of actually taking control of CAP; he simply wanted to get a foot in the door and, if it led nowhere, at least take home some capital gains.

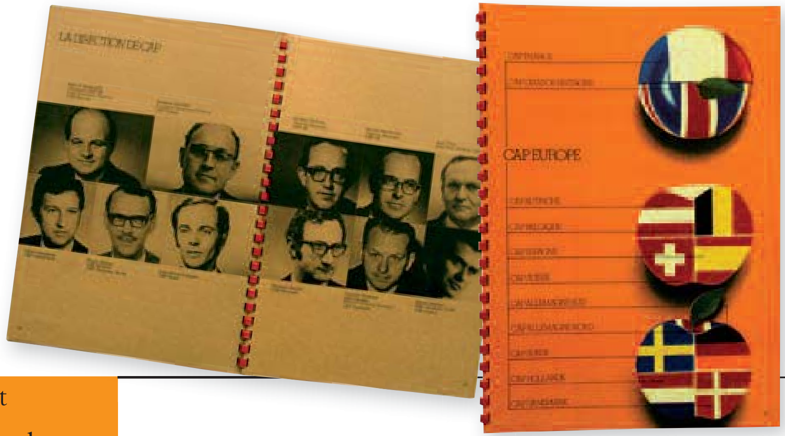
In Paris, at CAP's head office, they took Serge Kampf's stake in the capital very badly. Founded in 1962 by a former organization consultant, Bertrand Asscher, and two computer specialists, Jacques Lescault and Jean Citry, the Centre d'Analyse et de Programmation was one of the IT services stars in France. A pioneer in custom software, the firm took off with remarkable speed, building on the success of the IBM 1401 to dominate the market supporting the rollout of these computers. But CAP did not rest on its laurels and, by quickly specializing in cutting-edge activities, it became an innovator in designing and developing large application systems and large weapons systems. Above all, CAP went international very early, by setting up in 1966, with a British firm with exactly the same name (Cap U.K.), a joint operation called CAP Europe. The company was led by Philippe Dreyfus, an historic figure in information technology and also a shareholder with a 15% stake.

Since it was already an international player, operating in high value-added markets, CAP was of the opinion that it did not have anything in common with "little" Sogeti – and even less with its chief executive, whose reputation as a top notch salesman did not impress this

49 %

The share of CAP's capital held by Sogeti and Serge Kampf in 1973

Philippe Dreyfus, who coined the word 'informatique' (computer science)



The great leap forward

The incredible story of the conquest of CAP Europe

This is an amazing story about a Rolls Royce and a taxi plane. When it took control of CAP in June 1974, Sogeti found itself in possession of 42.5% of the capital of CAP Europe, alongside the British firm Cap U.K. which owned the same amount. For several months, the two partners played the game properly, until the repeated refusal of the British to associate more closely with Cap Sogeti led to conflict. The Dutch operation of CAP Europe, the largest and most profitable of the European units, decided to lance the boil as it threatened to get worse. It forced its two shareholders to give a presentation during which the two sides would each explain their European projects and their development strategy. This was the first time in the history of capitalism that an operation had dictated its conditions to its two partners, but the issue was vital, since it involved deciding whether it was the French or the British who would eventually take control of the European operations. The date for the "examination" was set for August 29, 1975.

The British were the clear favorites, since their business culture and language brought them closer to the Dutch. To make things worse, in the weeks running up to the big exam, the Dutch press (doubtless somewhat inspired by the British) raged against the French solution as a mere stopgap affair. As for the 15% of capital owned by Philippe Dreyfus, the head of CAP Europe who had meanwhile gone over to Serge Kampf, everyone knew it would not count for much if the Dutch defected. The British then made their first mistake. On the morning of Thursday August 28, the eve of the exam, a final attempt at conciliation was organized in Luxemburg, but it failed. "While the English, convinced they would win, left peacefully in their Rolls Royce to take the road to Amsterdam, Philippe Dreyfus, the chairman of CAP Europe, Jacques Lescault, the former chairman of CAP, Robert Thoral, the manager of Sogeti's Geneva branch and myself, jumped in a taxi plane, having decided to beat the British to Amsterdam," recalls Serge Kampf today. "We arrived in the afternoon and had plenty of time to have long discussions with the Dutch and reassure them about our intentions," adds Philippe Dreyfus. This was the first and decisive contact between men who were in principle at opposite ends of the spectrum.

Act Two was played out the next morning. The French project, which assured independence of action to the European units, was presented by Philippe Dreyfus in perfect English, and firmed up the good impression of the Dutch. The English project, on the other hand, was far more centralized in approach and appeared somewhat arrogant. It went down badly and at the final vote the French proposal was accepted almost unanimously. Dignified in defeat, the British delegation left the premises immediately. And that is how, against all odds, Cap Sogeti won the day and took control of CAP Europe.

1974

June 5: merger of CAP and Sogeti

300

The number of Cap Sogeti employees at the end of 1974

CAP software manual (1970 approx)

Job advert from 1972 stating that "Sogeti has rounded the CAPe of Good Hope"; much ink would be spilt over the ad.

circle of high-flying engineers. To be honest, things could have stayed where they where, with CAP executives patiently waiting for Serge Kampf to sell his 15%. But events took a very different turn. Rather than calming things down among the CAP executives, the withdrawal of La Hénin only poisoned their relations. In April 1973, the atmosphere was so bad at CAP that Bertrand Asscher decided to throw in the towel and offer Serge Kampf his 34% stake in CAP. This operation was finalized on July 25, 1973, this time in Sogeti's favor, as the company had most conveniently just sold off part of its capital to Cisi. Thanks to perfect timing, Sogeti was able to fund this acquisition.

By the summer of 1973 Sogeti and its chairman owned a total of 49% of CAP. After the summer break, a private lunch with Jacques Lescault came to nothing and it took several months for Serge Kampf to convince CAP's initially hostile managers/shareholders to sell off their shares. Six months of unremitting and often tense negotiations ended in March 1974 with Sogeti taking full control of CAP. During this deal, Serge Kampf also showed a remarkable talent for persuading the CAP staff, who were fiercely opposed to coming together, of the value of the merger when he spoke to them at their Annual General Meeting at the Palais des Congrès in Paris. He had to personally commit not to dismiss anyone and to promise a new staff statute combining the key benefits of the two firms. At the end of the meeting, he had won the day. The labor policy implemented, which is still in place in the Group today, was based on the respect for mutual commitments and involved pursuing external growth without causing a massive brain drain, smoothly incorporating newcomers by offering, for

400

The number of Gemini Computer Systems employees who joined Cap Sogeti in September 1974

them and for their company, real development prospects, and providing them with the assurance of becoming stakeholders in a genuinely collective project.

On June 5, 1974, CAP and Sogeti merged officially into Cap Sogeti, creating a Group of 1,500 employees worth 160 million Francs in sales and making it the indisputable leading IT service provider in France. It was also a Group whose business lines were entirely complementary. For Sogeti, the acquisition of CAP brought new competencies in designing and developing large systems, which turned into a fundamental asset for the future. Although some criticized it as an odd couple, most observers got it right and considered this merger to be one of the most important consolidation operations the sector had seen in France – especially as it was followed in the ensuing months by two other major operations: the takeover of CAP Europe, a separate entity in the Group under CAP's control, and of Gemini Computer Systems, known in Europe simply as Gemini.

Marbella *Rencontres* in 1974, sealing the union between CAP and Sogeti

Gemini: the third pillar

In September 1974, barely three months after the merger of CAP and Sogeti, Serge Kampf acquired Gemini Computer Systems, an IT services provider incorporated in the U.S., founded in 1968 by John Diebold and a group of American and European investors. Specialized in developing large projects for public administrations, supplying turnkey management systems for small and mid-size companies, and marketing and maintaining application

1975

January 1: creation of the Cap Gemini Sogeti Group

packages, this firm generated U.S.$8 million in turnover with a workforce of close to 400. It did not do business in the United States but was established in France, Great Britain, Germany, Switzerland, the Netherlands and Iran. Operating in markets that complemented Sogeti's, Gemini was far from being an unknown entity. Between 1968 and 1969, it was even a fleeting stakeholder in Sogeti's equity capital. And, above all, it was headed for three years by Michel Jalabert, a longstanding Sogeti shareholder. He informed Serge Kampf that John Diebold, who was bogged down in insurmountable financial problems, was trying to sell. This was a godsend for the Cap Sogeti boss, as taking over Gemini would enable him not only to expand his Group's capabilities, but also gain real European scope – scope the takeover of CAP Europe in August 1975 would boost, just in time.

After Sogeti and CAP, Gemini formed the third pillar of the new Cap Gemini Sogeti Group which was officially created on January 1, 1975. With a workforce of nearly 2,000 and total turnover of 180 million Francs, Cap Gemini Sogeti was not only the leading French IT services provider but "the leading European IT services Group" according to its tagline.

Launched in 1967, with the fairly simple yet powerful mission of supplying technical support to IT users, the Group had by now broadened its scope to cover the whole range of IT-related services, putting industrialization first. This ability to constantly adapt to market changes to meet clients' needs would form the basis for large-scale expansion in the following decade.

1976 > 1989: A brain power multinational

Time for expansion

From a new focus on higher value-added services and a boost for the consulting business, to new developments in Europe and expansion into the American market, Cap Gemini Sogeti entered a period of very high growth from 1975 onwards. This growth profoundly changed its profile and skills, and by the 1980s, it was crowned with the acquisition of SESA, one of its major rivals, specialized in systems integration. With this move, Cap Gemini Sogeti confirmed its place as a world leader in IT services.

Time for expansion

1976 > 1989

1976

BUSINESS, SOCIETY

- January 21: the Franco-British supersonic plane Concorde makes its first two commercial flights to the United Arab Emirates and Rio de Janeiro via Senegal. Regular flights to the United States are authorized in February.
- September 9: Mao Zedong dies.

IT

- Steve Jobs creates Apple.

CAPGEMINI

- January 1: creation of Cap Sogeti Exploitation from a small branch of 35 people, headed by Rémi Donneaud.
- January 5: Michel Jalabert joins the Group as General Secretary.
- February 1: the Group's central management moves to 17 avenue George-V in Paris where it will remain for 10 years.
- May 2: publication of the first Cap Gemini Sogeti Annual Rapport. It comments on the 1975 figures but also evaluates the Group's first eight years.
- December 14: the Bossard brothers sell 51% of the capital of Groupe Bossard to Cap Gemini Sogeti.

1977

BUSINESS, SOCIETY

- May 25: start of the *Star Wars* saga directed by the American George Lucas - produced with a modest budget of 10 million dollars, this first film earns 100 million dollars for its producer in three months.
- December 9: in Paris the first line (A) of the RER regional express rail system is inaugurated. A few years' later, lines B, C and D are opened.
- December 16: the United Nations decides that March 8 will be International Women's Day.

IT

- AT&T installs the first fiber optic cable.
- The barcode (Universal Product Code) is adopted in Europe and enables appropriate coding of the many items sold in large retail outlets.

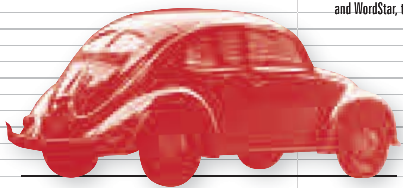
CAPGEMINI

- April 21-24: 10th *Rencontres* in Amsterdam, with lively discussions on 'Diversification/Specialization'.
- October 3-6: in Dallas, Serge Kampf reaches an agreement with Ross Perot for EDS to take the 34% stake previously owned by Cisi in Cap Gemini Sogeti. The president of EDS calls a meeting of his Board of Directors to seal this agreement before Serge Kampf and his team leave. On October 28, the French government informs Patrick Nollet and Serge Kampf that it is vetoing this operation.

1978

BUSINESS, SOCIETY

- The last Beetle leaves the Volkswagen plant in Wolfsburg (Germany) after 16,200,000 predecessors.
- July 25: first test-tube baby, Louise Brown is born in Oldham Hospital in England.
- October 22: for the first time since 1522, a non-Italian becomes Pope (taking the name John-Paul II).



IT

- Promulgation of the Data Protection Act in France aimed at protecting individual freedom.
- Launch of VisiCalc, the first spreadsheet, and WordStar, the first word processing package.

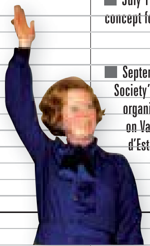
CAPGEMINI

- January 1: creation of Cap Gemini Inc. in Washington.
- March 8: decision to close Gemini Iran and quickly repatriate Bossard consultants and Cap Gemini Sogeti engineers working in Teheran for a huge contract signed the previous year with the Shah of Iran.
- June 23: first World Congress for IT Service Companies in Barcelona.
- September 14-17: 11th *Rencontres* in Munich during the *Oktoberfest*.
- December 1: visit to Grenoble of a Chinese delegation led by the Minister for Industry of the People's Republic of China.

1979

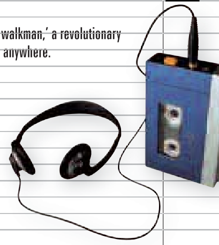
BUSINESS, SOCIETY

- January: Iranian revolution and second oil crisis.
- March 13: the European Council decides in Paris to create a European monetary system. The new European currency is at first only an accounting unit, and is called the European Currency Unit (ECU).
- May 4: Margaret Thatcher becomes the first female Prime Minister of Great Britain (until 28 November, 1990).
- December 24: the first European Ariane rocket is successfully launched from the Kourou Space Center in French Guyana.



IT

- Publication of the Nora-Minc Report on the computerization of society.
- July 1: Sony launches its 'walkman,' a revolutionary concept for listening to music anywhere.
- September 24-28: 'IT and Society' conference organized in Paris on Valéry Giscard d'Estaing's initiative.



CAPGEMINI

- January 1: creation of Cap Gemini Spain
- February 6: unconvinced by the conclusions of a report commissioned by Serge Kampf from Jacques Séguéla, the Executive Committee rejects all the suggestions made by Séguéla in person for a more commercial name for the Group.
- June 28-July 1: 12th *Rencontres* Cap Gemini Sogeti in Monte-Carlo.

1980

BUSINESS, SOCIETY

- In France, Marguerite Yourcenar is the first woman to be elected to the Académie française, causing controversy among academicians.

- June 1: in Atlanta broadcasting magnate Ted Turner launches Cable News Network (CNN), the first rolling TV news network.
- November 4: Ronald Reagan is elected president of the United States, 10 percentage points ahead of Jimmy Carter.

IT

- Nintendo brings out its first games console.
- For the development of its PC, IBM commissions a new operating system from Microsoft. Called MS-DOS, it quickly becomes the global standard for PCs.

CAPGEMINI

- January 1: intellectual services in France are divided into four companies, each specializing in a particular market: Cap Sogeti Systèmes, Cap Sogeti Logiciel, Cap Sogeti Exploitation and Cap Sogeti Formation.
- April 30: acquisition of Data Logic in Norway.
- May 8: the Group is commissioned to build France's electronic phone directory by the Direction Générale des Télécommunications, with Bull, Copernique and TRT as subcontractors.
- September 9: Cisi sells its 34% in Cap Gemini Sogeti to a banking pool created on Serge Kampf's initiative, comprising Crédit Lyonnais, Société Lyonnaise de Dépôts and Groupe Drouot.
- October: first issue of *Cogitas*, the third version of the in-house news magazine.

1981

BUSINESS, SOCIETY

- April 12-14: in the United States, astronauts John Young and Robert Crippen carry out the first manned flight in the Columbia shuttle.
- May 10: surprise victory for François Mitterrand who is elected President of France with 51.8% of the vote when all the polls indicated that Valéry Giscard d'Estaing would win. This is the first time a Socialist has become President during the Fifth Republic.

- September 6: in Cairo, President Anwar El Sadat is assassinated during a military parade.
- September 23: inaugural journey of the TGV (high speed train). Paris is now only 2 hours 40 minutes from Lyon (only two hours in 1983). The TGV was extended to Marseille with a journey time of 3 hours in 2001.

IT

- April 24: IBM launches its PC with 16 to 64 Kb of RAM using an Intel 8088 processor and the PC/DOS system from Microsoft.

CAPGEMINI

- January 22: in Milwaukee (U.S.) Serge Kampf and Michel Jalabert sign the purchase contract for DASD.
- March: creation of the "110% Club" (whose members are branch directors who have generated at least 110% of their annual budget).
- June 18-21: 13th *Rencontres* in London (240 participants).
- August 6: Cap Gemini Sogeti completes its pullout from data processing by selling Sorinfor

Time for expansion

1976 > 1989

1982

Business, Society

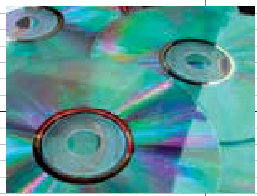
- June 11: Steven Spielberg's film *E.T.* is an immediate global success.

IT

- First standard DTP software, Postcript.
- Commercialization of the first email systems.

Capgemini

- January 1: Cap Gemini Sogeti is restructured into four operating groups: France, Europe, USA and Development.
- June 17: cocktail party at the Pré Catelan to celebrate the 15th anniversary of Sogeti and the 20th of CAP.
- October 15: CGIP takes a stake in Cap Gemini Sogeti by purchasing Cisi's 34% held since September 1980 by a banking pool.
- December 8: acquisition of the 35% held by Jacques Stern in SESA.
- December 31: the billion Francs revenue milestone is reached at the end of the financial year; and the target set by the Group five years earlier to make at least half its sales outside France is reached on time.



1983

Business, Society

- February 1: opening of the 'second market' at the Paris Bourse (stock exchange).
- June 13: launched in 1972, the U.S. probe Pioneer 10 is the first terrestrial object to leave the solar system. It carries a golden plaque containing a description of a human being, the localization of Earth and the departure date of this mission.

IT

- Creation of the Turbo-Pascal language.
- Sony develops the first CD-ROM.
- January 1: the ARPANET network adopts TCP/IP (Transmission Control Protocol/Internet Protocol) that will underpin the Internet.

Capgemini

- February 4: inauguration in Saint-Malo of the Electronic Directory for which Cap Gemini Sogeti acted as main contractor.
- March 1: sale of input business (365 people) completing Cap Gemini Sogeti's withdrawal from non-intellectual services.
- September 1-4: 1st *Rencontres* for the Group Europe in Madrid.

1984

Business, Society

- January 1: a victim of Antitrust Laws, AT&T, the world's largest telephone company, is split up into eight firms.
- January 3: *The Financial Times* publishes the Footsie index (or FTSE 100) for the first time, quoting the share prices of the 100 leading stocks on the London Stock Exchange.
- June 14: agreements signed in Schengen (Luxemburg) end customs checks at the common borders of signatory States.

IT

- Launch of the first Macintosh personal computer from Apple

Capgemini

- June 21-24: 14th *Rencontres* in Bad Homburg (Germany) during which Serge Kampf announces that English, a language which he does not speak well, will henceforth be the Group's official language.

1985

Business, Society

- March: in the USSR, Mikhail Gorbachev launches 'perestroika'.
- October 13: Daimler-Benz takes over AEG to become the leading German industrial corporation.
- December: in the United States, General Electric acquires RCA to boost its position in consumer electronics.

IT

- Microsoft launches Windows 1.0 software for PCs.
- Zenith invents the touch screen.
- October 18: launch of NES, Nintendo's second console that becomes a social phenomenon.

Capgemini

- June 12: two-phase introduction of Cap Gemini Sogeti shares onto the Paris stock exchange.
- November: central management moves to one of the twelve Hôtels des Maréchaux at Place de l'Etoile in Paris.
- December 3: the Group is awarded a prize for the best Annual Report by firms listed on the Second Market of the Paris *Bourse*.

1986

Business, Society

- January: Spain and Portugal join the European Community.
- July: Jean-René Fourtou resigns as President of Bossard to become head of Rhône Poulenc (and is replaced by his deputy, Jean-Pierre Auzimour).

IT

- Launch of Radio Data System (RDS) carrying digital data communications by radio waves, mainly to be used by radio sets in vehicles.

Capgemini

- January 1: acquisition of the Consulting division of the U.S. firm CGA and the creation of Cap Gemini America, headed by Bob Sywolski.
- June 12-16: 15th *Rencontres* in Cannes, with a memorable car rally in the countryside near Nice.
- November-December: almost simultaneous acquisitions of Ibat in Germany, GEDA in Italy and Sycomm in the U.S.

1987

Business, Society

- February 22: the European Airbus A320 makes its maiden flight over Toulouse.
- July 1: the European Single Act, signed in February 1986, comes into force. It is intended to speed up the creation of the internal market, planned for December 1992.
- October 19: Black Monday on Wall Street when the Dow Jones index loses 22.6%, taking most international stock markets down with it.

IT

- Sony and Philips present the Interactive Optical Digital Data Disk that allows data to be written and erased at will.

Capgemini

- June 23: two years after being listed on the Second Market, Cap Gemini Sogeti's shares are placed on the monthly settlement market of the Paris stock exchange *(Bourse)*.
- July 1: first distribution of stock options on Cap Gemini Sogeti shares.
- July 27: Cap Gemini Sogeti takes over SESA, having owned a 42% share since 1982.
- September: due to a curious reversal of roles, Cap Gemini Sogeti, at CEA's request, takes a 36% share in Cisi during a capital increase operation.

1988

Business, Society

- March 4: inauguration of the Louvre Pyramid (21 meters high), designed by architect Leoh Ming Pei.

IT

- January 22: stock market law in France recognizes that computers have taken over from stock brokers.

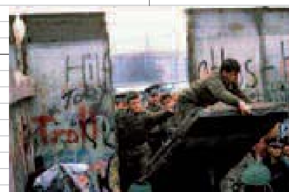
Capgemini

- January: first thoughts on the need for a training center.
- May 5-9: 16th *Rencontres* in Rome where procedures for the merger between SESA and Cap Sogeti France are presented and discussed.
- August: Cap Gemini Sogeti listed on the CAC 40.

1989

Business, Society

- Night of June 3 to 4: in Beijing violent repression of a student protest in Tiananmen Square.
- September 22: Michelin takes over Uniroyal-Goodrich and becomes global leader in tyres.
- September 27: Sony acquires Columbia.
- November 9-10: the Berlin Wall falls.



IT

- Launch of the Intel 80486 microprocessor, long unrivalled with 1.2 million transistors.
- March: researcher Tim Berners-Lee, after coming up with the idea of navigating the Internet using hypertext links through a browser, talks about creating the web, allowing surfers to move from one piece of content to another via multiple links.

Capgemini

- January 1: SESA and Cap Sogeti France merge to form Cap Sesa. On the same day, Comp.Act Data Systems in the United States is acquired.
- Summer: creation of SKIP to combine CGIP's and Serge Kampf's shareholdings, and facilitate the entry of a new partner into the Group.
- September: Dutch operations in the Group are merged into a single firm, Cap Gemini Pandata, headed by Chris van Breugel.
- October: in Sweden, Swedish operations are grouped together and Cap Gemini Logic is created.

1976 > 1979

A new dynamic

Cap Gemini Sogeti's headquarters in Grenoble (France), 1975

21

The number of countries where the Group had a presence in 1975

One Group, three cultures

At the beginning of 1975, the main task on Serge Kampf's agenda was to organize and, above all, successfully integrate the Group following the merger of CAP, Gemini Computer Systems and Sogeti. Two objectives were essential: firstly, ensuring that everyone became a genuine stakeholder in the new organization and fully shared the company's values; secondly, and possibly more importantly, respecting all differences and identities that made up the Group. In contrast to the usual approach to these operations, where the victor in the buy-out battle nearly always lays down the law, and contrary to the views of some of his closest colleagues who were well-versed in major reshuffles, Serge Kampf

2 000

The number of Group employees in 1975

The Group's bases in Europe, published in the 1976 annual report

established a "no imperialism" rule up front, almost certainly realizing that such an attitude would be completely counter-productive. In the intellectual business of IT services, an excessively aggressive takeover would almost inevitably lead to a brain drain, emptying the company of its life-blood. Serge Kampf had not forgotten the Dutch vote episode, but it was also a case of strong convictions. As with Sogeti, he wanted to promote a genuine sense of team spirit, and too much authoritarianism would nip this in the bud.

The organization of the new Cap Gemini Sogeti Group reflected these two requirements. Through respect for different identities and cultures, plenty of room was made for employees from CAP, who rather than being relegated to secondary jobs, were promoted to positions of real responsibility, almost to the point of overpopulating the executive ranks. Philippe Dreyfus, for example, the former chief executive of CAP Europe who played a decisive role in the Dutch vote, was appointed Vice Chairman of Cap Gemini Sogeti, while his former colleague Christer Ugander, who had founded and grown the firm's Swedish operation, was put in charge of European business. "One of this Group's strong points is a capacity for successful mergers," emphasizes Philippe Dreyfus. "The integration of former CAP employees offers vivid proof of this." For example, Jacques Lescault, the former head of CAP, and once fiercely opposed to a merger with Sogeti, became one of its most active architects, while Edouard Bazeille and Alain Lemaire were appointed to head up Cap Sogeti Logiciel and Cap Sogeti Systèmes respectively. People from the former Gemini Computer Systems naturally represented a smaller population in this organization chart, but they were not forgotten. As a former Managing

20

The number of companies which made up the Group in 1975

The General Management team in 1976

A new dynamic

Jean-Paul Figer, General Manager of Cap Sogeti Logiciel

Director of Gemini and a longstanding Sogeti shareholder, Michel Jalabert was appointed General Secretary and later Head of Development for the Group, while Rémi Donneaud, the former Chief Executive of Gemini France, was appointed Chairman of Cap Sogeti Exploitation, which encompassed the input, processing and operational support business lines. In the field, a very large number of former CAP people were appointed to head up branches, while ex-Gemini staffers were called on to head European operations. The general rule, in other words, was to develop a melting pot of skills and cultures, giving the company a remarkably open mindset that rapidly became a decisive advantage. Very few of those who decided to stay in the company would come to regret their decision later, even if learning about the "Sogeti mindset" meant changing their own approach. "We were not used to this focus on sales effectiveness and the desire to go out and get customers," recalls Jean-Paul Figer, a former CAP executive who was appointed Managing Director of Cap Sogeti Logiciel after the merger.

This effort to avoid an imperialist agenda drove Serge Kampf to apply the recipe that had already made Sogeti successful, to the new Group. The first step was to decentralize the organization from an operational point of view, giving local managers the resources to react quickly and effectively to market demand. The organization's pivot was to become the local office, whether in Paris, Marseille, Amsterdam (The Netherlands), Copenhagen (Denmark) or Geneva (Switzerland), once again confirming its role as the company's corner-stone, and transforming local managers into fully-fledged chief executives in whom Serge Kampf had total trust. The decentralization doctrine even won over the Group Executive

On December 3, 1985, Serge Kampf received the prize for the best Annual Report from Pierre Bérégovoy, French Minister of Economy and Finance

The Annual Report

The introduction of the Annual Report did not go unnoticed, both inside and outside the Group. In 1975, without any obligation to do so, Cap Gemini Sogeti decided to publish an annual report giving full details of its financial results, organization and activities for the year. For Serge Kampf, this document would act as an internal communication tool; an instrument to forge greater coherence, a way to build the Group's image, and an aid for the sales force.

The Cap Gemini Sogeti report was far more original than any other company's annual report at the time. It began with a "Letter From the Chairman", which sidestepped the usual platitudes in favor of a frank and direct analysis of the Group's real situation; uncomfortable as it sometimes may have been. And Serge Kampf held fast to this exercise. In the annual report for 1991, for example, he painted a very unflattering picture of the Group's difficulties, hiding neither its weaknesses nor its errors. And a decade later, he vigorously defended his CEO, then under attack from all sides, criticizing the market's eagerness to shoot down new people and certain critics' tendency to call for urgent measures "without saying exactly what they should be." It wasn't until 2005, for the thirtieth annual report, that Serge Kampf replaced his usual letter by an equally original double interview between himself and the CEO, Paul Hermelin.

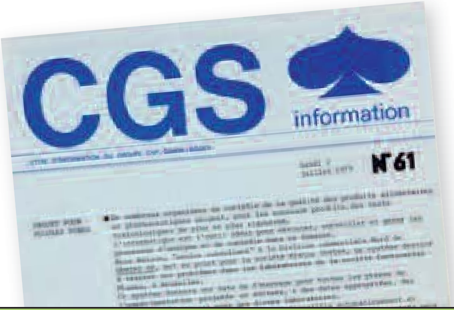
The Cap Gemini Sogeti annual reports also blazed a trail in terms of content. From the beginning, Serge Kampf made it clear that the Group's managers would do the actual writing. The idea was to produce rich, dense pages that instead of a simple retelling of the year's events, would provide an in-depth analysis of the IT sector, how it was changing and what the outlook was for the future. The entire IT community recognized the quality of these contributions. To take one example, the 1976 Annual Report gave details about "what one Franc in profit means for Cap Gemini Sogeti" and how an engineer should calculate the rate for billing a customer. This information was of great interest to the wider profession.

These reports were equally original in their graphics, always chosen by Serge Kampf himself. Up until 1986, the Group used illustrations directly related to its business lines but for which it sometimes had to pay high copyright fees. Having decided to never pay another penny for pictures and mark himself out from the rest of the corporate world, he decided to completely rethink the images in his annual reports. From then on, they would consist of reproductions of artwork, paintings or sculptures and he contacted a number of leading Paris gallery owners, who all accepted to feature their artists' work, completely free of charge. It did not take long for the art world to appreciate the value of being featured in a publication read by many of the most important business leaders in the world and since 1986 Serge Kampf has made the final choice of the works featured in the Group's annual report from a wider selection made by his team. For the 2006 report, the Group received no less than 120 proposals from artists.

Breaking with the usual style, the Group's Annual Reports also gave a sense of being part of a 'collection', largely due to the use of a stylish black cover every year beginning in 1988. The cover provided an elegant look which offered a striking setting for the chosen art work. This also standardized the presentation of the reports and the quality of the art included has made the annual report a much sought-after collectors' items each year.

5

The various names used by the Group: Sogeti, Cap Gemini Sogeti, Cap Gemini, Cap Gemini Ernst & Young and Capgemini


CGS information

N°61

After consideration, the name 'CGS' was not selected; however, the three letters were used for some communication documents.

On names...

A need to maintain differences, respect other cultures, and avoid an "imperialist" mindset were the foundation of the Group's organization from 1975, also playing a key role in the meeting of the General Management Committee held in Paris with Serge Kampf on February 6, 1979.

This was one meeting that was somewhat out of the ordinary. Cap Gemini Sogeti executives were treated to an audience with Jacques Séguéla, a French advertising guru. A few months earlier, the well-known consultant had been contacted by Serge Kampf who asked him to find a new name for the Group created from the merger of CAP, Gemini and Sogeti. The issue had been under discussion since 1975, with some of the chairman's closest colleagues wanting to replace Cap Gemini Sogeti with an even more commercially-oriented title that would be easier to remember and more international in flavor. Since the Group was busy with the merger and setting up the new organization, the name question was at first put to one side. Until the famous meeting of February 6, 1979.

A very confident Jacques Séguéla arrived with a dozen suggestions from his team. The 'CGS' acronym had been manipulated in every way possible, but there was already a company who held the name and was asking for a million Francs to sell it to Cap Gemini Sogeti. The members of the Executive Committee crossed off one idea after another, finally agreeing to keep the name Cap Gemini Sogeti. Did Serge Kampf and his team actually want to change the Group's official name? Not really! Internally there was a deep desire to respect the assets of each component company and keep the cultures of the Group's three original entities alive, thereby encouraging the status quo. From time to time in the press and elsewhere, the CGS acronym would appear as a contraction for practical purposes, but officially the Group was to maintain the name Cap Gemini Sogeti flanked by the inimitable Ace of Spades that remains the company's trademark today. Despite being annoyed by the Management Committee's refusal to choose any of his proposals, Jacques Séguéla was nevertheless a gracious enough loser to surrender the remainder of his fee leaving a credit note that has never been used and which may still be valid today.

The Group kept the name Cap Gemini Sogeti until September 1996 when Serge Kampf himself decided – much to the chagrin of some longstanding colleagues – to remove the name Sogeti, which was hard to pronounce in some languages and too closely associated with France for a global company. The Group also adopted a new logo.

In 2000, following the merger with Ernst & Young Consulting, the name changed once again to Cap Gemini Ernst & Young, as it would remain until April 2004 following the deadline for using the Ernst & Young name. At this time, the Group decided on the current name – "Capgemini", highlighting in one word the very close relations between management consulting and IT services.

Participants with Philippe Dreyfus at the Istanbul *Rencontres*, 1975

Committee. Although central management operated from avenue Georges V, in Paris, the Group's financial division was based in Lyon, while the European financial division stayed in Basel, Switzerland. Serge Kampf, meanwhile, kept his main office in Grenoble, which meant weekly round trips to Paris and back. "We certainly spent a lot of time on the road," recalls Daniel Setbon. "But on the other hand, the Group managed to safeguard the advantages of decentralization that has been its strongest point since 1967."

Yet the Group still made sure that common rules were properly respected. Once again, the emphasis was on continuity, and the procedures that Sogeti managers had applied in the years leading up to 1975 were still very much in force. Before and after 1975, there was strict control over financial management, and working out the budget each year in September was a major event in the life of the company. The '*Rencontres*' also continued in the same way, allowing managers to get to know each other, compare results and methods, and above all come together to discuss the company's strategy and future. The 9th *Rencontres* and the first after the merger was held in Istanbul from October 17 to 20, 1975, bringing together all 270 of the Group's key managers to discuss the question "What will the Group be like in 1980?" As the Group's major markets were changing extremely quickly, Cap Gemini Sogeti was able to step into the future with confidence.

At the same time, a number of important new changes were introduced, notably in terms of organization and management. With a workforce of 300 at the end of 1974, Sogeti could be managed with a fair amount of flexibility. But with a headcount of 2,000 working

The Executive Committee in its entirety in 1976.
From left to right: Alain Lemaire, Christer Ugander, Michel Berty, Michel Jalabert, Daniel Setbon, Serge Kampf, José Bourboulon (Secretary) and Jean-Baptiste Renondin

in twenty different companies covering a large part of Europe, the Cap Gemini Sogeti organization required a more structured approach. To create greater consistency, three new operating divisions were created; Europe, France and DTES (Division Traitement Exploitation Saisie, or processing, operations, input), grouping together their various business lines. A Management Committee in each country was responsible for coordinating the activities of branches and operations. Overall management was now assured by two central committees: the CDG (General Management Committee), which comprised around twenty of the Group's leading executives, and the Executive Committee.

The heart of the Group at this time included Chief Executive Officer Serge Kampf, Daniel Setbon, CFO, Jean-Baptiste Renondin, Managing Director France, Christer Ugander, head of European operations, Michel Jalabert, General Secretary and later the Group's Head of Development, Alain Lemaire, Chairman of Cap Sogeti Systèmes, and Michel Berty, who had left Bossard in 1972 and headed up the Cap Sogeti Gestion operation specialized in IT applications management. It was in this small group of seven men, during meetings that sometimes lasted for two or three days and often encroached on weekends, that the Group's strategy was thrashed out and major decisions made for its future. "We talked about everything in what was sometimes a very lively and even tense atmosphere," recalls Daniel Setbon. "We were very frank with each other," adds Michel Berty. "Serge Kampf drove us to follow our ideas right to their logical conclusion, and speak absolutely openly. This sometimes meant ExecutiveCommittee meetings would often go on until one or two in the morning. "

4 The number of main business lines in 1975

Cap Gemini Sogeti Group's organization was a judicious blend of decentralization (to ensure efficiency and the empowerment of all employees) and very tight control, a striking contrast with the institutional profile of most other companies at the time. But more than anything else, Serge Kampf's decision to create a common organization that respected everyone's differences was key to the success of CAP and Gemini's incorporation into Sogeti and the emergence of an authentic "Group mindset". This was to be a major driver of expansion.

Information system installed at an American bank by Cap Gemini Sogeti in 1977

Refocusing on "brains"

The 1970s and 1980s were a period of integration and re-organization, during which Cap Gemini Sogeti completely overhauled its business lines and competencies. In 1975, the Group was divided into four business lines that underpinned the diversification from 1969 to 1972, along with the takeover of CAP and Gemini: intellectual services (e.g. developing dedicated software, designing and implementing large systems, technical support, and training), machine services (office services, facilities management, data input and processing), manufacturing and commercializing mass market

Syncsort: a program developed by the Group for the automobile industry in the early 1980s

A new dynamic

software packages, and business consulting, mainly through Groupe Bossard. Starting in 1975, the relative weight of these activities within the firm underwent large-scale changes. Machine services (which used to account for 60% of Group revenues) were radically reduced, while IT consulting services were stepped up. After this wide-reaching rearrangement, Cap Gemini Sogeti was to become what Vice Chairman Philippe Dreyfus called a "multinational without any inventories."

This shift in vocation was no accident. It came from the founder's firm resolve, as owner of 58% of the capital, to return to business lines that were less capital-intensive. It was also the direct consequence of changes impacting the IT market. This was the period of software packages, making it possible to design programs customized to new needs; of the first micro-computers, distributing intelligent terminals throughout companies; of spectacular improvement in technical hardware performance, and falling prices.

From the middle of the 1970s, the IT world underwent a real revolution, largely caused by the economic impact of the first oil crisis in 1973. Obliged to tighten their belts, companies accelerated the automation and computerization of their businesses, hoping for a substantial drop in operating costs. This was a period when robots and computers began replacing humans in automobile production lines. Across all business sectors, computerization was increasing the number of users, diversifying projects and making them more complex, and in the process giving far greater importance to software and application packages.

226

million Francs
Revenue generated by the Group in 1975

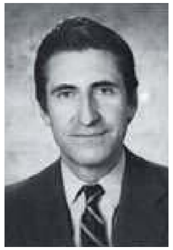
1975 July 31: definitive transfer of Eurinfor to Cisi

Cap Sogeti Saisie's corporate brochure. Data retrieval and processing work was abandonned in 1976.

Multipro TGL6S: the individual workstation developped by Cap Gemini Sogeti in the early 1980s

It was this "IT Big Bang" that drove Cap Gemini Sogeti to prioritize intellectual services, which were both more profitable and less investment-intensive. The refocusing process was carried out gradually, starting with the enforced disposal of Eurinfor; the Group's facilities management business, which came under the control of Cisi on July 31, 1975, the final day of the period agreed on two years earlier for exercising purchasing rights. The decision was made due to a number of technical difficulties in the choice of CII hardware and certain differences of opinion with a partner who was not keen on this decision, Serge Kampf regretted seeing such a promising operation quit the Group. It would not be until much later in 1990, that the Group would make a large-scale comeback to the facilities management market.

The disposal of Eurinfor was followed in 1976 by the sale of the DTES data input and processing business, meaning the loss of no less than 40 million Francs and almost 400 people, which represented 20% of Group revenues and a fifth of its workforce. In August



Ernest-Antoine Seillière
at the beginning of the 1980s

A new dynamic

Top to bottom : articles publised in the in-house magazine *Cogitas #23*, *La Vie Française* and *Computer Weekly*. The French headlines read 'CGIP' and 'CGIP in Cap Gemini Sogeti', respectively

Capital: Grand maneuvers at CGIP

In the history of Cap Gemini Sogeti's equity capital, the 1970s and 1980s were the years of 'grand maneuvers', the high point of which was the equity stake taken by the Compagnie Générale d'Industrie and de Participations (CGIP), which was to become one the Group's most loyal shareholders.

After the merger of CAP and Sogeti, Serge Kampf was particularly concerned with the Cisi question. In July 1973, this IT services operation of the Commissariat à l'Energie Atomique (CEA, French Atomic Energy Commission) took a 34% stake in Sogeti and another 34% in Eurinfor, together with a purchasing option for the whole of the latter's capital, open for two years. On July 31, 1975, Cisi exercised this right and took control of Eurinfor, making sure it did not sell off the 34% share it held in Sogeti (which had meanwhile become Cap Gemini Sogeti). Cisi Chairman Patrick Nollet, certainly did not want to withdraw from such a promising and dynamic group.

This was a most uncomfortable situation for Serge Kampf who would have much preferred to sell the shares to a less invasive partner. He was also in a hurry to get rid of Cisi, as the company had been quick to take advantage of its equity stake and membership of the Executive Board, to copy everything Sogeti did, stealing ideas and increasingly pitching itself as a direct competitor. Relations between the two groups grew extremely strained, until one day in 1977 when Serge Kampf thought he had found a solution. This involved disposing of Cisi's 34% to none other than Ross Perot, the founder and head of Electronic Data Systems (EDS), the world's outright leader in IT services. The U.S. businessman told Serge Kampf that he was ready to invest in Cap Gemini Sogeti, a rival whose progress he had been tracking closely. Serge Kampf had been wanting for some time to partner with a "large" American player in the sector and this was the perfect chance. Especially seeing as Cisi was perfectly willing to sell, provided it was offered a good price; a surprise for all involved.

It looked like nothing would prevent the Ross Perot solution so in early October, 1977, after two days of talks in Dallas, Serge Kampf reached an agreement with the U.S. businessman on the conditions for the purchase of 34% of Cisi by EDS. Ross Perot immediately called his entire Management Board together (with the exception of General Alexander Haig, who was stuck in Paris) to speed things up and close the agreement. But it was not to be.
Upon arriving back in France, Serge Kampf was summoned, along with Patrick Nollet, to Jean-Claude Pélissolo's office; the new government agency IT chief. "It is completely out of the question that Cisi sell its shares to Americans," he told Patrick Nollet. "Nor can Cap Gemini Sogeti sell any part of itself off to anyone but a French buyer," he told Serge Kampf, who went back to the drawing board after this serious let-down.

It took Serge Kampf another three years to find a way out of the situation. Finally, on September 9, 1980, while overhauling business lines that needed heavy investment, Patrick Nollet agreed to dispose of his stake in Cap Gemini Sogeti to a banking pool, brought together by Serge Kampf, to win time to find a new partner.

This partner was to be CGIP. Created in 1976, to accommodate the non-steel assets of the Wendel family, CGIP became one of the finest shareholding portfolios in France under Ernest-Antoine Seillière's leadership. Specializing in services and advanced technologies, the firm kept a keen eye open for every investment opportunity and saw Cap Gemini Sogeti, Europe's leading IT services company, as a potential gold nugget. In the end, the deal was arranged by friends. The first meeting between Serge Kampf and Ernest-Antoine Seillière was organized by Bruno Roger, a partner of the Lazard bank, and it generated a friendship of mutual admiration at first sight. The head of CGIP openly explained his philosophy of flexible, decentralized management and how he wanted to be a shareholder in a small number of firms, supporting their growth while ensuring the stability of their capital. Serge Kampf, who certainly did not want to go through another Cisi experience, was naturally pleased with this and negotiations were exceedingly easy. On October 15, 1982, CGIP bought the 34% stake that Serge Kampf had ring-fenced in the banking pool for 200 million Francs. When asked about the risk of the Group losing its independence, he answered unambiguously: "I intend to maintain Cap Gemini Sogeti's independence in the way it has jealously and courageously defended it until now."

Initially taking a sharehold for "just a few years", CGIP ended up retaining its stake in the Group's equity capital for over two decades. It refrained from getting deeply involved in day-to-day management, but went out of its way to support the Group and its executives when needed. In July 1997, for example, when Daimler-Benz announced its decision to dispose of its stake in Cap Gemini, CGIP exercised the preemptive right to which only Serge Kampf and CGIP were entitled. In the following years, as things returned to normal, CGIP gradually reduced its stake until it withdrew completely in 2006 after a collaboration lasting 24 years. During these years, the Group's headcount had risen from 4,000 (on December 31, 1982) to over 60,000, while its market value increased from 600 million Francs in 1982, to over €6 billion (or 40 billion Francs) in 2006.

8 %

The share of machine services in the Group's revenue in 1983, compared to 63% in 1973.

A computer terminal from the end of the 1970s

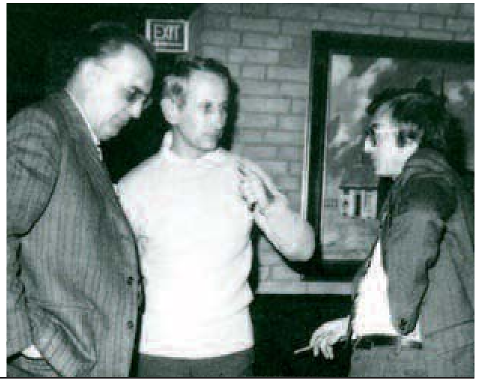
1981, Cap Gemini Sogeti sold off Sorinfor, created eight years earlier by the *Délégation à l'Informatique*. At the same time, the Group removed itself from the applications packages business by selling Cap Sogeti Produits to its main U.S. supplier ADR. These operations deeply affected the relative balance of the Cap Gemini Sogeti business, which meant that machine services that had accounted for 63% of Sogeti revenues in 1973, were now worth just 8% in 1983.

Boosting the consulting business

While deeply involved in the refocusing process, Serge Kampf had another project in mind. He wanted to make his Group an expert in intellectual services, by growing the consulting business line. For Serge Kampf, the simplest way to achieve this was to tighten the informal links he had been making with Bossard since 1970. The opportunity to step up his involvement in a business he had always believed in finally materialized in 1976. To this day, consulting remains one of the Group's major development tracks.

At the end of that year, Yves and Jean Bossard offered to sell to Serge Kampf the majority of their consulting

Yves and Jean Bossard at the Monte-Carlo (France) *Rencontres* in June 1979



Yves Bossard, Michel Jalabert and Daniel Setbon, at the 10th *Rencontres*, 1977

firm's capital. They had been impacted by a huge contract signed a short time before in Iran – which proved very capital intensive – and had also been challenged internally by their own consultants, so the two brothers decided to gradually hand over control. In an effort to put the firm back on its feet, they turned to him for help, having forged very friendly relations with him over several years. The three men shared views on the convergence of consulting and IT, which meant that negotiations came to a swift conclusion. By December 1976, the Cap Gemini Sogeti CEO had purchased 51% of the capital of the Groupe Bossard holding company from the Bossard brothers, who kept equal shares of the remaining 49%. On the surface, it looked as if he had managed to make a powerful breakthrough into the consulting business.

This was far from being the end of the story however, as one question was left: what would be the role of Bossard Consultants, which was 34% owned by the consultants themselves, in the new Group? The complementary nature of the two business lines that Serge Kampf sought to bring together was best exemplified by the Groupe Bossard's own consulting operations, even more than Bossard Communication (headed by Jean Bossard) or Bossard International (winner of the famous Iran contract, directed by Yves Bossard). These consultants, especially Jean-René Fourtou (later to become the CEO of Rhône-Poulenc and then of Vivendi) and Jean-Pierre Auzimour, had absolutely no intention of letting

49 %

Cap Gemini Sogeti's share in Bossard's capital in 1979

someone else decide on the future of their company. Arguing that Yves Bossard had made certain promises (which he would not acknowledge), they demanded to hold on to 51% of Bossard Consultants, something Serge Kampf clearly couldn't accept. Thus began three years of battling for influence, during which the consultants fought both the Bossard brothers and Cap Gemini Sogeti, trying to resist pressure from the brothers on the one hand and Serge Kampf's advances on the other. "I can remember epic meetings and telephone calls with Serge Kampf and Michel Jalabert that sometimes lasted well into the night. They tried to persuade us and we continued to refuse. Sometimes the tension was almost unbearable," recalls Jean-René Fourtou. Although the Chief Executive of Cap Gemini Sogeti promised to respect Bossard's independence, they simply would not have it. In 1979, tired of holding out, he agreed to cut his share in the Bossard holding from 51% to 49% and went as far as naming the firm, created by the consultants to control the remaining 51%, FASA (Fourtou and Auzimour SA). It was a bitter victory, as Cap Gemini Sogeti was forced to become the silent partner. In the end, it would take another twenty years for the situation to correct itself, and by then the Group had built up its own consulting arm and become one of the global giants of IT services.

From left to right: Jean-René Fourtou and Jean-Pierre Auzimour

1979 > 1989

Growth and audacity

Signature of the agreement between DASD and Cap Gemini Sogeti in Milwaukee (U.S.)
From left to right: Martin Marshall, Ron Walter (DASD's lawyer),
David Marshall, Serge Kampf and Jack Goodsitt

A clear-sighted international strategy

For Cap Gemini Sogeti, the end of the 1970s through the 1980s was a period of intense globalization, even though the Group was not quite starting from scratch. Following the takeover of Gemini and CAP Europe, it had been present in some twenty countries, not only in Europe but also in Morocco, Lebanon and Iran, offering a solid launch pad for worldwide expansion. Now that globalization of IT companies was a reality, it was vital for the company to expand its footprint in new markets to stay competitive.

But not just anywhere. Remaining focused through its globalization strategy, Cap Gemini Sogeti intended to prioritize industrialized countries with high-growth potential for

Articles published in *Valeurs actuelles* in 1983 and *L'Express* in 1984 ('The Cap Gemini trajectory')


Cap Gemini sur orbite
L'EXPRESS
La trajectoire Cap Gemini

investment; that were politically stable and above all, followed standard business practices. These criteria eliminated many countries (including two or three in Europe) where business was won through bribes or backhanded payments. Serge Kampf would have absolutely nothing to do with such practices. "Money is hard enough to earn without sharing the fruit of our own efforts with others," he explained in a two-page memo on the topic.

The Group has remained true to these principles through to the present day, even though its global strategy has had to adapt to changes in the geopolitical agenda. For example, the Group set up in Spain in 1979, four years after General Franco's death. Italy was crossed off the list in the middle of the 1970s, but with the acquisition of GEDA in November 1986, it became one of Cap Gemini Sogeti's strong geographies. In the same way, the Group has always paid attention to the potential of emerging Asian countries. In 1996 it created an operation in Singapore, and another in Hong Kong, and was one of the first firms in its sector to develop offshoring activities in India on a significant scale.

Target: USA

During this period, the United States and Northern Europe were Cap Gemini Sogeti's two priority targets and the United States was first on the list. In 1977, Serge Kampf received a delegation of five managers in Paris from the former Gemini Computer Systems – Len Jacoby,

1978

January 1: opening of the Group's first American branch in Washington

A stand dedicated to the Group's 'Videotex' project in 1983. Opposite, the Minitel service

The Minitel electronic directory, a big win

Due to its scale and reputation, the highly innovative French Minitel communications system was one of the most prestigious client references for Cap Gemini Sogeti in the 1980s. Partnering with SESA for this contract, the Group was among the very first IT services companies to enter the world of 'telematics' and to develop network architecture into one of its key offerings.

Much of this expertise entered the Group with engineers from CAP. From the late 1960s under Jean-Paul Figer's impetus, CAP developed recognized skills in designing and deploying large systems. In 1972, for example, it was selected by the INSEE (National Institute for Statistics and Economic Research) to conduct a census of all French companies. While IBM also competed for this contract and suggested an optical system, CAP developed an IT system in which 300 operators entered the name and INSEE code of every company registered in France directly into a computer. This project was important for CAP's reputation and enabled it to develop a system for the real-time query of telephone subscribers for the national telephone "Directory inquiries" service of the French Telecommunications Agency.

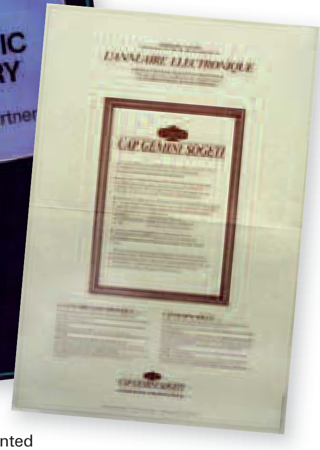
On the basis of these references, the Group decided to respond to the call for Electronic Directory tenders in 1978. Now that CAP was part of Sogeti, a special company was created, bringing together skills from both Sogeti and CAP in large software projects, called, naturally enough, Cap Sogeti Logiciel. Specialized in software design and development, this operation of 300 people (headed by Edouard Bazeille and then from January 1, 1980, by Michel Berty) was put in charge of the project.

"It involved inventing a completely new system, connecting 30 million subscribers over 10 years or so, and netting a windfall of nearly 20 billion Francs!" recalls Jean-Paul Figer, the firm's Managing Director. All the large firms in the sector, from France and abroad, bid for this contract; Thomson, Philips, Telic, Matra and Alcatel in association with SESA (a rival at the time) were all in the running to design and develop the software for the Minitel terminal. Valéry Giscard d'Estaing, French President at the time, had attached considerable importance to this endeavor ever since he had included telecommunications among the priorities in the Fifth Plan, published in 1975, which aimed to put France in the lead as an innovator in the field. The Direction Générale des Télécommunications (Telecommunications Agency) chose two consortia, one comprising CIT-Alcatel and SESA to design the terminal and query system and the other combining Cap Gemini Sogeti as lead contractor and CII-Honeywell-Bull to develop the Directory software.

This marked the beginning of an amazing adventure that lasted over five years and mobilized more than one hundred Cap Sogeti Logiciel engineers. Jean-Paul Figer decided to go for an innovative solution from the outset and together with Copernique a small but very dynamic service provider, Cap Sogeti Logiciel proposed a solution for real-time data queries using cache memory ahead of the discs, a pioneering technique at the time. Naturally, there were many difficulties and the teams were forced to take liberties with the original specifications on several occasions, including the updating of the directory data. At the outset, the Direction Générale des Télécommunications wanted this to be performed in real time but with the technology available, this was impossible. Jean-Paul Figer finally reached an agreement for a 48-hour time-lag, backed by Jean-Paul Maury, the project manager for the Administration des Télécommunications.

On February 4, 1983, the world's largest distributed IT system went live on time in Saint Malo. It comprised 23 million subscribers on 3 million installed terminals, a database of 25 billion names and numbers and a capacity to handle 6,000 queries simultaneously and reply in under two seconds to each of the 500,000 daily queries. This masterpiece of technology that paved the way for future large-scale networks such as the Internet, was clearly stamped with the Cap Gemini Sogeti seal. It was the Group that suggested replacing the mainstream user interface found on all terminals (opening onto data-access menus) by a then revolutionary approach that gave immediate access to data like names, addresses and telephone numbers. This solution required intensive user testing and meant working closely on the terminal design. Combined with SESA's expertise, this know-how enabled Cap Gemini Sogeti to build up a strong position in telecoms that was to see the Group emerge in 1995 as a major player in the information highway project that launched the Internet for the general public in France.

Equipment from the *centre national de supervision* (National Supervision Center). With SESA, the Group provided the terminals and software for the electronic directory.



The inauguration of the electronic directory, February 1983

Gerry Hice, Steve Turner, Bob Spencer and Lon Rosenman – all Americans who had been living and working in Europe for several years, and wanted to go back to the United States without leaving the Group. They suggested to Serge Kampf that they simply start up an operation or at least an agency over there and he immediately accepted this potentially lucrative and challenging offer. "The United States is the biggest market in the world, a major IT platform where the finest software is developed and where new management concepts are invented. That's where we must be," said Serge Kampf when the Executive Committee discussed the proposal. It unanimously gave the operation the green light.

33

The number of employees in the United States in 1980

On January 1, 1978, the group of five opened Cap Gemini Sogeti's first U.S. branch in Washington DC. As the first French group in its sector to cross the Atlantic, it was highly successful, signing contracts with prestigious organizations such as NASA, the Library of Congress, the Energy Information Bureau and the Bureau of Statistics in the Department of Labor. Beginning with just five people in 1978, the Washington office grew to 33 by 1980. The same year, the Sogeti seeding model was applied to the opening of the Boston office for distribution of standard software.

Valéry Giscard d'Estaing, here at the 1980 inauguration of the SICOB trade fair, wanted France to lead the way in innovation.

Cap Gemini Sogeti started off its American adventure on a strong note and against the odds, as the French Group had to compete with many better-established and bigger rivals such as Computer Sciences Corporation (CSC), Electronic Data Systems (EDS) and Computer Task Group (CTG). The small U.S. team at Cap Gemini Sogeti did wonders, muscling their way into

The Governor of Wisconsin and Michel Berty, President of the Group USA, in 1982

64

million dollars paid by the Group for the take-over of the Amercian company DASD

an already overcrowded market. But this was just the beginning. Active though they were, the Washington and Boston teams were still very small. If the Group wanted to become a significant player in IT services in North America, it was absolutely crucial to make at least one acquisition.

In January 1981, this step was taken with the takeover of DASD Corporation, a Milwaukee-based IT service provider in the U.S. Unlike the relative indifference that greeted the opening of the Washington branch, this acquisition promoted lively discussions in the Cap Gemini Sogeti Executive Committee, with some members believing that the Group should focus on Europe first, while others worried about the risks the Milwaukee operation carried. With its 500 employees, US$22 million in revenues and a network of 19 offices spread across the country, DASD was a big catch that the small Cap Gemini Sogeti USA team would find hard to swallow, but what an asset for the French Group. It would bring new competencies, especially in program conversion, a ten-fold increase in fire power, and above all a great reputation among users. On January 21, 1981, in Milwaukee, Serge Kampf and Michel Jalabert received all of DASD's shares from Martin Marshall, the company's founder. Worth US$64 million, the operation hit the headlines. "Cap Gemini Sogeti buys 500 U.S. brains," proclaimed the Paris business newspaper *Les Echos* on January 22, welcoming "the conquering mindset of the Grenoble company."

Acquisition of DASD (U.S.) in January 1981

The next item on the agenda was to organize the U.S. business activities. In June 1981, the Group created an operation headed by Michel Berty. "During discussions about the DASD acquisition, I came up with a few good ideas. So when the time came to appoint

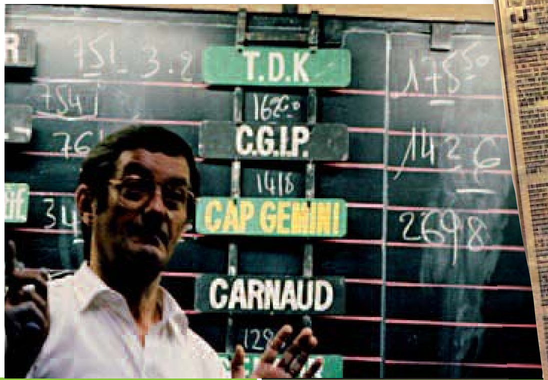
35 %

The share revenue generated by the Group in the United States in 1988

Alain Lemaire, Jacques Arnould, Michel Jalabert and Bob Sywolski at a Cap Gemini America meeting in Tucson (Arizona) in February 1988

someone to the United States, Serge Kampf told me that since I seemed to be interested in the United States, I was the one who'd go. A week later, I packed my bags and set off with wife and children!" In line with the decentralization culture, the new operation set up shop in Milwaukee. Determined to transform Cap Gemini Sogeti into no less than the "IBM of services" as he put it, over the following years Michel Berty worked to boost the Group's position on the American market. After the acquisition in 1983 of Spiridellis & Associates, a New York service provider specialized in IT applications for large financial and industrial organizations, he purchased CGA Computer Inc. in 1985, which doubled the Group's workforce to around 1,700 employees, and netted a very highly-qualified manager – Bob Sywolski – together with the last three letters of its trading name: Cap Gemini America (CGA). In 1988, Cap Gemini Sogeti generated 35% of its revenues in the United States, making it one of the country's top ten IT services companies.

The keys to the success of Cap Gemini Sogeti's U.S. business were a clear vision of the relevant business lines and countries for the Group, a very careful analysis of the market, plenty of daring, a taste for risk, an unquestionable conquering mindset (gaining Serge Kampf the nickname of "Napoleon" and "Charlemagne" in the U.S. business press), a capacity to make



Articles published in *Le Dauphiné Libéré* (left) and *Les Echos* (right). The latter headline read 'Serge Kampf: a president whose main concern is independence'

Growth and audacity

1985

June 11: Cap Gemini Sogeti listed on the Paris stock echange

The Initial Public Offering

The chairman had been preparing for an IPO (Initial Public Offering) on the French stock market – the *Bourse* – for a year when he had to give up due to what he called a "minor political revolution"; the election of François Mitterrand as President of France on May 10, 1981. A wave of panic swept through the business community at the election of a Socialist President with a penchant for nationalizing companies, backed by a government with four Communist ministers. "I blamed myself for not setting up my company in my home country (Switzerland) as I had first intended, and I seriously looked into the possibility of transferring the Group's head office to Switzerland", said Serge Kampf many years later. Although this plan was ultimately abandoned, the company froze all development projects, starting with its IPO.

The 1983 creation of the Second Market for medium-sized, high-growth companies inspired him to revise his ideas. After 18 months of development and preparation by CFO Daniel Setbon's team, Cap Gemini Sogeti was finally listed on the *Bourse* on June 11, 1985. It turned out to be a real triumph; a "great rush" as *Les Echos* reported on that day. While 326,250 shares (10%) of the capital were on offer at 650 Francs each, actual demand rose to over 40 million shares, 123 times the initial offering. This set a new record which remained unbeaten for years. The mismatch between offer and demand was so great that the stock market authorities decided to stop the listing and fall back on the public offer for sale procedure at 875 Francs a share. Despite this almost 35% increase in the initial subscription price, demand still rose to some 10 million shares, 30 times the initial offer. In the days that followed, the share price continued to rise and on June 17 reached 1,100 Francs. By December it reached 1,388 Francs, giving the Group a market capitalization of 4.5 billion Francs. No one was to see the like of such a Second Market experience for a long time to come.

And so, on a day in the middle of June 1985, Serge Kampf fulfilled every entrepreneur's dream: seeing his company listed on the stock exchange. It gave the Group more weight, more visibility and greater financial credibility at a time when it was trying to strengthen its position in its core business lines. Two years later in June 1987, Cap Gemini Sogeti was listed on the market at the Paris *Bourse* and in joining the CAC 40 (top 40 French companies listed) became one of the major French stocks.

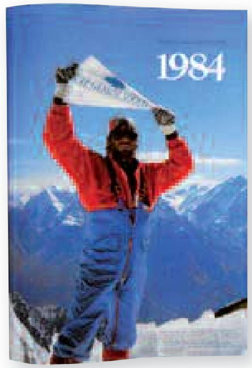
Presentation of the listing on the 'Second Market' of the Paris *Bourse* in 1985

decisions and act quickly, and deep confidence in its people. Both in France and abroad, where the Group often hit the business headlines, there was even talk of "American-style capitalism." It is true that a powerful acquisitions strategy was not very common among French firms in the IT sector; they usually preferred organic growth and were very cautious about going global. Yet by using external growth as a necessary complement to internal growth, Cap Gemini Sogeti gave itself a powerful growth lever that few of its European rivals could boast at that time.

Strengthening the European arm

Alongside its successful development across the Atlantic, Cap Gemini Sogeti also strengthened its operations in Europe using the same management principles. It enjoyed a solid position in a market that, as Philippe Dreyfus put it, was to become its "preferred geography". Appointed to head up Europe, Christer Ugander was to spend most of his time after the 1975 merger transforming a group of companies with varying nationalities and cultures into a single, united, coherent team of people, driven by the same ambitions. Once again, the aim was to combine the range of former companies into one while respecting everyone's differences and once the mission was accomplished, he was able to pour all his energy into expanding into new markets, a key task.

The Group's main European development weapon was the Europe Division (changed to Group Europe in 1982) which made an extensive round of two or three acquisitions a year



Cap Gemini Sogeti scales new heights.
On October 4, 1984, two mountaineers from Grenoble, Pierre Beghin and Jean-Noël Roche, waved the Group's flag at the summit of the southern spur of Dhaulagiri in the Himalayas.

Christer Ugander at the Group Europe *Rencontres* in Madrid in 1983

on average, throughout the 1980s, especially in Denmark, Finland and Sweden, which together with the Netherlands, were the three most profitable markets in the region. Among the most significant was the takeover of Data Logic, finalized on January 1, 1981. Although it was a small company of just 56 consultants, it was still the leading Norwegian service provider, which was at the time making the most of the country's oil boom after the first oil deposits were found under the North Sea. Another important operation was the takeover of the Italian firm GEDA at the end of 1986, positioned in similar markets to Cap Gemini Sogeti, and with such a high reputation for rigor and stability that for once Serge Kampf waived the rule made a few years earlier that banned Italy from the Group's geographical development agenda. Other smaller operations also increased Cap Gemini Sogeti's weight in Europe, like the acquisition of the German firm Ibat in 1986, boosting the Group's know-how in industrial automation, AD & GD and Sofcon in Denmark in 1988, and Hiekkamaki in Finland the same year.

The results speak for themselves. In 1989, Group Europe posted revenues of 2.4 billion Francs, compared to 71 million Francs at the time of the merger in 1975 – a more than 30-fold growth in revenue in less than fifteen years. A splendid performance, demonstrating that Group Europe had seamlessly absorbed the Sogeti mindset of operational decentralization, empowerment and team spirit. And to crown it all, Groupe Europe reached the same level of net profitability (6.9%) as France in 1983, celebrating the achievement with its own "*Rencontres*" held in Madrid in September. This provided an opportunity to tighten the links

2.4

billion Francs
The revenue generated by the Group in 1989

Pandata (the Netherlands) presentation stand, a company acquired in 1989

that united all European employees and galvanize everyone into a collective dynamic. Cap Gemini Sogeti's development in Europe was fueled by a particularly active strategy of external growth, enabling it to assert its leadership in the world's most prosperous and competitive markets.

The new El Dorado: systems integration

While it was growing at a terrific pace in the United States and in Europe, Cap Gemini Sogeti was also expanding rapidly in France. In the 1980s, it entered the market for systems integration, a key event that strengthened the Group's positioning in its national market while profoundly impacting its corporate profile and purpose.

The Group's strategic objectives in 1983

To understand how important this is, we need to go back to the beginning of the decade when Cap Gemini Sogeti was growing vigorously in all its markets, ever since it had cut down on machine services and stepped up its intellectual services business. This growth had depended far more on implementing large, complex projects and much less on technical support and providing resources, which were historically the company's main business activities. Over the following years, this trend was to deepen, driving the Group to seek out new high added-value skills. One business proved to be


INFORMATIQUE

Cap Gemini rachète la Sesa

Désormais, le groupe compte 10 000 personnes

CGE cède SESA à Cap Gemini

Sesa : Jacques Stern vend ses parts à Cap Gemini Sogeti

LE NOUVEAU JOURNAL

Articles published in *Le Figaro* (top left), *Les Echos* (bottom left) and *Le Nouveau Journal* (below); the headlines read 'Cap Gemini takes over SESA', 'CGE sells SESA to Cap Gemini' and 'SESA: Jacques Stern sells his shares to Cap Gemini Sogeti' respectively.

Guerilla warfare for control of SESA

As with CAP in 1973, the takeover of SESA was partly luck and partly the result of Serge Kampf's patient strategizing. In the early 1980s, SESA's main shareholders were its Chairman Jacques Stern (35%), Compagnie Générale d'Electricité (CGE) (46%) and the firm's top executives (9%). SERET, a firm belonging to the CGE conglomerate owned 5%. The remaining 5% was generously left for the management to dispose of as it thought fit. One winter's day in 1982 this happy balance was upset by an unexpected event.

The French government was planning to nationalize Compagnie Bull and it offered the chairmanship to Jacques Stern. As he accepted this proposal, he was obliged to avoid any conflict of interest between his position as head of a public company and his status as reference shareholder in a private group from the same sector. Jacques Stern decided to sell his 35% stake in SESA and discreetly entrusted the inescapable Bruno Roger, a manager of Lazard bank (whose close relations with Cap Gemini Sogeti and its chairman he was probably aware of) to find a buyer. Bruno Roger immediately contacted Serge Kampf who rushed in to seize the opportunity. What better way of gaining a foothold in systems integration while keeping an eye on a rival's progress? The deal was quickly and efficiently carried out and on December 8, 1982, Cap Gemini Sogeti bought Jacques Stern's 35% after making sure this had the blessing of SESA's management and especially its new chairman Jacques Arnould. "We know Cap Gemini Sogeti and have had good relations with them for a long time" he said. "They look like an ideal partner for us; a French group working in the same sector with a service portfolio that complements ours."

Although well-received internally, Cap Gemini Sogeti's arrival attracted the wrath of CGE which had no intention of leaving the way clear but, was unable to stop it, having failed to include a preemption clause in its operation statutes. Annoyed at this oversight and also at Jacques Stern's decision, CGE hurriedly bought up the shares held by SERET raising its stake to 51%. To make things perfectly clear, SESA's management decided to sell the 5% of the remaining capital it had available to Cap Gemini Sogeti. With 51% on one side and 49% on the other, the situation appeared to be at a standstill.

Things were to stay like this for four years, during which Serge Kampf and Jacques Arnould vainly tried on several occasions to persuade CGE's executives to sell all or some of their stake in SESA. Both Georges Pébereau, the chief executive of CGE, and his successor Pierre Suard agreed to discussions but in the end refused offers from the heads of both Cap Gemini Sogeti and SESA. The breakthrough occurred suddenly in July 1987; CGE had just been privatized by the Chirac government and decided to refocus on telecommunications, cables and components. It decided to sell its shares in SESA and offer them to the buyer that found favor with management, namely Cap Gemini Sogeti. The operation was finalized on July 27, 1987, for an undisclosed sum, which is now known to have been approximately 500 million Francs. On January 1, 1988, SESA and Cap Sogeti France merged to form the new firm Cap SESA. Similar mergers took place around Europe in countries where one or other of the two groups was located.

1987

July 27: Cap Gemini Sogeti takes over SESA

SESA's 1986 Annual Report

40 %

The growth rate of the systems integration market at the start of the 1980s

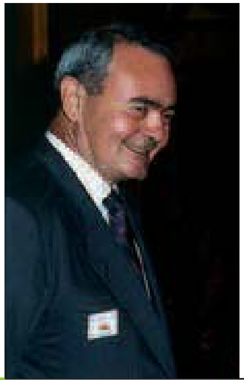
particularly interesting: the design and installation of large-scale systems, known as systems integration. This was very different from mainstream intellectual services, since it involved taking charge of an entire system (hardware, packaged software and dedicated programs) and delivering it as a turnkey solution that was up and running.

The market was an attractive one and reasons for entering it were clear. It was growing extremely fast at some 40% a year, compared to 25% for mainstream services and just 16% for machine services. This rapid growth was due to the global telecommunications explosion, which required increasingly complex data communication systems, and the globalization of businesses, which were now working more and more as networks. This made it vital for the Group to move into this sector and there were two possible entry points: creating a brand new systems integration unit from scratch or taking over an existing market specialist; the latter was to be the chosen strategy.

The specialist in this case was SESA, a French firm which was the benchmark player in the systems integration business. Created in 1964, by Jacques Stern and Jacques Arnould, both graduates of the prestigious Ecole Polytechnique, with close contacts with the weapons industry, the firm first specialized in designing and developing complex systems for the French Air Force before diversifying into industry, transport and telecommunications. Among other large contracts in the 1960s and 1970s, SESA designed and implemented the IT system for France's anti-aircraft defense system, the management systems for the Pauillac oil refinery

1 600

The number of employees who joined Cap Gemini Sogeti following the take-over of SESA in 1987



Jacques Arnould, CEO of SESA

Growth and audacity

in the Gironde, the ticket distribution systems for the Paris metro and in 1976, the Transpac data communications system (a contract worth twice SESA's entire revenues for the previous year). At the end of the 1970s, they were one of the two contractors in the ground-breaking Minitel electronic directory project, the other being… Cap Gemini Sogeti. Thanks to the telecommunications boom, SESA became the world's leading supplier of data communications networks at the beginning of the 1980s with nearly a 50% share of the entire market. It was widely active in France, as well as in the United States, Germany, the United Kingdom, the Benelux countries and Italy.

As in the case of the acquisition of CAP in 1973, the SESA deal involved a two-phase movement of stock. The first took place in December 1982 when the Group acquired 34% of SESA's capital held by Jacques Stern and the second in July 1987, when it finally persuaded Compagnie Générale d'Electricité (CGE) to sell its 51%. For Cap Gemini Sogeti, this was a large-scale and highly strategic operation that raised its revenues by a billion Francs and its headcount by 1,600. Above all, through SESA, the Group gained leading positions in the telecommunications, large defense systems and data communications network markets, all deemed high-potential growth sectors at the time. However, the SESA takeover did not spell the end of the Group's growth strategy in France. In 1988, Cap Gemini Sogeti took a stake in the capital of one of its main French rivals – SEMA Group, born of the recent merger of SEMA Matra and CAP U.K., the former British partner of CAP in CAP Europe. Although it led nowhere, this operation demonstrated that the Group intended to continue to play a role in future consolidation of the sector.

7

billion Francs
The Group revenue in 1989

13 000

The number of Group employees in 1989

Hallmark of the 1970s and 1980s, international growth and the greater sophistication of services had a profound impact on Cap Gemini Sogeti. In 1989, with just over 13,000 employees, revenues of more than 7 billion Francs and a net after-tax profit of 525 million Francs (7.4% of the company's revenues), the Group was among the five leading companies in its sector worldwide. Although the Group was set to end the decade on a roll, Serge Kampf still faced wide-ranging changes in the technological and economic environment which included the arrival of new competitors (both computer makers and audit firms) intensifying the race for market share among the various IT market players. An overhaul of the Group's strategy from top to bottom would be a key challenge for the early 1990s and vital to the Group's continued success.

When IBM showed interest in Cap Gemini Sogeti…

One day in 1987, Serge Kampf received a very special visitor in his Paris office. His name was Pierre Hessler and he was Vice Chairman at IBM for global marketing policy. He came to discuss an important offer with Serge Kampf. IBM had decided to start developing IT services (something it had been doing rather marginally since 1969) and wanted to take a stake in Cap Gemini Sogeti. The offer was very precise: 10% of the capital immediately together with a preemptive right for another 39%.

Internally, this offer caused turmoil among the few people Serge Kampf let in on the secret. A takeover by IBM, the world IT leader, meant that one had finally made it. Yet Serge Kampf's close colleagues thought that this bid should be refused in the name of independence, the Group's founding philosophy. If IBM first took a 10% stake, then a further 49% in the firm, Cap Gemini Sogeti would have to systematically recommend IBM hardware to its customers which went against its guiding philosophy established in 1967. Aware of the risks though flattered by the offer, Serge Kampf nevertheless decided to go and find out more about the plan and start talks with IBM.

Led by Serge Kampf and Ernest-Antoine Seillière, and helped by Lazard bank in CGIP's poorly air-conditioned premises, these top secret talks floundered after a few weeks. Serge Kampf had realized the gulf between IBM's approach and the principles that had made the Group successful and Ernest-Antoine Seillière was also aware of the general outcry such an operation would cause in France. To make matters worse, neither man thought much of the way one American IBM representative would bring out his checkbook when they ran out of arguments and ask them what their latest price was for the 10% stake, implying that everything had a price. After the offer had been rejected, IBM decided to set up its own IBM Global Services arm, but this abortive attempt left Cap Gemini Sogeti with the realization that IBM's sudden interest in IT services would in turn force the Group to accelerate its growth. This was to be one of the great challenges of the 1990s.

1990 > 1997: A conquest for leadership

Crisis and transformation

The 1990s was a period of major upheaval. Spurred on by major technological innovation and faced with an increasingly competitive environment, the Group decided to completely overhaul its business lines and structures to maintain its position as the leader in its sector. Not only did this mean developing new services, but also opening up its capital. The global economic crisis that broke out in 1991 cast a dark shadow over this plan and forced the Group to change quickly and radically. The challenge of the 1992 Genesis program was clear and involved intense in-house mobilization; it led to a complete renaissance, enabling the Group to make the most of the recovery that began in 1994. It was then time to expand again, especially as regards the consulting business. It was also time to regain the company's independence and Serge Kampf and his managers worked quietly but effectively behind the scenes so that, in July 1997, Daimler-Benz finally left the company's equity capital. Confounding the unanimous predictions that it would take complete control of the Group, the departure of the German company, announced publicly by Serge Kampf in the presence of Daimler-Benz executives on March 30, 1995, returned full freedom to the Group

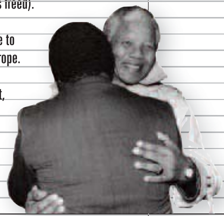
Crisis and transformation

1990 > 1997

1990

Business, Society

- January: Air France takes over UTA and Air Inter.
- February 2: in South Africa, President Frederick de Klerk gives a keynote address that seals the end of Apartheid (on February 11 Nelson Mandela is freed).
- July 16: ABN and AMRO merge to create the sixth largest bank in Europe.
- August 2: Iraq invades Kuwait, triggering a serious international crisis.



IT

- Rise of the Internet as we know it today: a network to allow different computers to communicate easily using the TCP/IP (Transmission Control Protocol/Internet Protocol) standard.

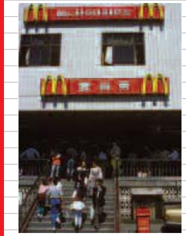
Capgemini

- April 25: the Executive Committee gives up the absolute priority of 'independence' and votes for a strategy of 'leadership'.
- May 1: acquisition of the U.S. management consulting firm United Research Corp.
- June 7-10: 17th *Rencontres* in Marrakech (550 participants), marked by the adoption of a more aggressive strategy and the acceptance of a new shareholder.
- July 13: acquisition of the German firm SCS.
- July 18: acquisition of Hoskyns, European leader in facilities management.

1991

Business, Society

- July 16: opening of the first McDonald's in Beijing.



- December 10: the 46th European Council of the twelve Heads of State and Government meets in Maastricht and adopts a new treaty of Economic and Monetary Union.

IT

- The Linux operating system is launched.
- Public announcement of the World Wide Web; a public hypertext system on the Internet.

Capgemini

- January 14: a majority share in the Mac Group which, combined with United Research and Gamma International under the name Gemini Consulting, forms the Group's management consulting division.
- July 23: signing of an agreement between Daimler-Benz and Sogeti organizing the German Group's 34% stake holding in Sogeti.
- Opening of Cap Gemini Sogeti University in Béhoust.
- Unification under the name PERFORM of methods used in various parts of the Group: Expert (France), SDM (the Netherlands), PRISM (U.K.), Logic (Scandinavia) and POS (U.S.).

1992

Business, Society

- May 5: Groupe Lagardère decides to merge Matra and Hachette.
- October: China officially enters the 'socialist market economy'.
- November 3: Bill Clinton is elected 42nd President of the United States with 43% of the vote, ahead of George Bush (38%) and Ross Perot (19%).

IT

- SAP launches the R/3, a first step towards client-server systems.

Capgemini

- January 1: creation in Germany of Cap debis (CG SCS + debis Systemhaus), a joint venture in which Daimler-Benz demands a 51% stake.
- February 26: acquisition of the Dutch firm Volmac.
- May: acquisition of the Swedish firm Programator.
- June 25-28: 18th *Rencontres* in Prague, devoted to the presentation and adoption of the Genesis program.
- December 31: first loss-making year in the Group's history.

1993

Business, Society

- September 13: in Washington outside the White House, historic handshake between Itzhak Rabin and Yasser Arafat.
- December 15: signing of GATT agreements by 117 countries.

IT

- December: Al Gore, Vice President of the United States, launches the idea of "information highways".
- Intel brings out its new Pentium processor.

Capgemini

- January 1: official presentation of the Group's new organization with seven SBAs and four Managing Directors (Jacques Arnould, Geoff Unwin, Michel Jalabert and CEO Serge Kampf).
- December 31: historic loss for the Group of 360 million Francs.

1994

Business, Society

- January 1: ALENA comes into force, removing customs barriers between the United States, Mexico and Canada.
- May 6: Queen Elisabeth II opens the Channel Tunnel, ending Great Britain's status as an island.

IT

- January: two students at Stanford University, David Filo and Jerry Yang, create the Yahoo! Directory that enables web surfers to quickly find sites via a ranked ordering.
- Creation of Amazon.com.
- November 14: Casio revolutionizes photography with the first digital camera.

Capgemini

- December 31: after two years of losses, Cap Gemini Sogeti Group makes a small profit (4 billion Francs in profit before goodwill amortization).

1995

Business, Society

- January 1: Austria, Finland and Sweden join the European Union, bringing the total to 15 members.
- April 7: Jacques Chirac is elected President of France with 52.6% of the vote, beating Lionel Jospin (47.4%).
- August: intense maneuvering in the American media: Disney acquires ABC, Westinghouse takes over CBS and Time Warner buys up Turner Broadcasting System.

IT

- *Toy Story* comes out, the first cartoon film made entirely with computers.
- August 24: Microsoft brings out its new Windows 95 operating system, investing 200 million dollars in advertising and marketing.

- September: Sun Microsystems presents its new Java language.

Capgemini

- January 12: launch at Béhoust of the Convergence program.
- March 30-April 2: 19th *Rencontres* in Amsterdam, opening with a forward-looking speech by Serge Kampf who makes the (then bold) hypothesis that Daimler-Benz will not take over the Group.
- November 8: sale of the 29% invested since 1988 in the capital of Sema Group.

1996

Business, Society

- July 3: in Russia Boris Yeltsin wins 53.8% of the vote in the second round of the first free presidential election ever organized in the country.
- December: the merger of Boeing and McDonnell-Douglas in the United States gives rise to the largest global airplane maker.

IT

- April 12: less than two and a half years after it was created, Yahoo! is listed on the stock market.
- December: more than 10 million computers are connected to the Web. Two years later there will be 200 million.

Capgemini

- January 11: Sogeti's three main shareholders (Serge Kampf, Daimler-Benz and CGIP) decide to simplify the Group's legal structure. By coincidence, Cap Gemini Sogeti shares are listed at the lowest ever price of 121 Francs.
- May 24: Extraordinary General Shareholders meeting which almost unanimously approves the decisions taken on 11 January.
- September 5: adoption of a new logo and name (Cap Gemini), so that the original name Sogeti disappears.

1997

Business, Society

- February 23: two Scottish scientists announce that, in July 1996, they managed to create the first mammal cloned from an adult animal, a sheep called Dolly named after the singer Dolly Parton.

- April: European air space is deregulated.
- May 1: in Great Britain, the Labour Party, led by Tony Blair, ends 18 years of Conservative rule and wins 419 of the 659 seats in the House of Commons.
- July: Asia plunges into a serious financial crisis.

IT

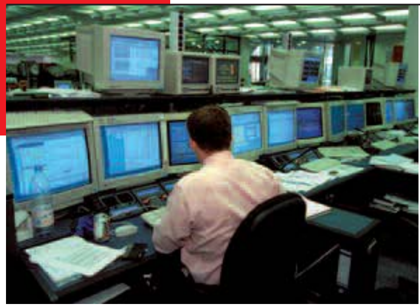
- Introduction of the XML (Extended Markup Language) metalanguage.

Capgemini

- January 24: take-over of Bossard by Cap Gemini and its incorporation into Gemini Consulting.
- January 31: the Group expands into Portugal by taking a 51% share in Geislogica.
- June 25: Daimler-Benz announces that it is selling its 24% stake in Cap Gemini via a complex operation lasting four years.
- July 9: to escape from the ambiguous situation created by Daimler-Benz, CGIP exercises the shareholders' preemptive right and raises its stake in Cap Gemini to 30%.
- October 1: the Group celebrates its 30th anniversary at the Carrousel du Louvre in Paris.

1990 > 1991

A new deal




Cap Gemini Sogeti se dote de 10 milliards pour ses ambitions

Cap Gemini prépare sa croissance

Articles published in *Agefi*, *Lyon Figaro* and *Cote Desfossés* in October 1989; the headlines read 'Cap Gemini prepares its growth', 'Cap Gemini gives itself the means to create a war chest worth 10 billion Francs', 'Cap Gemini Sogeti provides itself with 10 billion for its ambitions', respectively

A new strategy

"A changing company for changing times," was the motto at Cap Gemini Sogeti at the end of the 1980s. Major technological and economic changes had been shifting the goal posts in the IT sector and the rise of PC use, increasing connection between users, fiercer competition from specialist companies, and the arrival of powerful new players on the market, not forgetting rampant globalization, all meant that the Group's strategy needed a complete overhaul. This began in 1989 when the Executive Committee decided to quickly bring a "large-scale partner" into the Group's capital. The aim was to provide Cap Gemini Sogeti with development resources that neither Serge Kampf and his senior managers (the major shareholders) nor Ernest-Antoine Seillière's CGIP were able to deliver. The Executive Committee were quick to choose this new

partner's profile: rather than a bank or other financial institution, it had to be a more stable and reliable industrial player. Several ideas were played with, including a Japanese manufacturer, ATT or even a group like Daimler-Benz. They reflected and spread the word: on October 19, 1989, the Paris business press published a Photofit profile of the industrial partner the Executive Committee was looking for to be involved in the future of the Group. Even better, a few weeks earlier, to pave the way for this potential shareholder, the Group had decided to add a new layer of equity control called SKIP (i.e. Serge Kampf and CGIP) whereby the two shareholders contributed all their shares to a holding company (in all, more than 57% of the equity), enabling them to sell up to 34% of this holding to a future shareholder, without letting Serge Kampf, the majority stakeholder in SKIP, lose control of the Group.

It was time to look at the new strategic direction and, on the morning of April 25, 1990, the Executive Committee came together and set to work. It was to be an unusual meeting in many respects, as Serge Kampf asked his close colleagues to rank the four objectives that best summarized a business leader's motivations and guide his strategic choices, and then vote on them in a secret ballot. These key objectives were independence, the pursuit of maximum profitability, leadership, and sustaining the company over the long term. Each objective was associated with a different development scenario and the objective with the largest number of votes would then set the strategy for the coming years. The Group's entire destiny depended on a vote – something that has probably never happened before in the annals of business life.

34 %

The share of capital available at the end of 1989 for the future partner

Serge Kampf

"We felt we were going through a unique experience," recalls Daniel Setbon, who was CFO at the time. At the end of this extraordinary consultation, the Executive Committee voted as a majority for "leadership." This highly ambitious objective meant that the Group had to develop in all the world's major countries, not only in its core business but in two new activities – consulting and outsourcing. In light of the amounts required for investment, it also meant attracting new stake-holders to the company. And so in April 1990, the Group was ready to start a new page in its history.

The future is written in Marrakech

There was still one more hurdle: obtaining approval from the Group's management for the scenario chosen by the Executive Committee. "Strategy is everyone's business," said Serge Kampf, who wanted people to respect an unwritten rule that said that any decision concerning the Group's future should be discussed openly and be underwritten by as broad a consensus as possible. This was the main purpose of the annual "*Rencontres*" which for years had been used by managers as an opportunity to freely discuss strategic direction. A few weeks after the vote of April 25, 1990, they too were invited to evaluate the Executive Committee's goals.

51 %

The percentage of votes cast in Marrakech ratifying the 'leadership' scenario

Talks filled the three days of the 17th *Rencontres*, held in Marrakech from June 7 to 10, 1990, bringing together the Group's 550 managers from sixteen countries. On Day One, just as the members of the Executive Committee had done a few weeks earlier, the participants were

Below:
Top left: Alain Lemaire (l), Christer Ugander and Robert J. Sywolski (r)
Top right: Michel Jalabert
Bottom left: Jacques Arnould (l) and Daniel Setbon (r)
Bottom right: Michel Berty

were invited to vote electronically on the four objectives set out by Serge Kampf. The result was completely different to that reached by the Executive Committee, with objective B – "the pursuit of profitability" – coming first just ahead of "Independence". Serge Kampf took pleasure in remarking from the stage that the floor's vote (BACD) was closer to his (ABCD) than the Executive Committee's (CBDA). But this was just the first step; for the most important moment took place on June 10 on the third and last day of the *Rencontres*. After spending some time reminding participants of the Group's seven values (honesty, boldness, trust, freedom, solidarity, modesty and fun), Serge Kampf asked the participants to choose, this time between three development scenarios. The first was "sanctuary" or strengthening the Group's original technical support and systems integration business lines. The second was more aggressive and aimed at developing the entire range of IT services in every country where the Group already had a presence, which meant implementing major changes both in terms of organization and culture. The purpose of the third – "leadership" – scenario was to make Cap Gemini Sogeti one of the top three or four global leaders in IT services,

The extraordinary vote of April 25, 1990

Everyone who took part remembers it like it was yesterday. On April 25, 1990 the Executive Committee started its monthly meeting. Around Serge Kampf were seated Daniel Setbon, CFO, Christer Ugander, VP for Europe, Michel Berty, General Secretary, Michel Jalabert, Director of Business Development, Bob Sywolski, the Head of Cap Gemini America, and Alain Lemaire and Jacques Arnould, joint Chairmen of France. The first item on the agenda was to define the Group's strategy for the coming years. In other words, business as usual.

Far less usual, though, was the method chosen. Rather than letting his team drag the meeting on for hours, the founder decided on a vote. He asked each colleague to rank an entrepreneur's four main motivations, in order of importance:
A. Being his own boss
B. Earning more money
C. Exercising power
D. Ensuring the longevity of the company.
Each of these motivations had a corresponding strategic objective for the Group:

- Independence (A)
- Maximum profitability (B)
- Leadership (C)
- Sustainability (D)

Each participant had ten points to award: 4 for his top objective, 3 to the second most important, 2 to the third most important and 1 to the least important of the four. The secret vote took just a few minutes and the result was clear: out of a minimum of 32 points (8 voters x 4 points), C got 25, B 21, D 19 and A 15. In April 1990, the Group's Executive Committee had unmistakably opted for leadership. Only Serge Kampf, the company's founder and majority stakeholder, ranked Independence first and was "a bit stunned" by the unexpected result. He decided to defer to majority opinion and accept leadership as a priority, the idea the Group's executives would defend in June in front of 550 managers in Marrakech for the 17th Cap Gemini Sogeti *Rencontres*.

Internal mobilization campaign (2004)

The Group's seven values

On June 10, 1990, the third and final day of the *Rencontres* in Marrakech that was to be a turning point in the Group's history, Serge Kampf stood on stage to begin his closing speech with a reminder of the Group's values: "a set of rules for behavior we consider as virtuous and worthy of respect, which we should follow and defend." The seven values are as follows:

• Honesty. Loyalty, integrity, uprightness, a complete refusal to use any underhanded method to help win business or gain any kind of advantage.

• Boldness. Which implies a flair for entrepreneurship and a desire to take considered risks and show commitment (naturally linked to a firm determination to uphold one's commitments). This is the very soul of competitiveness: firmness in making decisions or in forcing their implementation, an acceptance periodically to challenge one's orientations and the status quo. Boldness also needs to be combined with a certain level of prudence and a particular clear sightedness, without which a bold manager is, in reality, merely dangerously reckless.

• Trust. Meaning the willingness to empower both the individuals and teams we are responsible for; to have decisions made as close as possible to the point where they will be put into practice. Trust also means giving priority, within the company, to real openness toward other people and the widest possible sharing of ideas and information.

• Freedom. Which means independence in thought, judgment and deeds, and entrepreneurial spirit, creativity. It also means tolerance, respect for others, for different cultures and customs: an essential quality in a Group.

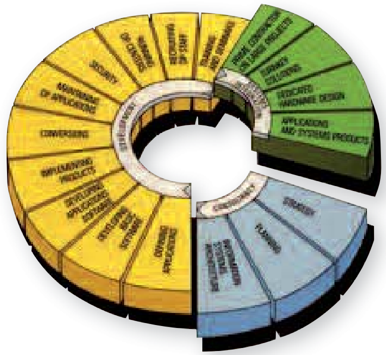
• Solidarity, or Team Spirit. Meaning team spirit, friendship, fidelity, generosity, fairness in sharing the benefits of collective work; accepting responsibilities and an instinctive willingness to support common efforts.

• Modesty. That is simplicity, the very opposite of affectation, pretension, pomposity, arrogance and boastfulness. Simplicity does not imply naivety (simple does not mean simpleton!); it is more about being discreet, showing natural modesty, common sense, being attentive to others and taking the trouble to be understood by them. It is about being frank in work relationships, loosening up, having a sense of humor.

• Fun. Means feeling good about being part of the company or one's team, feeling proud of what one does, feeling a sense of accomplishment in the search for better quality and greater efficiency.

The Executive Committee decided on these seven "founding" values, on Serge Kampf's prompting, in 1985. In 1975, during the *Rencontres* in Istanbul, Serge Kampf had given the Group what he called the "Ten Commandments", but these were economic demands such as profitability and growth. Ten years later, the Executive Committee spoke about the "ethical values" it wanted the Group to respect. Serge Kampf wanted seven, in line with the seven symbolic days of Creation, but the Executive Committee could only come up with six. Bob Sywolski, the Head of Cap Gemini America came up with the seventh – fun – and the Group's set of values was complete.

Today, these are the driving forces behind Capgemini's unity and are systematically invoked during hiring campaigns and in internal communication. They supported the Genesis program in 1992 and inspired the transformation plans during the 2000s, when the storm was brewing again. Far from being empty words, as is the case with many firms, they are grounded in the company's history and refer to long-proven practices. Honesty was demonstrated in 1975 when they decided not to have a presence in countries with dubious business practices. Boldness mixed with caution has always guided growth, from the acquisition of CAP in 1973 up to the more recent massive investment in India. Trust has been one of the pillars of Group governance since the creation of the very first Sogeti branches in 1968. Freedom, solidarity, modesty and fun are at the very roots of the Group's deep-seated team spirit. Throughout its history and right up to today, Capgemini's seven values have been a living reality.



Types of consulting and IT services activities proposed by Cap Gemini Sogeti in 1989


CGS seeks to raise FFr10bn for expansion

Cap Gemini Sogeti gives itself the means to match its ambitions. Article published in the *Financial Times Europe* on October 20, 1989.

the scenario chosen by the Executive Committee on April 25. If the Group's managers refused this choice, the Group would be back to square one and, sensing the danger, Serge Kampf organized an improvised Executive Committee meeting on stage during which each member replayed the role he had played in April before an audience of 550 dumbfounded managers. And this was how those who worried about how to finance this scenario heard the usually careful CFO Daniel Setbon say in an aside: "Don't worry about the money, I'll take care of it." That's all it took, and scenario C finally won the day over the other two by 271 of the 532 votes available, against 197 for scenario B and just 64 for the "sanctuary" scenario. With 51% of the votes, this ambitious scenario would guide the Group's action from then on, with General Management and Group managers lined up for battle together. It was time to ride out and conquer.

Outsourcing and consulting: The two pillars of Cap Gemini Sogeti's new business

In the weeks following Marrakech, a whole series of initiatives and a number of acquisitions gave concrete expression to the "leadership" scenario chosen by the Group's management. In fact, there had been maneuvers in this direction before the *Rencontres* and even before the Executive Committee meeting on April 25, which had already encouraged the Committee to move in this direction.


Softwarehaus SCS unter Cap Geminis Regie

CGS takes control of Hoskyns for £199m

MANAGEMENT CONSULTANCY

United Research Is Optimistic About New Systems Partnership

France's Sogeti to Acquire MAC Group Consulting Firm

Gamma passe sous le contrôle de Cap Gemini Sogeti

Vers l'extension des activités à l'étranger

A new deal

Articles published in *PC Woche, Financial Weekly, Wall Street Journal, The Times* and *Le Monde Informatique* ('Gamma comes under the control of Cap Gemini Sogeti') in 1990

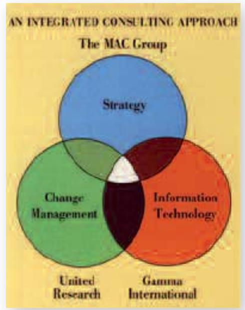
On July 13, 1990, Cap Gemini Sogeti set the wheels in motion to takeover SCS, a 600-employee German subsidiary of the British firm SD Scicon. This enabled the Group to take a substantial position in the German market, where it had so far had a low profile, and rise to second place among IT services there, just behind debis SystemHaus, Daimler-Benz's recently-created IT services subsidiary. Five days later, on the night of July 17 and 18, Cap Gemini Sogeti signed the acquisition of 100% of the capital of Hoskyns, a subsidiary of the U.K. firm Plessey. The operation was highly strategic, signaling the Group's comeback after a long absence in what was now called outsourcing. This was a booming market in which Serge Kampf had believed in ever since the Eurinfor venture, and it continues to be a major engine for growth today. As European leader in outsourcing with turnover of over 2 billion Francs and staff numbering 3,500, Hoskyns had the clout for Cap Gemini Sogeti to make its mark as a major player in this field in Europe.

Outsourcing was one area of focus for the Group; consulting was another. After the creation of Sogeti, the founder had drawn attention to what he saw as the complementary nature of consulting and IT services. On the basis of this conviction, he had taken a stake in 1979 in Bossard, the leading French business consulting firm. At the beginning of 1990, he was considering making this consulting business more of a priority than ever. As early as January, Cap Gemini Sogeti had taken over Gamma International, a French business consulting company

1400

The number of consultants in the Group at the start of 1991

created when engineers from Bossard decided to split off and start up in IT services. And, without waiting for Marrakech, it acquired the U.S. company United Research Corporation, specialized in business process re-engineering, on May 1. Endorsed by the *Rencontres* discussions, this was followed towards the end of the year by the takeover of one of the leading U.S. strategy consulting firms, The Mac Group.



The next task was to take this series of acquisitions and turn them into a genuine consulting division, which was done on January 1, 1991, with the creation of Gemini Consulting. Staffed by 1,400 high-level consultants around the world, this unit embodied the Group's desire to work with its customers early on and help them throughout the chosen business transformation process, from initial design to final implementation. With the ambition of becoming the "international leader in managing and accelerating business transformation," Gemini Consulting developed a global approach to the company, treating it as a living organism whose functions are constantly interacting with each other. This truly expressed the concept of 'Business Transformation' that was designed to help companies transform their entire resource base to operate more effectively. Gemini Consulting provided customers with expertise based on the three disciplines of strategy management, operations, and information. Not only was it important for the Group to have an independent consulting division, the creation of Gemini Consulting was also the first time in history that an IT services company incorporated a fully-fledged consulting business. It was a major event for the profession as a whole; IBM was to attempt the same thing a few years later.

Press conference announcing the agreement. From left to right: Karl-Heinz Achinger, Manfred Gentz, Edzar Reuter, Serge Kampf, Ernest-Antoine Seillière and Michel Jalabert

A new deal

Capgemini Daimler-Benz: exhausting negotiations

Early in the morning of July 23, 1991, Serge Kampf and Edzard Reuter, the Head of Daimler-Benz, signed an agreement formalizing the German company's entry into the capital of Cap Gemini Sogeti. This put an end to fifteen months of exhausting negotiations.

The Group had made its first contact with Daimler-Benz on April 27, 1990, when, upon the initiative of Jimmy Carter's former Treasury Secretary Michael Blumenthal, also a member of Daimler-Benz's Board of Directors, a meeting was organized between executives from the two firms in Stuttgart to examine a possible merger. This first contact came to an abrupt end when the Germans said right from the outset that they wanted a majority share in Cap Gemini Sogeti, something that neither Serge Kampf nor any other of the Group's senior executives were prepared to accept.

However, discussions started up again on September 11, 1990, after a private discussion between Serge Kampf and Edzard Reuter during which the two men got to know each other and agreed on the mutual interest of some form of possible collaboration. This round of talks was to last nine months, masterminded by Serge Kampf, Daniel Setbon, Group CFO, and Michel Jalabert, Director of Business Development, on the French side, supported by Banque Lazard and the law firm Bredin-Prat. On the German side, Manfred Genz, the CEO of Daimler-Benz's IT subsidiary, and IT officer Karl-Heinz Achinger, took the lead, supported by the James Wolfensohn business bank and the lawyers Salans Herzfeld. To keep everything secret, the two groups referred to each other with code names: "Denis" for Daimler-Benz, and "Charles" for Cap Gemini Sogeti.

Negotiations were long and hard – and extremely stressful for the French. Every day the whole German team of twenty or so people would head over to the Cap Gemini Sogeti head office in Rue de Tilsitt in Paris, for a seemingly interminable day of work. The deal was so complex that, at the beginning of June 1991, eight months after negotiations had resumed, things had almost come to a standstill. Serge Kampf and Edzard Reuter decided to break the deadlock by giving their advisers and colleagues an ultimatum: if an agreement was not signed by July 23 at the latest, the negotiations would be closed for good. The final days were packed with frantic activity, meetings were held simultaneously at the Hôtel de Crillon, where the agreement would be signed, in the Bredin-Prat offices and at Cap Gemini Sogeti, to go over every detail of the potential deal.
On the night of Sunday, July 21, to Monday, July 22, when the two teams had been hard at it since the day before and everything seemed to have been sorted out, Manfred Gentz interrupted the negotiations to bring up a rather minor bone of contention. It took a further phone call between the Chairman and Edzard Reuter at three in the morning to unblock the situation, and it wasn't until six in the morning on July 23, 1991, that the two parties finally reached an agreement on the 300-page contract. Four hours later, in the lounge of the prestigious Hôtel de Crillon, Serge Kampf and Edzard Reuter added their official signatures and prepared the press conference, called by the German delegation, together.


UN ACCORD QUI FAIT COULER DE L'ENCRE

Edzar Reuter, President of the Daimler-Benz Board of Directors and Serge Kampf, CEO of Sogeti, at the signing of the agreement of July 23, 1991

The Executive Committee in 1990
From left to right sitting: Michel Jalabert, Geoff Unwin and Daniel Setbon; standing: Christer Ugander, Jacques Arnould, Michel Berty, Serge Kampf, Alain Lemaire and Robert J. Sywolski

Daimler-Benz presentation brochure

A new partner

At the start of 1991, just six months after Marrakech, Cap Gemini Sogeti began implementing two of the major strategic decisions to come out of the 17th *Rencontres*: extending its presence in Europe and broadening its range of outsourcing and consulting services. This left open the third decision taken, to open up its capital to a large-scale industrial partner to back the Group's further development. Serious negotiations began in September 1990, with Daimler-Benz, led by Michael Blumenthal, the former U.S. Secretary of the Treasury, but they dragged on. Cap Gemini Sogeti used this time to explore other possible candidates, especially France Télécom, but, despite support from the French government (notably from Dominique Strauss-Kahn, then Minister for Industry, and his Cabinet Director, a certain Paul Hermelin), France Télécom never followed this up and, on July 23, Serge Kampf and Edzard Reuter, Head of Daimler-Benz, signed an agreement that was immediately dubbed historicin front of a room of journalists at the world-famous Hôtel de Crillon on Paris' Place de la Concorde. Patiently negotiated by Daniel Setbon and Michel Jalabert, this agreement allowed the German industrial giant to take a 34% stake in the firm controlling the Group, and laid the foundations for close commercial and technical collaboration. Above all, it allowed the new stakeholder to increase its shareholding should it so wish and, in the long run, take a controlling share of the Group. But it could only take this step between February 1, 1995, and January 31, 1996. Everyone believed that Cap Gemini Sogeti would then become a fully-owned subsidiary of Daimler Benz.

Programator får ny ägare

A new deal

The team responsible for overseeing the merger
From left to right: Christer Ugander, Anders Skarin and Lars-Olof Norell

Why this German corporation? "You know me well enough to realize that this was not my preferred solution," says Serge Kampf today, "but we had to accept the fact that, in the end, all the possible French partners backed out." Featured alongside ATT and other candidates in the Executive Committee short-list drawn up in the autumn of 1989, Daimler-Benz looked like the ideal partner for Cap Gemini Sogeti. Firstly, as Europe's leading industrial corporation with revenue of 320 billion Francs and 380,000 employees, Daimler-Benz had substantial financial clout, a key advantage for the Group, which was in search of a stable, reliable industrial partner capable of funding its growth. Secondly, its presence in the automotive and aeronautics industries would open up markets that depended more and more on IT for Cap Gemini Sogeti. Last, but by no means least, Daimler-Benz had created its own IT services firm debis SystemHaus in 1990, whose services would complement Cap Gemini Sogeti's. Daimler-Benz's own interest in the French Group was easy enough to understand. From debis, it wanted to develop a large-scale IT services division with global reach; taking control of Cap Gemini Sogeti would allow it to achieve this goal in a very short space of time.

Internally, even if everyone accepted that this agreement fitted in with the decisions taken collectively in Marrakech, a number of people had concerns and questions. "Many of them were afraid that the Group would lose its independence. In some countries, especially the Netherlands and even the United States, people were frankly unconvinced. The idea of ultimately being taken over by a giant of industry worried a lot of employees who felt that the Group would not be able to resist Daimler-Benz's huge power of attraction," recalls Philippe Dreyfus. Serge Kampf gave his word to all these skeptics that Cap Gemini Sogeti would maintain its professional independence, in line with its founding principles. When it came to financial independence, everything suggested that this would end the day Daimler-Benz exercised its purchasing rights. But, as Serge Kampf said on *Europe 1* radio the day after the agreement was signed, "This will ensure the long-term future of the Group, while providing the company with the financial resources to become the world's leading IT services player."

Cap Gemini krijgt indirect meerderheidsbelang Volmac

VOLMAC IN DE PERS

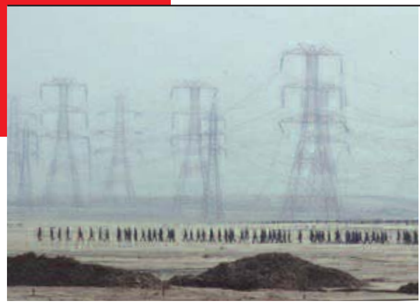
Meanwhile, Daimler-Benz's arrival came at the perfect time for Cap Gemini Sogeti's strategic priorities and enabled it to step up its development. Over the following months, it was able to boost its positions in its various markets through a number of important deals. On January 1, 1992, its German operation Cap Gemini SCS merged with the "intellectual services" division of debis SystemHaus, creating Cap debis in which Daimler-Benz invested enough to own 51% of the capital. A few weeks later, Gemini Consulting took on board the German consulting firm GTP (Grübe Titze und Partners) while Cap Gemini Sogeti took over Volmac (known for some years as the most profitable European IT services player) to create Cap Volmac, a business with 4,500 employees in the Benelux countries. And in May came the friendly takeover of Programator, one of Sweden's largest IT services firms. All these acquisitions were made possible by the new money that had entered the Group from Germany. At Rue de Tilsitt, Cap Gemini Sogeti's Paris head office, there was every reason to be pleased with the July 1991 agreement. But Group executives began to worry about the macro-economic situation which had been showing signs of weakness for some time. No one realized it then, but the Group was on the brink of one of its darkest periods.

Béhoust: a chateau somewhere in the Paris area…

Serge Kampf first raised the idea of creating Cap Gemini Sogeti's own training center in January 1988 during an Executive Committee meeting. In light of the scope of the Group's plan to train and develop managers, he saw it as essential that training courses be grouped together on a single site and tailored to the community in question. During the 16th *Rencontres* held in Rome in June 1988, the participants had been asked what they thought would be the best site for such a center. This time the Group's general management decided not to follow the majority (which chose California and, in second position, the French Riviera) and established the center near Paris. After a year of looking, the Group decided on the Château de Béhoust in the Yvelines. The paperwork took eighteen months and there was to be a further year of renovation before the center finally opened its doors. On October 14, 1991, Béhoust finally hosted its first seminar and the Cap Gemini Sogeti University was open for business.

Its primary goal was clear: to provide training for managers and new employees. But, it was also to be a rallying point for colleagues from thirty or so countries. With the rollout of Genesis, a wide range of seminars were organized at Béhoust to explain the challenges and implications of this transformation plan to managers. More than 10,000 Group employees attended courses at the center between 1992 and 1994. A number of original initiatives were set up, like the Béhoust Theater for anyone wanting to improve their oral and body language. By encouraging a shared culture across the entire Group, Cap Gemini Sogeti University was to play a key role in the success of Genesis. In 2003, the University moved from Béhoust to Gouvieux, near Chantilly, close to Paris' Roissy-Charles de Gaulle airport, making access easier for a Group that was truly global in its scope and ambition.

1991 > 1997 Crisis and renaissance



The crisis

In December 1991, five months after Daimler-Benz had taken an equity stake, Cap Gemini Sogeti announced a 10% drop in turnover. This was a first for the Group which, since 1967, had delivered 23 years of year-on-year increases in turnover. The cause of this slowdown was the first Gulf War, started by Saddam Hussein's invasion of Kuwait on August 2, 1990, just two weeks after the acquisition of Hoskyns. It triggered a downward spiral of events, during which a series of market speculation bubbles burst, corporate assets lost value, credit restrictions were implemented, investment dipped, and an inevitable rise in unemployment ensued. The IT sector had so far been spared by previous economic crises, but this time the slowdown had a powerful impact. Forced to make savings, companies reduced or simply cancelled their investment plans for information systems. Due to their cost, large mainframe systems that had driven the rise of the sector since the 1960s were the first victims of this austerity policy.


LA DEMANDE S'ESSOUFFLE

SERVICES INFORMATIQUES

Première baisse des bénéfices pour Cap Gemini Sogeti

MONÉTIQUE : SLIGOS S'ÉTEND EN ALLEMAGNE

INFORMATIQUE

Restructurer pour s'adapter à une croissance plus faible

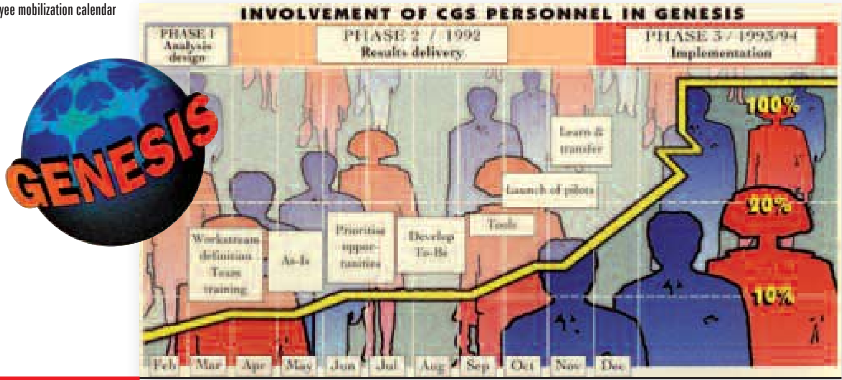
Articles published in *Le Monde Informatique* ('Restructuring to adapt to weaker growth') in 1991, in *L'Usine nouvelle* ('Demands dries up') and *La Tribune de l'Expansion* ('First drop in profits for Cap Gemini Sogeti') in 1992

18 000

The workforce at the end of 1991

This meant that Cap Gemini Sogeti had to confront not only an economic crisis but an IT crisis. On top of this came competition from new entrants to the IT services markets, not only in the shape of existing computer manufacturers such as IBM, which had been a long-time ally and supplier but had recently set up its own IT services division, but also from such newcomers as audit firms (Arthur Andersen) and telecommunications operators (ATT). "The computer manufacturers wanted to move into IT services to offset the cyclical nature of their business, while audit firms got involved because their services increasingly involved IT. For all these players, IT services were a windfall," says Michel Jalabert today, at the time the Group's Director of Business Development. This meant more players in a shrinking market, which did not spell good news for Cap Gemini Sogeti. In fact, following the disappointing turnover in 1991, the Group sank further into the red in 1992, and for the very first time in its history posted a loss (72 million Francs). Everything suggested that the year ahead would be even worse. This was a real crisis and there was much concern inside the company. Never before had the Group experienced such turmoil; it was time for Cap Gemini Sogeti to react.

Employee mobilization calendar



Crisis and renaissance

Genesis and rebirth

150

million dollars
The amount injected into Genesis by the Group

On June 25, 1992, Cap Gemini Sogeti's 700 leading executives met in Prague for the Group's 18th *Rencontres*. On the agenda was the Group's crisis and how to overcome it, including the very ambitious transformation program developed by General Management and called "Genesis". This entailed reinventing the Group's whole organization and operating methods from scratch.

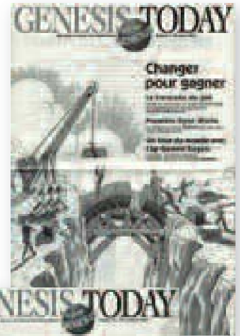
Behind this was the realization that the organizational approach taken by the company in 1975 was no longer appropriate for the current situation, and even worse, actually exacerbated the effects of the crisis. The Group's founding principles of independence and decentralization were now seen as handicaps. Now that companies were going global, they wanted to use uniform processes that could be applied in exactly the same way right across the world, and the Group was finding it difficult to supply this. The "cornerstone" of Cap Gemini Sogeti's structure since its creation – the branch with its 50 to 80 employees operating in a restricted region – was no longer able to meet the needs of customers who carry out their business across several continents. So the real challenge of the transformation program put forward and explained by General Management to the managers in Prague was to morph what was in many ways a federation of national firms into a truly transnational Group.

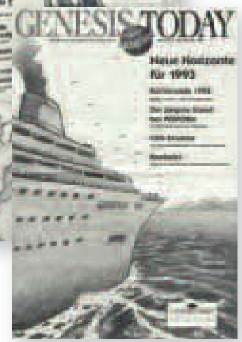
Mobilization of management to present the program at the Prague *Rencontres*

This huge project would take the Group two years to complete: twenty-four months of extremely hard work marked not only by heartrending appraisals, difficult choices and painful

Training session within the Genesis program, Béhoust (France)

decisions such as the layoff plan implemented in France in 1993, but also by a tremendous resolve to get things moving. Cap Gemini Sogeti threw in everything it needed to achieve its goals, and invested no less than 150 million dollars. It signed a contract with its own Gemini Consulting to act as main contractor and several dozen consultants were seconded to the project. Serge Kampf gave them free rein to carry out their mission effectively and they were free of interference from management – a first in the life of a large company. But Gemini Consulting consultants were not the only players: everyone from senior management and the Board of Directors, to all employees were involved. Through Genesis, the Group had decided to review absolutely everything, from its organization, procedures and sales methods, to its project management, performance metrics, and service delivery. Working groups were created to analyze the existing situation, identify best methods, define priorities, build organizational models, launch pilots, prepare to implement the chosen reforms and then roll them out across the Group. In full swing, Genesis involved nearly 5,000 employees (out of the 25,000 in the Group at the time) in a cultural revolution. While the economic storm raged outside, the Group was transformed into a remarkable crucible of ideas and suggestions that were circulated in a special in-house magazine called Genesis Today published in French, English, German and Italian in all the countries where the Group had a presence. This enabled everyone to track program





Geoff Unwin, Michel Jalabert and Serge Kampf present the Group's long-term strategy

progress, ask questions, make suggestions and share their concerns. One can't shake up an organization that has proved its worth for years without hitting problems and even provoking strong resistance. Yet until then, no other corporation had ever taken a hard look at and reinvented itself in such an unfavorable economic context. "Genesis was a very brave decision," says Philippe Dreyfus. "Spending several million Francs when you've already lost a lot and, re-evaluating a whole organization at such a gloomy time, aren't easy decisions. Genesis was a major transformation for the company, but also a time for rallying the troops and putting shoulders to the wheel."

The upshot of all this was a complete revolution. Officially implemented as of January 1, 1993, the new organization brought the Group closer to its customers while giving it a fully transnational sales force and production team. It enabled existing entities to become more integrated, boosted service consistency and prioritized operational performance by reducing hierarchy and freeing up initiatives. Overall, it led to a far simpler organizational structure. Instead of the country-based companies that had been in place since 1975, there was a two-level structure that combined geographic and sector-based responsibilities into an SBA (Strategic Business Area). The Group had seven of these and one of Genesis' key results was to encourage these SBAs to specialize in a given sector. This met customer needs better by providing global solutions. It also meant that ideas circulated more quickly around the Group.

7

The number of *Strategic Business Areas* on January 1, 1993

Examples of marketing material explaining the various stages of the new sales procedure

But Genesis' impact went beyond the Group's organization. It also led to a complete overhaul of methods, with the introduction of an entirely new approach based around Team Building (TB), Team Selling (TS), and Team Delivery (TD), which favored team work to create long-term relationships with Group customers. The 1991 economic crisis that hit Cap Gemini Sogeti so hard had showed that sales do not only depend on technical expertise, but increasingly on the ability to build real partnerships with customers, a mindset that the new processes were designed to encourage. Genesis led to the flattening out of the company, the separation of sales from production and a focus on sectors and new sales procedures, putting the Group onto a battle footing to meet customer needs as quickly and efficiently as possible. It was, in other words, a corporate renaissance, which also meant a significant renewal of General Management. Serge Kampf was convinced that, due to in-house resistance and the ensuing criticism, Genesis called for a new generation of managers.

The changeover began in August 1992, with the appointment of Geoff Unwin, the former Chairman of Hoskyns, as Managing Director of the regional offices. The following year, in 1993, two new faces joined the Group: Paul Hermelin, the former Cabinet Director of Industry Minister Dominique Strauss-Kahn (whom Serge Kampf had met in 1991 when trying to persuade France Télécom to take a stake in the Group), and Pierre Hessler, the former IBM VP for Marketing, Services and Operations in Europe. A graduate of both the Ecole Polytechnique and ENA (Ecole Nationale d'Administration), Paul Hermelin was put in charge of all central management functions. "Serge came to me," he recalls, "and I immediately took up his challenge

From left to right:
Standing: Paul Hermelin, Serge Kampf
Sitting: Pierre Hessler, Geoff Unwin

because I was impressed by Genesis. Although it was facing a major crisis, the Group had decided that, instead of simply recoiling into its shell, it would give itself a complete overhaul. When I joined Cap Gemini, I felt very strongly that I was coming to a Group which would continue to make history. "Pierre Hessler, who had driven discussions in 1987 on opening up Cap Gemini Sogeti's capital to IBM, took over the general management of Gemini Consulting, the Group's consulting arm. "It was Serge Kampf's personality that attracted me. Here was a first rate entrepreneur with a real sense of his company's long-term future."

With a new organization and new people, Cap Gemini Sogeti was now fully equipped and ready to start expanding again.

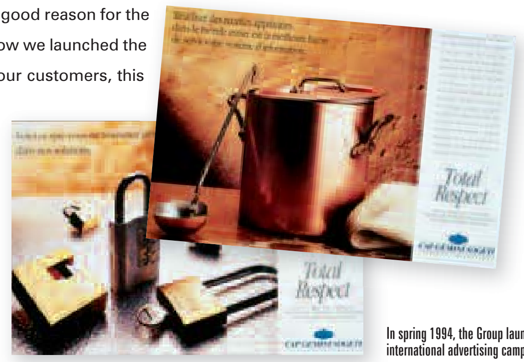
Consulting and IT services: A winning team

The Group eventually began to recover in 1994. After a disastrous 1993, with a record loss of 360 million Francs, and the first restructuring plans and large-scale lay-offs in its history, the Group was now able to start harvesting the first fruits of the work of its

Dan Valentino, James N. Kelly and Bill Wallace present Gemini at the Amsterdam (the Netherlands) *Rencontres* to announce the convergence of consulting and IT services.

25,000 employees over the last two years. But not until 1995 would it start making a profit again, which was met with a collective sigh of relief inside the company. The end of the tunnel was in sight and Cap Gemini Sogeti was preparing to launch new projects.

In the mid-1990s, the priority was to boost the consulting business and bring it closer to IT services, using a program called Convergence. In many ways it was a direct effect of Genesis, one of whose aims was to strengthen coherence between the Group's activities. Pierre Hessler explains: "Convergence was presented to the Group's managers at the 19th *Rencontres* in Amsterdam from March 30 to April 2, 1995. The idea was straightforward: Gemini Consulting transformed companies and Cap Gemini Sogeti transformed IT systems, so there was good reason for the two business lines to work together. This is how we launched the concept of 'concurrent transformation'. For our customers, this approach proved that we would be able to help them undergo in-depth transformation." To make this convergence easier, four new transnational, sector-based structures were created, called Global Market Units (GMU), to better utilize the consultants' and technologists' expertise by grouping them together into transnational units in high-potential sectors such as telecommunications,

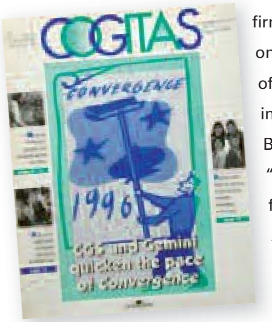


In spring 1994, the Group launches its first international advertising campaign.

Together under a new name

life sciences, insurance and transport. This marked the culmination of a process of cooperation and cross-fertilization between the Group's major business lines. And it was no accident that, in September 1996, the Group simplified its name and changed its visual identity, so that all entities used the name Cap Gemini, dropping their previous corporate names such as Volmac, Programator and Hoskyns. For the first time since 1967, the Group had a global presence under a single name and with a single logo in two shades of blue, Gemini Consulting's navy blue and Cap Gemini Sogeti's turquoise for IT services.

Another key achievement of these extremely busy years was the finalization of a project that Serge Kampf had started twenty years before – incorporating the Bossard Group into Cap Gemini. Since 1976, the Group had had a 49% stake in the consulting firm and followed its fortunes closely, though without having much influence on strategy or management. In January 1997, under the friendly pressure of Jean-René Fourtou, the former boss who had moved on to Rhône-Poulenc in 1986 and who was not yet a member of the Group's Board of Directors, Bossard consultants decided to sell the 51% they still owned to Cap Gemini. "I explained to them that they would not be able to resist competition from the sector's major players for very long," recalls Jean-René Fourtou. At a time when markets were going global, Bossard, with its 700 consultants and 900 million Francs in sales was a "small" player alongside such majors as Ernst & Young, Deloitte & Touche and Arthur Andersen.



The year 1996 is labeled "Convergence".

From left to right: Jean-René Fourtou, Jean-Pierre Auzimour, Serge Kampf and Jean Bossard

Jean-René Fourtou was very close to Serge Kampf, with whom he shared the same passion for rugby, and spared no effort in persuading his former consulting colleagues that the merger was a good thing: "To stay in the race, Bossard needed the backing of a large-scale partner. As the fifth largest IT services player in the world, with an international consulting arm (Gemini Consulting) and already a Bossard stakeholder, Cap Gemini was the perfect partner. We were certainly on opposite sides in 1977-78, when the fight was on to control Bossard's capital. But it was now time to look to the future." On October 18, 1996, Bossard's consultants were finally convinced by Pierre Hessler and their counterparts from Gemini Consulting, and decided it was the right choice, voting by a large majority to merge with Cap Gemini. At a time when Cap Gemini was trying to bring these two business lines together, this acquisition strengthened its position in the strategic sector of management consulting.

700

The number of Bossard consultants who joined Cap Gemini on January 1, 1997

Freedom regained

In early 1997, optimism was once again in the air at Cap Gemini. For two years now, mainly under Geoff Unwin's impetus and drive, the Group had experienced strong growth, suggesting that the market was back on track. The arrival of the Year 2000 and the first step in the switch to the European single currency on January 1, 1999, both helped revitalize an IT sector that was growing annually by some 10%. Now that its business lines had been reorganized, its structures and management renewed, and its decision-making procedures

The number of good references increases.

Article published in *La Vie française* in 1995: 'The end is near'

improved, Cap Gemini was ready to take advantage of this upturn and line up a number of large contracts, including deals with Fortis, An Post in Ireland, Maryland Casualty Company (member of the Zurich Group) and outsourcing contracts with the United States Chamber of Commerce, Citibank and British Steel. It was then, on June 25, 1997, that the news came: Daimler-Benz suddenly announced that it was withdrawing from Cap Gemini's capital.

Let's rewind for a moment. It's July 1991 and Daimler-Benz has taken a 34% stake in the Group's holding company, with a right to buy all shares by January 31, 1996. But its earlier plans were thwarted by the 1991 - 1993 crisis. However, the sharp devaluation of Cap Gemini Sogeti shares from €43 to €18 between 1991 and 1995 (adjusted share price) offered an ideal opportunity to take a controlling share at a lower cost. Yet Daimler-Benz decided to wait. The reason was that U.S. legislation (the Bank Holding Company Act) prohibited any industrial firm over 20%-owned by a bank from operating in the service sector in the United States. This was the case for Daimler-Benz, 25% of whose capital was held by Deutsche Bank, which meant that if it took control of the Group, it would have to sell the U.S. division. This was its main source of technical innovation and generated 20% of its revenues. Since they were unable to cancel or change this legislation, Daimler-Benz wondered what they should do with their share of the French Group.

On January 22, 1997, *Le Figaro* published an interview with Serge Kampf in which he replied frankly to questions concerning shareholders.

There was also another reason why Daimler-Benz decided to wait: the distinct deterioration of its relations with Cap Gemini Sogeti's management. There were plenty of fault lines between the two companies, including major strategic divergences, the fact that Cap debis was being managed without any coordination with the French entity, the incursion of debis SystemHaus into the French market (thereby infringing the 1991 agreements), as well as competitive incursions into Italy and the Netherlands to the detriment of Cap Gemini Sogeti. This led to concern in the Group about the very viability of the agreement and more and more of the French contingent would have been happy to see the Germans leave. Serge Kampf himself no longer bothered to pretend he was against the idea. And yet, in January 1996, six months before the purchase right expired, the two groups had renegotiated the terms of their alliance. For Cap Gemini Sogeti, Daimler-Benz was still a quality partner which had the resources to help them develop. Daimler-Benz was clearly trying to gain time to decide whether or not IT services had a strategic interest for them. Between the two, CGIP wanted to make the most of the situation, to bring down into the listed company its share blocked in the holding company. This led to the January 11, 1996, agreement for the merger-takeover by the listed firm (Cap Gemini Sogeti) of the two unlisted levels of control: SKIP and Sogeti SA, and a capital increase of 2.1 billion Francs, subscribed to the tune of 900 million Francs by CGIP, another 900 million by debis and only 300 million by Serge Kampf, since he did not have the same resources as the two partners. The relative weight of each stakeholder in the Group was radically changed: 19% for Serge Kampf versus 24.5% each for debis and CGIP. In this "agreement",

19 %

Serge Kampf's share in the Group's capital after the agreement of January 11, 1996

29

The number of years company headquarters were located in Grenoble

Crisis and renaissance

Serge Kampf gave up what was most important to him: the 51% control over SKIP which made him absolute master of the Group's future. But the deal brought in more than 2 billion Francs in new money for the company, which was the real issue. However, things probably wouldn't stay that way: "That was the day I really started to resist," he would say much later.

On the way, the Group's head office, which had been in Grenoble for the past 29 years, was moved to Paris and a more standard German style of "governance" was implemented, with a four-member Executive Board of which Serge Kampf was appointed Chairman. The Chairman of debis, Klaus Mangold, and CGIP, Ernest-Antoine Seillière, became Chairman and Vice-Chairman respectively, of a Supervisory Board whose only real job was to supervise. But all these changes meant that both inside and outside the company there was absolutely no doubt that the Group would very soon become part of Daimler-Benz.

Headquarters: Place de l'Etoile in Paris

The whole house of cards collapsed on June 25, 1997, when Daimler-Benz executives announced that they had decided to sell their stake to institutional investors. Everything from the violent tension between the two management teams and the difficult U.S. issue, to the recovery of the Cap Gemini share price that ran the risk of making the

Serge Kampf with the managers present at the Group's kick-off in January 1997

majority share too expensive, and the decision by Daimler-Benz's new Chairman Jürgen Schrempp (who took over from Edzar Reuter, the man behind the 1991 agreement) to refocus on his core business, all led the Germans to throw in the towel.

"In fact, we could see the first signs in January," recalls Paul Hermelin today. "By signing this agreement, Serge had decided to take an extremely difficult decision and play the game by giving up the legal control he had over the Group. Yet at the first meeting of the Supervisory Board, Klaus Mangold told us he intended to take the Group over extremely quickly. This was neither the time nor place to make such an announcement. I think this is when Serge was finally convinced that things would never work with the Germans and that sooner or later they would have to go. With genuine strategic intuition, he spent the first months of 1996 getting closer to his people. He also sold a good quarter of his own shares to 200 of the Group's leading managers at an attractive price to give them a greater interest in the coming fight. The Germans finally realized that they were not really wanted and that, if they upped the ante, they ran the risk of buying an empty shell. This was almost certainly one of the reasons that drove them to leave Cap Gemini's capital."

SSII • Début de fronde chez Cap Gemini contre Daimler-Benz

■ Cap Gemini souhaite le départ de Debis.
■ Une réunion devrait avoir lieu dans les prochains jours avec les Allemands.
■ La SSII veut prendre son avenir en main.

Article published in *La Tribune* on June 25, 1997: 'The beginning of a revolt against Daimler-Benz at Capgemini

Internally, people were satisfied and relieved as debis' attitude had annoyed everyone. But Cap Gemini executives soon realized that it wasn't a real exit and that the


Serge Kampf : « Nous n'avons plus besoin de protecteur »

Ernest-Antoine Seillière : « La stratégie est désormais claire »

CAP GEMINI L'HORIZON S'ECLAIRCIT

Articles published in *Le Figaro Economie* and *L'Entreprise* in 1997; the headlines read 'Serge Kampf: "We don't need protecting any more"', 'Ernest-Antoine Seillière: "The strategy is now clear" and 'Cap Gemini: the horizon becomes clearer', respectively.

battle would go on. According to the Germans, the sale of 24.5% would be carried out by a complex operation based on bonds reimbursable within four years, but Daimler-Benz reserved the option of reimbursing these bonds in cash rather than in Cap Gemini shares. In other words, debis could quietly grow for another four years on Cap Gemini's markets and territory while in fact remaining its major shareholder, which was completely unacceptable. Everyone remembers the 1991 agreement in which the option had to be exercised within thirty days. On July 9, CGIP exercised this right by taking two steps: to avoid owning more than 33% which would require a public takeover bid, it first sold off 20% of its own shareholding before preempting the 24.5% held by Daimler-Benz. With almost 30% of the capital, CGIP was now the Group's reference stakeholder. By the evening of that unforgettable day, Cap Gemini had finally closed the Daimler-Benz chapter after six years and regained the freedom to act.

October 1, 1997: Cap Gemini celebrates its 30th birthday

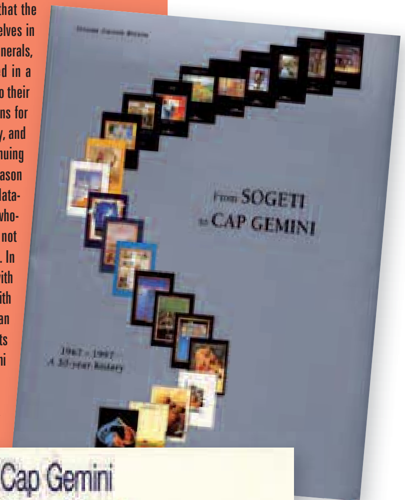
On the evening of October 1, 1997, 1,000 people including staff members, clients, personalities from the worlds of politics and business, and friends of the Group met at the Carrousel du Louvre to celebrate the first 30 years of Cap Gemini. To mark the occasion, Cap Gemini commissioned the corporate historian Tristan Gaston-Breton to write a book on the Group's extraordinary journey since 1967, which began with a text "in lieu of a preface" from Serge Kampf, which does not just remain an enjoyable read but is also both original and relevant today.

"Having read this book, I'm afraid it's not going to please anybody. Among those who might not be pleased:

- The old-timers of the Group, who will find that it contains only a fraction of their own memories (and the newcomers, who will think that far too much is said about the old-timers).
- Those who left the Group too soon to take part in the whole adventure.
- Those who joined too late to have left their mark.
- Those whose merits were insufficiently honored due to sheer lack of space.
- The "Europeans" and Americans in the Group, who will feel that, even in its English-language version, this history is really very French.
- Those who, coming from recently-integrated companies (Programator, Volmac, etc.), find little or no mention of their own history which, interesting as it may be, had less influence on the Group than those of CAP, SESA, Hoskyns, or Bossard.
- Those who jumped ship because it was moving too fast, or who got left behind along the way (Eurinfor, SESI, MCS, etc).
- Those who sold their shares too soon, and those who think they bought theirs too late.
- Some of Cap Gemini's competitors, who will take no pleasure in discovering that there was nothing "diabolical" in the Group's recipe for success: one-third common sense, one-third daring, one-third luck, a pinch of patience… and a lot of overtime.
- Those who still believe that all you need is a fat checkbook to create and develop a true IT services company.
- Certain "observers" who more than once have given the Group up for dead (or announced its pending loss of control) and who today find it free, full of pep and bursting with healthy ambition.
- Those who would have preferred to read an "epic", while this is merely a history recounted by an historian.
- Those who will see it as more the history of a team of managers than that of the 30,000 people who make up the Group today and the other 12,000 or 15,000 who spent a moment of their professional lives on board.
- Those who are simply never happy – should we really worry about them? – and those who will throw the baby out with the bathwater because of a missing detail or an erroneous date.
- et cetera…

But there's no point in trying to attain the unattainable. Since it is impossible to please everyone, it was better for our historian to run the risk of not pleasing anyone. And, after all, we can always imagine that the newcomers will pardon the old-timers for having arrived first, that the simple foot soldiers will see themselves in the military feats ascribed to their generals, that competitors will be interested in a history which is sometimes similar to their own, that customers will find reasons for continued confidence in our company, and investors will find reasons for continuing to bet on its future. And there is no reason not to look upon this history as a "data-base", useful at some future time to whomever might get the idea of writing, not the history but the epic of the Group. In any case, this history does not end with October 1, 1997. It will be enriched with new chapters no less interesting than their predecessors. Analysts, novelists and poets, take up your pens! Cap Gemini still has some surprises in store!

Paris, October 1997"



1998 > 2007: A Group with no limits

Global ambitions

The end of the 1990s was a period of euphoria for Cap Gemini. Fueled by the Year 2000 effect, the arrival of the Euro and the Internet bubble, the Group positively teemed with new projects. This buzz of activity reached a climax in May 2000 with the takeover of Ernst & Young's consulting activities, which helped transform Cap Gemini into a truly global company.

Alas! Only a few months later, crisis loomed, forcing the Group to reinvent its organization once again. This was the purpose of the LEAP! program led by Paul Hermelin, the CEO appointed by Serge Kampf to succeed him at the head of the company. This project involved an in-depth rethink about the Group's businesses and a back to basics approach.

By the end of 2004, the Group began to grow again. In 2006, it started a new stage in its development by taking over Kanbay, a 7,000-employee company in India and the United States. As it turns 40, the Group is making clear its ambition to be a global player in all its markets and to contribute to the future of the IT industry.

1998 > 2007 Global ambitions

1998

BUSINESS, SOCIETY

- May-June: German firms conquer the global automotive markets: Volkswagen buys Rolls-Royce and Daimler-Benz announces its merger with Chrysler.

IT

- Intel brings out Celeron, a low-cost version of Pentium II.

CAPGEMINI

- January: signing of a large multinational contract with General Motors.
- September 30-October 2: Innovation Forum (at EuroDisney Paris).

1999

BUSINESS, SOCIETY

- January 1: the Euro, the single European currency adopted by eleven of the fifteen members of the European Union, makes its official entry on the financial markets.
- February 1: the Morse Code, invented by the American Samuel Finley Breese Morse in 1838, officially stops being used and, after 90 years' service, is replaced by the satellite-enabled GMDSS (Global Maritime Distress and Safety System).

IT

- March 26: a virus called Melissa generates a huge number of emails worldwide, partially saturating servers.
- The Indian IT services firm Infosys, created in 1981, is the first Indian firm to be listed on NASDAQ.

CAPGEMINI

- April: acquisition of Beechwood in the United States.
- Signing of several partnership agreements with Microsoft, Oracle, Publicis, Mannesmann and Sun Microsystems.
- Creation of an 'e-business' unit, headed by consultant Mike Standing.

2000

BUSINESS, SOCIETY

- January 9: AOL takes over Time Warner.
- March 10: the Internet bubble peaks and NASDAQ reaches an all-time record of 5,132.50 points.
- July 10: Creation of EADS, a global civil and military aerospace giant.

IT

- January 1: all the world's IT systems switch to the Year 2000 without any major incidents.
- March 4: Sony cleverly organizes the launch of its console Play Station II and sells nearly a million units in 48 hours.

CAPGEMINI

- May: the General Assembly votes almost unanimously for the acquisition of Ernst & Young Consulting.
- May: Serge Kampf has the Board approve the appointment of Geoff Unwin as Managing Director of the Group.
- September: Capgemini announces a major strategic alliance with Cisco, the global leader in Internet networking equipment, which involves the creation of a joint global 'Telecommunications, Media and Networks' entity.

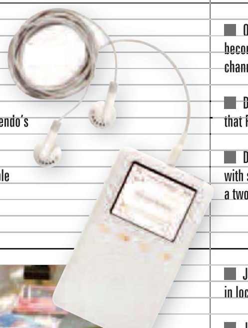
2001

BUSINESS, SOCIETY

- January 25: opening of the first World Social Forum in Porto Alegre, Brazil.
- September 11: four American airliners are hijacked, two of which are crashed into the twin towers of the World Trade Center, a third into the Pentagon and a fourth into the ground, killing a total of 3,000 people.
- November 10: the People's Republic of China is admitted as a member of the World Trade Organization.

IT

- Spring: the Internet bubble bursts.
- June 22: Euro-pean launch of Nintendo's Game Boy Advance.
- October 23: Apple launches the iPod.



CAPGEMINI

- October 8: the Group launches Talent, a website set to become the Group's main in-house communication media channel.
- December: Serge Kampf suggests to the Board of Directors that Paul Hermelin should be appointed as the new CEO.
- December 31: the Group posts disappointing results with stagnating revenue, a three-fold drop in net profits and a two-fold drop in market cap.

2002

BUSINESS, SOCIETY

- January 1: the euro becomes the official currency in 12 of the 15 countries in the European Union
- March 3: Switzerland joins the UN.

CAPGEMINI

- January 1: creation of Sogeti, an affiliate specialized in local IT services, taking the Group's original name.
- January: Group University moves to Gouvieux, near Chantilly, in a fully enclosed 50 hectare domain.
- June 27: Paul Hermelin presents a transformation plan called LEAP! that will mobilize the Group until the end of 2003.

2003

BUSINESS, SOCIETY

- March 20: start of U.S. and U.K. bombing of Iraq. Saddam Hussein's regime collapses less than a month later.
- August: the Sarbanes-Oxley Law is adopted after the Enron scandal.

CAPGEMINI

- Opening in Mumbai (formerly Bombay) of the Group's first two development centers in India.
- October: Sogeti acquires Transiciel (7,000 employees).
- December: signing of ASPIRE, a very large facilities management contract with the U.K. tax administration.

2004

BUSINESS, SOCIETY

- June: victory of Biarritz Olympique Pays Basque at the Stade Français in the final of the French Rugby Championship (the 'B.O.' is the team that Serge Kampf, and later Capgemini, has sponsored since 1992).
- December 26: a huge tsunami devastates the Indian Ocean region, causing over 220,000 deaths.

IT

- August 19: Google's IPO; its share price gains 15% the first day.
- December: IBM sells off its PC unit to the Chinese group Lenovo for 1.25 billion dollars.

CAPGEMINI

- April: a month before the expiry date for using the name Ernst & Young, the Group introduces its new name – Capgemini in a single word – and logo.
- April 29: sponsored by Capgemini and Schneider Electric, O. de Kersauson and his crew break the round-the-world sailing record in 63 d, 13 hr and 59 mins aboard trimaran Geronimo.

2005

BUSINESS, SOCIETY

- January 18: presentation at Blagnac (France) of Airbus A380, the largest civilian airplane ever built.
- August 30: after fears about domestic production due to hurricane Katrina in the United States, the price of a barrel of oil reaches a record 70.85 dollars.

CAPGEMINI

- September: staff numbers in India reach more than 3,000.
- October: the Group signs a major outsourcing contract with the London Metropolitan Police.

2006

BUSINESS, SOCIETY

- April: Alcatel and Lucent merge to create the world's second largest telecoms equipment supplier.
- June 1: Wanadoo merges with Orange (France Télécom group).
- June 14: EADS announces a 6- to 7-month delay in the delivery of the Airbus A380, marking the beginning of a crisis lasting several months.

IT

- January: during the Davos Economic Forum in Switzerland, Nicholas Negroponte presents the OLPC project for a 100-dollar notebook computer for children in the third world.
- April: 'virtualization' becomes the new IT El Dorado. Microsoft, IBM, Intel and AMD announce in turn their intention to develop this procedure that involves running several operating systems on a single computer without reducing processing speeds.

CAPGEMINI

- January: signing of a facilities management contract with General Motors.
- June 1: start of a global advertising campaign on the theme of "Together: when a single word makes all the difference".
- June: Capgemini is selected as official sponsor for the Rugby World Cup 2007 and exclusive supplier of information systems.
- September 7: to boost its BPO business in finance and accounting in India, Capgemini buys a 51% share in Unilever Shared Services Limited (affiliate of the Anglo-Dutch group Unilever).
- September: 21st *Rencontres* in Montreal during which the new i³ transformation plan is launched.

2007

BUSINESS, SOCIETY

- January 1: Romania and Bulgaria join the European Union
- February 25: the European Space Agency announces that the Rosetta space probe has reached Mars.
- April 3: on the TGV's new East line, the HST beats the world speed record by traveling at more than 574 km/h.

CAPGEMINI

- February 8: Capgemini acquires Kanbay International, an American IT service provider based in the United States and India and specialized in financial services.
- October 11: Cap Gemini celebrates its 40th anniversary with a grand evening show at the Carrousel du Louvre in Paris for 1,000 guests, including its oldest employees, customers and friends.

1998 > 2000

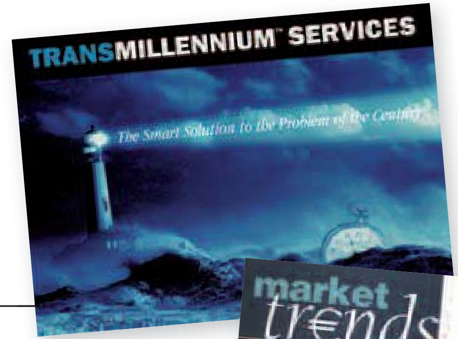
The good years

The Innovation Forum at Disneyland Paris in October 1998

At the Innovation Forum, the Group presents some of its best achievements to its clients and employees.

Euphoria

"The future's ours for the taking!" In July 1997, after Daimler-Benz withdrew from the firm's equity capital, there was a wind of optimism blowing through Cap Gemini. "It's as if it were boiling away under the lid," to quote an expression used by Serge Kampf in the 1997 Annual Rapport. The Group appeared literally to be taking off. The context was extremely favorable. After the terrible 1991-1993 crisis that hit every player in the IT industry, the market began to grow again. The switch to the Euro, the first phase of which was planned for January 1, 1999, the much-feared Year 2000 bug, the Internet revolution and also the economic upsurge that drove investments; all these factors added up, boosting the sector. "IT services on the



Year 2000 brochure - the TransMillennium™ offer

Point of View on the switch to the Euro

rise," headlined the newspaper *Les Echos* in May 1998. As the century came to a close, IT service providers had the wind in their sails, especially the largest ones. "IT services are no longer a second-line business," said Geoff Unwin that year. "This is now a mature, first rank business that requires huge investments and where only large players can make their mark over the long term." This was a godsend for Cap Gemini.

The increasing interaction of public and private enterprises with their customers and suppliers, the trend towards deregulation and privatization unleashed in the United States and eventually reaching Europe, the acceleration in the number of mergers between large companies, and the explosion of new technologies – especially the Internet – were all playing their part in changing the game. In companies and organizations faced with a highly volatile environment, and shaken by the daily breakdown of geographical, cultural and sectorial barriers, the name of the game is now "change". In response, Cap Gemini (ever since Genesis and the creation of a sector-based organization at the beginning of the 1990s) had a powerful asset: the capacity to offer complete solutions to its clients, thanks to the convergence of its consulting and IT services. The Group boosted this know-how in 1998 and 1999 by applying it to such new sectors as automotive, finance, transport, retail and utilities (water, environment, energy). Its priority goals were to substantially expand client relations, raise the added-value of its services, and improve their quality. Through these it was able to make the most of two growth accelerators – the arrival of the single currency and the Year 2000. Large contracts were signed at the end of the 1990s, for example with Pechiney, then

The euroTransformation™ offer

400

The number of people employed by the American company Beechwood, taken over by the Group in 1999

a global leader in aluminum and packaging, which entrusted Cap Gemini with rolling out the Euro across all its operations. To expand its technology skills, the Group also signed partnerships with world class players such as Microsoft, Oracle and Sun Microsystems. It also became a major specialist in implementing SAP, the reference global enterprise software supplier since the start of the 1990s.

It was also a time for reinforcing its international positions. Daimler-Benz's withdrawal from the Group's capital removed the obstacle to its development in Germany (until then the preserve of debis) and in the United States, where the structure of Daimler-Benz's capital created legal barriers to any large-scale project. This opened the way for Cap Gemini to catch up on these two strategic markets. In the United States, it achieved this in April 1999 with the acquisition of Beechwood, a firm with 400 people in New-Jersey, specialized in IT services for telecommunications. "One of the aims of this acquisition was to reach a dominant position as a world class service provider for the telecommunications industry. This market was growing extremely fast, especially in the United States," recalls Geoff Unwin.

And then of course there was the Internet – the dot.com industry – which had turned into a veritable gold rush as the century ended. In 1999, there were already 300 million people logged on to the Internet and 3.5 million websites. By 2005, the number of web surfers was expected to reach more than a billion! New dot.com trading companies were being created around the world, and other firms called 'incubators' were formed to help them enter this

On June 18, 1999, Geoff Unwin received the prize for the best "European Company of the Year", presented by the King of Sweden.

The Group thanks its clients.

market. Large companies also joined in, opening up their own online sales sites. A "new economy" was emerging at extremely high speed. Cap Gemini had a thorough grasp of what was happening, and in 1999, spurred on by Pierre Hessler, it set up its own dedicated e-Business Unit, with nearly 1,000 employees taken from all countries and branches. In the weeks after it was launched, it signed over 150 contracts with, for example, Statoil in Norway, Virgin Trains in the United Kingdom, BNP in France, and ABN Amro in the Netherlands. But the downside of such a rush to the Internet was that the Group had to watch as some of its best consultants and specialists were attracted away to join the start-ups that were popping up all over the world.

Despite this (ultimately fairly limited) brain drain, the Group experienced outstanding growth. "The last three years of the '90s were some of the happiest in the Group's existence," recalls Serge Kampf today, and the results show why. Sales rose from 15 billion Francs at the end of 1996 to 28 billion at the end of 1999, an average growth of 24% over the three years. For the same period, net profits grew six-fold, and by December 31 the headcount had risen from 26,000 to 40,000. As a sign of the enthusiasm the Group created in the market, Cap Gemini was voted "European Company of the Year" in 1999. "It was clearly a speed-up phase," says Paul Hermelin, "and we were riding the wave." The Group's Annual Rapport for 1999 said that "when compared to dot.coms, bricks and mortar enterprises look like exhausted dinosaurs forced to adapt under pressure or disappear," and welcomed the emergence of a new kind of enterprise. In the ensuing euphoria, Cap Gemini outlined a number of highly

24 %

The Group's average growth in revenue between 1996 and 1999


SERVICES Hausse du bénéfice net de 62 % en 1998, croissance du CA de 28 %. Cap Gemini, numéro un des services informatiques en Europe, a le vent en poupe.

Cap Gemini en plein boom

Résultats annuels de Cap Gemini et Atos

Les SSII françaises voient la vie en rose

Bourse de Paris

Cap Gemini surprend agréablement le marché...

Cap Gemini Explores Big Board Listing To Help Finance Possible Acquisitions

Articles published in *Le Figaro*, *01 Informatique*, *Informatique Magazine* and the *Wall Street Journal* in 1999; the French headlines read 'Capgemini nicely surprises the market', 'IT services companies have positive outlook', 'Capgemini's business booming' respectively

ambitious projects, especially in the United States where more than ever, wanted to strengthen its hand. Secret discussions were held with several global IT services firms, such as Computer Sciences Corporation (CSC), with which Cap Gemini examined the methods and consequences of an equity-based alliance to create a sector giant. In the end the project did not work out, but it revealed the state of mind among Group executives at the time. As the millennium drew near, with all the indicators on green, Cap Gemini was clearly trying to begin a new stage in its development. It was the acquisition of Ernst & Young Consulting that would drastically change the Group's destiny.


Paul Hermelin and Phil Laskawy, CEO of Ernst & Young, seal Cap Gemini's acquisition of Ernst & Young's consulting division.

Ernst & Young, or the grand alliance of consulting and IT services

The process that led to the acquisition of Ernst & Young Consulting started in early January 1999. During an internal meeting about applying the Convergence program in France, when the discussion focused on the state of the market and its future prospects, one of the participants, Richard Seurat, remarked that the Group already faced growing competition from the large international audit and consulting firms known as the Big Five: Arthur Andersen, PriceWaterhouseCoopers, Deloitte & Touche, Ernst & Young and KPMG. "These firms," he explained, "pose a real threat to Cap Gemini. Through their auditing services, they have direct access to the executives who make the real investment decisions, so they can then offer their services in both consulting and IT." Riding on the back of the IT explosion, the Big Five were offering customers a consulting approach that went beyond mainstream organization and management issues, and increasingly factored in technology processes and their impact on the life of the company. This was a real threat to Cap Gemini since it was one of its key specialties.

These remarks made a strong impression on Paul Hermelin. "I left that meeting with the conviction that we had to go and see the Big Five and even examine the possibility of an alliance or merger with one of these firms. The Group had the resources to undertake a large external growth operation. Thanks to Gemini Consulting, it already had a strong presence in consulting, which made this sort of operation meaningful." In the following weeks, Paul Hermelin decided to pursue the idea, so he contacted the executives at Deloitte & Touche and KPMG France, but without much success. Through one of his consultants, Eric Roudil, he also contacted Roger Nelson, the president of Ernst & Young Consulting. This time, things looked better, and rather than closing the door, Nelson was ready to discuss.

A month later, in February 1999, Paul Hermelin met Roger Nelson and Phil Laskawy in Brussels on a trip to Europe, after first informing Serge Kampf and the two other members of the Executive Board (Geoff Unwin and Pierre Hessler). Still relatively new to the Group (he joined in 1993) and in charge of a geographical market,


The members of the *Directoire* (Executive Board) in 1999, from left to right: Pierre Hessler, Geoff Unwin, Serge Kampf and Paul Hermelin

12

months
The time which elapsed between the initial contact and the favorable vote by the Ernst & Young partners

The acquisition of Ernst & Young Consulting was presented to the Group's managers at the 20th *Rencontres* in Berlin.

Hermelin knew he couldn't start discussions of this importance without the green light from the Executive Board. He was thus mandated to forge ahead. His two counterparts explained that their parent company was planning to hive off its audit business from its consulting business and that it was probably not against Cap Gemini taking over its consulting division. At this time, separating these two businesses was not yet mandatory and would only become legally necessary with the Sarbanes-Oxley Act of July 2002, voted by the United States Congress in the wake of the Enron, WorldCom and Tyco scandals. But at the time, under the pressure of their customers, the Big Five were taking a serious look at this question. For Roger Nelson, Cap Gemini's initiative came at the right time and discussions between the two groups could now start.

This marked the beginning of a long cycle of negotiations. A meeting was organized in the United States in March, with Pierre Hessler and Geoff Unwin, and in May the Ernst & Young Consulting executive team came to Paris to meet Serge Kampf. Everyone on the Executive

INFORMATIQUE · Cap Gemini reprend la branche conseil d'Ernst & Young

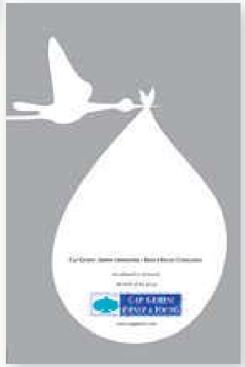
E&Y agrees €11bn tie-up with Cap Gemini

Articles published in *La Tribune* ('Cap Gemini takes over Ernst & Young's consulting activities') and the *Financial Times* in February 2000

Board was now convinced that a merger with Ernst & Young was the right thing. "It was clearly Paul Hermelin who got us interested in a large consulting firm," says Serge Kampf. But it took another four months for the discussions to bear fruit. Meanwhile, Roger Nelson retired from the firm and was replaced by Terry Ozan.

On November 10, 1999, an agreement in principle was reached between the two parties in Paris, whereby Cap Gemini would take over the entire Ernst & Young consulting business worldwide (total sales of 22 billion Francs and a staff of 18,000) and in light of the sum involved, the operation would be financed by a new Cap Gemini share issue. In other words, the French Group would pay "in paper." The final merger depended, however, on the approval of the firm's partners, since it was organized as a partnership. This was the key topic of the Ernst & Young Convention, held in Atlanta in December. Before 2,500 associates, Geoff Unwin, Pierre Hessler and Paul Hermelin gave a detailed presentation of Cap Gemini, its businesses and its outlook. "It was a real American style show," the three men recall today. They were so convincing that they won the day, which eventually led to a favorable vote from the partners two months later in February 2000.

All that was needed now was the agreement of all Cap Gemini shareholders on the principles and the terms of the acquisition, and this was achieved on May 23, 2000. The operation generated considerable enthusiasm in the market. Cap Gemini was making a massive leap forward in its development in taking over Ernst & Young Consulting, the Group was spectacularly boosting its skills base in consulting, a business it had been pursuing ever since it was



The advert announcing the acquisition of Ernst & Young Consulting

20 000

The number of new employees who joined the Group after the merger with Ernst & Young Consulting in May 2000

550 managers at the 20th *Rencontres* in Berlin

founded. Thanks to Ernst & Young's brand reputation and the size of the partners' network, this merger also brought privileged access to the executives of large global companies, making it possible to sign major contracts in outsourcing. It also enabled Cap Gemini to make a strong comeback in Germany and grow into a center-stage player in the United States. In May 2000, the Group radically changed scale, from a very European organization to a global corporation.

It is therefore easy to understand the festive atmosphere at the Berlin *Rencontres*, the 20th of these get-togethers since the enterprise was created. Three days after the shareholders' meeting devoted to the merger, these *Rencontres* brought together a total of 550 managers from May 26 to 29, a large number of them from Ernst & Young Consulting. In a heady atmosphere all the participants celebrated the birth of a new global company. The optimism was particularly acute as earlier in April, Cap Gemini had announced a major strategic alliance with Cisco, the world leader in Internet network equipment. In addition to Cisco taking a 2.5% stake in the Group, this agreement foresaw the creation of a global joint Telecommunications, Media and Networks entity, specialized in developing new generation integrated networks. For everyone at the *Rencontres* in Berlin, it looked as if nothing could stop the Group's forward march.

Some, however, kept their feet on the ground, starting with Serge Kampf. "Even more than the January 1996 agreement, under which I accepted to dissolve the two structures that had until then allowed me to maintain legal control over the Group, these *Rencontres* in Berlin

From left to right: Terry Ozan, Serge Kampf, Phil Laskawy, Paul Hermelin and Geoff Unwin

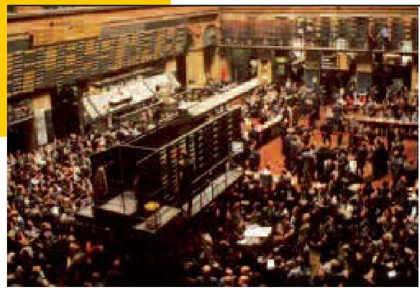
Serge Kampf with Christian Blanc and Bruno Roger, Board members

spelt the end of a story for me, the end of the Group that I had created and directed for 33 years and no longer recognized," he recalls today. At that very moment, he was convinced that this acquisition would mean domination by Anglo-American culture, starting with a language that he did not speak well. Meanwhile, though, the Group had to be reorganized after suddenly expanding from 40,000 to 60,000 people and bearing the new name "Cap Gemini Ernst & Young". As for what is today called "governance", things tended to grow more simple, since the firm returned to being a classic joint stock company with a chairman (Serge Kampf) and a CEO (Geoff Unwin). Operationally however, an extremely complex new structure had to be set up and explained to participants who adopted it without really understating what it entailed. There were to be four axes (geographic areas, sectors, business lines and various other competencies brought together by the merger), all aimed at pleasing everyone and leaving out no one.

In the general enthusiasm, few worried at the time about the complexity of this new organization. Yet with the looming crisis, it became the Group's Achilles' heel. In the plane coming back from Berlin, Serge Kampf told his neighbors that he was "dismayed" though he was clearly the only one who was. A few days later, a heart attack inconveniently kept him away from things for several weeks. When he returned the machine had geared up and it was too late to stop it.

2000 > 2004

Stormy weather for the Group



The crisis

At the end of 2000, Cap Gemini Ernst & Young appeared to be in battle formation. Since September, much work had been done to set up the new organization across all Group units and countries. At the same time a number of major contracts had been signed, for example with Heineken, Kimberly-Clark and Heidelberg, confirming the cogency of the strategy announced at the *Rencontres* in Berlin. Despite signs of a slowdown in the United States at the time of the merger with Ernst & Young Consulting, no one thought that the world economy was on the brink of a major crisis.

60 000

The number of Group employees at the end of 2000

L'industrie informatique mondiale passe de l'euphorie à la déprime

Bursting of the dotcom bubble re-directs the available talent

Articles published respectively in *Les Echos* ('The global IT industry: from euphoria to depression') on January 10, 2002, and the *Financial Times* on March 30, 2002

Yet it broke out at the beginning of 2001 and gathered pace in the following months. One drama quickly led to another in an impressive pile-up of bad news – a business slump in Germany, the bursting of the Internet bubble, the collapse of the telecommunications industry, the dizzying plunge of the stock markets in August, the 9/11 attacks in New-York, the war in Afghanistan, and the Enron scandal. As in 1991, the IT industry was hit hard by this trend reversal, and in a few months lost its status as a strategic investment. Large companies had to buckle down and cancel or put off their IT projects. Those kept on were renegotiated at cut-throat rates, leading to a sharp drop in the price of services.

Wrong-footed by a crisis no one saw coming, and hampered by an organization which was well-suited to periods of growth but which now, in a time of crisis, became a real handicap, the Group had to make a number of painful adjustments during the year. Costs were severely cut, staff were laid off in what now seemed like a bloated headcount, a big effort was needed to maintain an acceptable utilization rate, and subsidiaries were closed down in several countries. At the same time, Serge Kampf and Paul Hermelin tried to regain the offensive in one of the markets which was suffering the least from the crisis – local IT services. They asked Hubert Giraud, Director of Development, and Luc-François Salvador, Director of Cap Gemini Exploitation, to make an in-depth study of this market. "It showed very fast growth," says Luc-François Salvador today. "We were able to measure the strong demand from local technical managers in Europe. They had limited budgets, and wanted

6 931

million Euros
The revenue in 2000

Article published in the *Wall Street Journal* on January 16, 2002


Cap Gemini Details Financial Structure Of Its Sogeti Unit

Contracts to Be Smaller, But Margins to Remain Same

By KEVIN J. DELANEY
STAFF REPORTER

PARIS - Cap Gemini Ernst & Young is betting that going local will boost its information-technology services growth.

4 500

The number of employees assigned to Sogeti in 2002

high performance solutions using readily available specialists. With its broad cross-functional structures, the Group was not prepared to meet this demand."

As a result, on January 1, 2002, a specialized division was created and named Sogeti. The decision to give new life to the Group's original name was obviously no accident. Specialized in local technical support, the new Sogeti applied a business model that was very similar to its ancestor of 1967. To head the company, the Group appointed Berend Brix, head of Dutch operations, and Luc-François Salvador. The former was chosen for his experience and the vital international backing, while the latter had been in the Group since 1978, and was a born leader. Both had a tough job, however, launching an enterprise that started out with a staff of 4,500 spread between the United States, France and the Netherlands, and causing a certain amount of friction with the rest of the Group.

Although the creation of Sogeti showed that the Group was capable of taking initiatives and did not lack ambition, the results for 2001 made the seriousness of the crisis obvious to everyone. Sales stagnated, the headcount was cut by 5%, net profits divided by three and the market capitalization was halved! Everything suggested that the coming year would be even worse. In December, convinced that he could, as he put it "take

SOGETI

Serge Kampf and Paul Hermelin at the 21st *Rencontres* in Montreal (Canada) in 2006

the market by surprise," Serge Kampf appointed Paul Hermelin as CEO for the Group, until then held by Geoff Unwin. Requested by Ernest-Antoine Seillière (now the reference shareholder again since Daimler-Benz's withdrawal), this separation from a CEO appointed only 18 months before was intended to sanction the "errors" made during the Ernst & Young operation: an error in the timetable (but who had anticipated the bursting of the Internet bubble?), an error in price (but it is the corollary of the first one), and also an error in reorganization, since it had led to an excessively heavy operational structure which the economic crisis made almost unmanageable. He was the second person to "pay" for this of the four members of the Board of Directors who directed the Group from 1996 to 2000 and collectively decided on this acquisition (Pierre Hessler, for his part, had already distanced himself somewhat and was preparing a very active semi-retirement). The only one remaining was Paul Hermelin, whom Serge Kampf had secretly chosen as his successor at the head of the Group, two years earlier. He had been able to ensure that Paul Hermelin shared his convictions, values, and analysis of the situation, as well as the determination to do what was needed to put the company back into shape. And Paul Hermelin knew very well that the Group simply had to revamp its structures if it wanted to right the mistakes made in May 2000. Nearly 50 years old, this native of Avignon and man of strong principles, a graduate of the Ecole Polytechnique and the Ecole Nationale d'Administration who had worked for a long time as a senior civil servant, was ready to face the most difficult challenge of his career.


SERVICES

Nouveau capitaine pour un nouveau Cap

Paul Hermelin est chargé de mener à bien le plan de réduction des coûts. Et de redonner de la visibilité.

Article published in *Le Nouvel Hebdo* on December 21, 2001;
'A New Captain for a New Course'

40 %

The outsourcing's share in today's Group revenue

"LEAP!"

"We had to rethink the whole thing," says Paul Hermelin today, about the immense task entrusted to him by the Chairman and the Board of Directors as of January 1, 2002. It began with the organization set up after the *Rencontres* in Berlin, which was mainly designed to facilitate the integration of Ernst & Young consultants into the Group. In light of the crisis, the Group finally realized that far from boosting efficiency, this organization led to conflicting responsibilities. "The structures created in 2000 were too complex as they forced two different models to operate together," says Pierre-Yves Cros, Group Strategy Director. "The Ernst & Young model was based on the concept of 'partnership', with collective responsibility and profit sharing; the Cap Gemini model was more mainstream, based on detailed rules and much stricter financial management." There were a lot of problems with this cohabitation, including conflicts of authority, differing opinions about Group priorities, the role and place of the various business lines, and on how to manage business units. As the Group's founder had sensed in May 2000, this organization led to the cultural domination of Ernst & Young consultants, and to the (more or less directly) resulting departure of a number of the best IT people in the Group. This considerably weakened management just as the economic crisis was worsening. It became urgent for the Group to react.

On June 27, 2002 a transformation plan was presented to all the Group's employees called LEAP! based on the initials for Leadership (motivating people), Expansion (sales

OUTSOURCING: A GLOBAL AMBITION

With 22% of the company sales in 2001, 38% in 2005 and an anticipated 40% for 2007, Outsourcing Services has grown into Capgemini's leading business in five years, ahead of Technology Services (34%), Local Professional Services (16%) and Consulting (11%). This rapid revving-up is primarily due to the market's evolution. Since 2000, Outsourcing's share of the global IT services market had grown to nearly 50%, which meant that the Group had no choice but to position itself as a global leader. In developing Outsourcing, Capgemini has also developed a cushion against the cycles of the IT industry: with Outsourcing's long-term contracts, making it less dependent on the ups and downs of markets trends.

Capgemini decided in 2002 to significantly strengthen its Outsourcing business; of course, with some experience already in the field. The 1971 creation of Eurinfor bore testament to Serge Kampf's interest in this area. After the interruption due to the sale of Eurinfor four years later for equity reasons, the Outsourcing business would not resume its development until 1990 with the acquisition of the U.K. firm Hoskyns, the European outsourcing leader.

Capgemini's decision to push this business further was due to the crisis of 2001. "The problems faced by the Group made it more important than ever to develop a less cyclical business line," explains Paul Hermelin today. The Capgemini CEO spent a great deal of time discussing the question with the Chairman. "At first I wasn't terribly keen on the idea of making a big comeback in outsourcing," says Serge Kampf. "It requires huge initial investment and I wasn't sure that the Group as it was at that point would be able to manage it. But Paul convinced me. This strategic decision is truly his own."

Paul Hermelin knew that the Group had a major asset: "Outsourcing, or the contracting out of IT services, is a strategic decision taken by Boards of Directors," he explains. "To offer it to clients, you first need to get close to corporate decision-makers, which is where the new consultants from Ernst & Young came in. It is partly through them that we were able to contact the CEOs of major global corporations."

In 2003, a year after being declared a major strategic direction, Outsourcing already accounted for 30% of Group revenue. There was particularly strong growth in the Business Process Outsourcing (BPO) segment, i.e. outsourcing central business functions like Human Resources and Finance where information systems play a big role. BPO is the market-driver, and since it involves Capgemini's three main competencies (consulting, technology and outsourcing), it became a priority growth track for the Group, with the opening of centers in North America, Poland, China and India. At the same time, the Group developed a new approach called Rightshore®, to meet the rise of offshoring in applications maintenance – combining onshore, nearshore and offshore services in a single package.

2003 was a big year for Outsourcing, when the first mega-contracts were signed, notably the ASPIRE contract with Her Majesty's Revenue & Customs (HMRC) in the U.K. At the time however, the Group was in the throes of a serious crisis, so winning this contract was a key challenge. "It was almost a matter of life or death for us," recalls Paul Hermelin. "We would either win the contract and this would give a strong signal to the market, or we would lose and the Group would keep spiraling down." In London, Paul Spence, recently appointed to run the U.K. business, and Martin Cook, in charge of public sector clients, ran the negotiations. "It was especially difficult because we did not start out as the favorite", recalls Paul Spence. "We had some very stressful moments." On December 11, 2003, after a seemingly interminable tender process, HMRC finally announced that Capgemini had been chosen. Worth no less than €4 billion over 10 years, the contract brought a much-needed breath of fresh air to the Group.

ASPIRE was to be the first in a long series of wins. Over the following years, the Group was to sign several large outsourcing contracts, including prestigious clients like the French firm Schneider Electric in 2004, the London Metropolitan Police in 2005, and General Motors and Zurich Financial Services in 2006. "In 2006 we had over 20,000 employees working in Outsourcing, and we successfully implemented our Margin Acceleration Plan (MAP) that streamlined our structures, boosted offshoring, and cut expenses while rebalancing customer portfolio with smaller contracts," says Paul Spence, now in charge of Outsourcing for the Group. He has clear ambitions: "We want to continue to grow in BPO, which is still the most active segment, and where we have strong positions in financial and accounting activities. But we also want to develop new horizontal competencies such as purchasing, or in sectors like banking and insurance."

Article published in *La Tribune* on December 12, 2003: 'The contract won by Capgemini demonstrates the dynamism of outsourcing services'

Internal communication material produced in several formats (brochures, Intranet, etc.)

development), Alignment (consistent operational structures) and Portfolio (managing the offerings). It was intended to drastically simplify the Group's organization and introduce a dynamic way to manage offerings with the aim of growing again as soon as possible. To implement this program, Paul Hermelin chose a small team of experienced executives, his personal bodyguards as he called them: Alexandre Haeffner was appointed director of operations, Mark Hauser replaced Terry Ozan to head up the United States, Paul Spence came back from Hong Kong to take over the United Kingdom and Ireland, and Philippe Donche-Gay was put in charge of the Telecoms sector. Paul Cole also joined this team to run the LEAP! program and John McCain, a former member of the Electronic Data Systems executive committee was appointed as Alexandre Haeffner's deputy. It was this small group that would carry out the reorganization.

The task proved difficult. There was strong internal resistance to LEAP!, especially as the Group was sinking into crisis. "A real storm," recalls Serge Kampf. To deal with this, Cap Gemini Ernst & Young had to lay off a large number of colleagues throughout 2002 and 2003, without impacting the actual program, which only added to the general gloom. The atmosphere was very tense in all Group operations on every continent.

But by the end of 2003, the major changes were now in place. The Group was very unlike what it had been 15 months before. The structure inherited in May 2000 had been

4

The number of main business lines around which the Group is organized following LEAP!

Succès et réouverture de l'offre publique d'échange amicale de Cap Gemini sur Transiciel

Announcement published in *La Tribune* on December 19, 2003: 'Success and reopening of Cap Gemini's friendly public exchange offer for Transiciel'

replaced by a new much more flexible organization based on five Strategic Business Units (SBUs): North America headed by Chell Smith; Central and Southern Europe by Nicolas Dufourcq (the former CEO of Wanadoo who had only been in the Group a few months), Northern Europe and Asia Pacific headed by Henk Broeders, Outsourcing Europe by Paul Spence, and Sogeti led by Luc-François Salvador. In varying proportions, the SBUs ran four and only four business lines (consulting, systems integration, outsourcing and local professional services), each with its own business model, which was vital to give greater clarity and better commercial effectiveness. As for the services portfolio, LEAP! set three strategic priorities: making outsourcing the Group's priority development track, creating and developing production capacities in low-wage countries (under the responsibility of newcomer Gilles Taldu), and engaging more in local professional services. It was this last aspect that led to the decision in December 2003 to acquire Transiciel for Sogeti, a company created fifteen years before by a former Group employee. "When we made this move, we had been looking for a new acquisition for some time," says Luc-François Salvador. "Transiciel was one of our possible targets. It was commercially very dynamic but had large debts." This acquisition increased Sogeti's headcount from 6,000 to 14,000 in one go, and brought in real know-how in high technology consulting. At the end of 2003, the Group was still embroiled in the crisis (the financial figures that year showed a loss of €197 million, compared to the loss of €514 million at the end of 2002), but the LEAP! program had nevertheless helped reverse the trend by rallying everyone around a project with clear goals. For Paul Hermelin, it was time to step up the impetus and get the Group back into full swing.

14 000

Sogeti's workforce following the Transiciel take-over in 2003

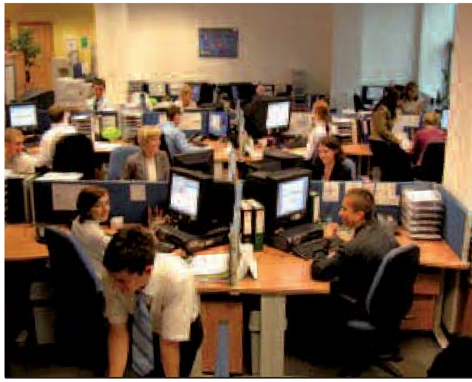
TRANSICIEL

Some production centers:
Clermont-Ferrand, France (top right),
Mumbai, India (bottom right),
Opposite page:
Krakow, Poland (left),
Madrid, Spain (top right),
and Guangzhou, China (bottom right)

RIGHTSHORE®, A GLOBAL PRODUCTION PLATFORM

Early 2003 would see the launch of an astonishing new concept by Capgemini. Dubbed Rightshore®, it was the Group's new global production platform that offered clients the best possible mix of onshore (at or near to customer premises), nearshore (in a Capgemini center not far from the client) or offshore services (in a Capgemini center on another continent) to suit their needs. This new approach was aimed at offering clients the best resources available, in the best location at the best price. It was a direct response to the rise of offshoring in applications maintenance during the 2000s and to the Group's aim to industrialize its services. The concept relied on a network of development centers located around the world, including centers in China, Poland, Morocco and especially India, which is at the heart of the Rightshore® system. Thanks to the Kanbay acquisition in October 2006, Capgemini is present in six different Indian cities.

Under Gilles Taldu's leadership, the concept was a hit with clients right from the outset. In 2004, for example, the U.S. bank Merrill Lynch, a longstanding client, asked the Group to develop a new online solution for wealth management. A team of 120 in New York and Mumbai worked together on the project, which drew on expertise from all over the world. The same year Capgemini signed a six-year partnership with the Dutch firm LG Philips Displays to outsource support for its accounts department to centers in Krakow and Guangzhou (China). More recently, Capgemini has signed major contracts with the likes of General Motors and Hewlett Packard and the trend is now extending to financial services, bringing in new customers in the insurance and banking markets where the Group is a leader.



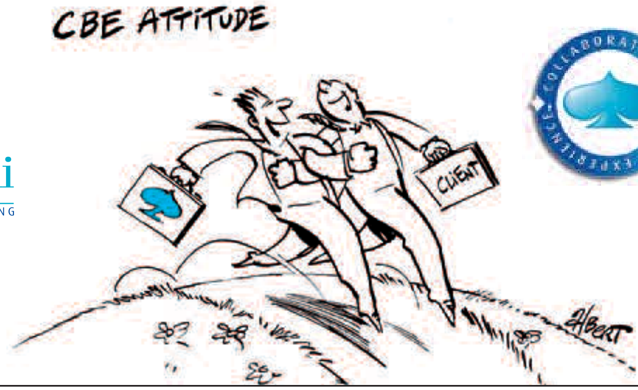
On the road to recovery

In early 2004, the Group was now able to enjoy the fruits of the LEAP! program. Now that they were better coordinated, its units began to accumulate a number of successes. In facilities management, for example, with the signing of the ASPIRE contract with Her Majesty's Revenue & Customs in the U.K. And in local IT services for Sogeti-Transiciel with an important contract with the European Parliament. A new sales dynamic seemed to have given the consulting and systems integration businesses a boost with the signing of large-scale contracts with Philip Morris Japan, Statoil, Reebok, and more.

Two copies of the internal communications newspaper covering the January 2004 kick-off

All this made the Group reasonably optimistic. Yet poor Q1 figures dampened its hopes, and created new tensions in the countries and operational units, worried by the length of the crisis; and in the executive team (especially between Paul Hermelin and Georges Cohen, still chairman of Sogeti-Transiciel) and the Board of Directors, where some influential members put pressure on Serge Kampf to get rid of his new CEO so as to "give the company a shock" as they said. But the chairman was not the sort of man to give in to such pressure and he energetically refused, to the point of putting his own resignation on the table "if they touch a single hair on Paul Hermelin's head!"

Capgemini
CONSULTING.TECHNOLOGY.OUTSOURCING



Stormy weather for the Group

As for Hermelin himself, he launched a number of initiatives. During the January Kick-off, for example, he spoke about the "obsession with growth" that must now permeate every fiber of the Group. This had the right effect, since in the following months, despite poor financial results, the Group showed the kind of commercial aggressiveness that enabled it to gain promising contracts in all its four businesses. On April 15, 2004, a month before the date when the Group would no longer be entitled to use the Ernst & Young name, it announced that it would return to its initial name (Capgemini in a single word) with a new logo for all Group units, offering the CEO an opportunity to appeal to everyone to rally round the concept of the 'Collaborative Business Experience.' This formal codification of what the Group had long been practicing with its customers proposed a relationship based on cooperation, avoiding any form of "imperialism" and with priority on listening and interacting at every stage of a project. "This is our hallmark," said Pierre Hessler. "A style we intend to cultivate on a daily basis and which customers appreciate, since they've had enough of people telling them what to do." For Philippe Grangeon (Director of Group Communications and Marketing and an old professional partner of Paul Hermelin who joined the "body guards" in the midst of the 2004 storm), it acted as a real differentiator: "It's the Capgemini touch," he said. Collaborative Business Experience expressed very well what Capgemini had been doing for 40 years. To its customers, the Group said: "we have always been there to help you and we shall continue to be there whatever happens." This was later summed up in a single watchword – together. Backed by a global advertising and communication campaign, Collaborative Business Experience aimed at persuading customers to recognize the Group as a genuine partner and not as just another service provider.

2004

On April 15 the Group became Capgemini

CAPGEMINI IN INDIA

India has become the Group's new frontier. In 2000, Capgemini had just 500 employees in the country. Today there are nearly 20,000. Capgemini's Indian story really took off in 2001. "In February of that year, I went to India for the first time. When I got back to France, I realized there was great potential over there," says Paul Hermelin today. He mulled over this idea for two years. "In 2003, we spent a long time talking about India with Paul," says Pierre-Yves Cros, Group Strategy Director. "Large players in the sector such as IBM and EDS had already started to relocate part of their business there. I also had several meetings with Salil Parekh, who heads our people in Mumbai (formally Bombay). What he told me confirmed what we had thought, that, India was becoming vital to our business. Not only were our large competitors locating there to take advantage of lower wages, but Indian IT services companies were experiencing phenomenal growth rates."

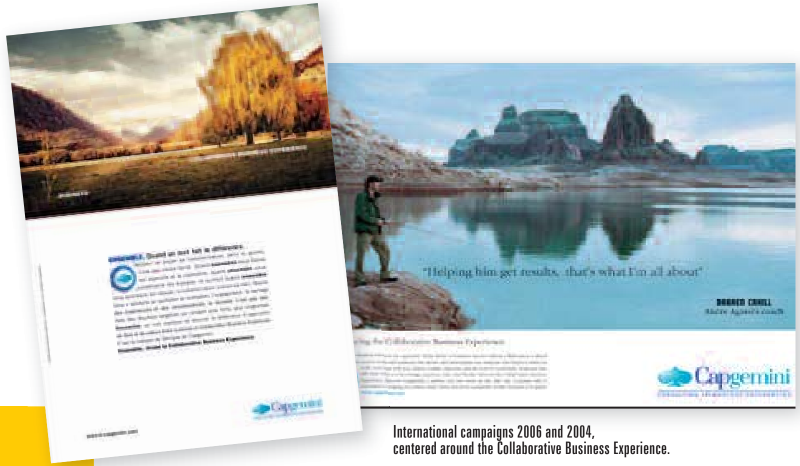
The Group's executives realized that the time had come for Capgemini to make its passage to India, especially since offshoring was a key channel for development in outsourcing, one of the Group's main priorities. Alongside Poland and China, where the Group already had development centers, India would form the core of the Rightshore® system that Capgemini developed to provide clients with the best resources in the best location. October 2004 marked a milestone in this process, when a development center was opened in Bangalore, India's Silicon Valley. With an initial capacity of 600, it added to existing centers in Mumbai, whose resources had been considerably expanded. In a year, the Group's headcount in India had risen sharply from 500 to 2,000 people. In Mumbai as in Bangalore, Group employees developed outsourcing, systems integration and IT applications projects for European and American customers attracted by Rightshore® such as Merrill Lynch, UWV (the Social Security agency in the Netherlands), and Telekurs Financial Information.

Once the ball was rolling, there was no stopping it. In 2005, the headcount rose to over 4,000. A sure sign that India was now a core country for Group strategy, in March 2006 the Executive Committee met in Mumbai to map out the Group's priorities up to 2010 and announced the opening of a new center in Kolkata (formerly Calcutta). This "India rush" was undoubtedly driven by cost reasons, since labor costs were lower than in industrialized countries, leading to 30 to 40% savings per project. But cost was not the only reason for investment. India is "the new global center of intelligence" said Capgemini's CEO in an interview with Le Figaro in February 2006. "India is not just a low-cost low-tech workshop. It is also a remarkable breeding ground for skilled, motivated professionals," he explained later to the media. Each year, the country trains 3 million mostly English-speaking professionals, 300,000 of them engineers and 150,000 computer specialists. And this was exactly the sort of talent Capgemini wanted to seduce. In 2006, a large-scale recruitment campaign was launched in India to attract new team members.

In October of that year, Capgemini reached yet another development milestone with the announcement that it intended to take over Kanbay. "This acquisition was a huge step forward for us," says Paul Hermelin, increasing the Indian share of the Group from 7,000 to 12,000 people. In addition to its Mumbai, Bangalore and Kolkata centers, the Group now had three new sites in Pune, Hyderabad and Chennai. In March 2007, Sogeti, the Group's local IT services subsidiary, announced it had set up its global offshore center in Mumbai. Soon afterwards, Capgemini University opened a campus in Hyderabad to train young Indian graduates in the Group's standards and methods. Capgemini now seems well on the way to meeting its staffing target of 40,000 people in India by 2010.

40 000

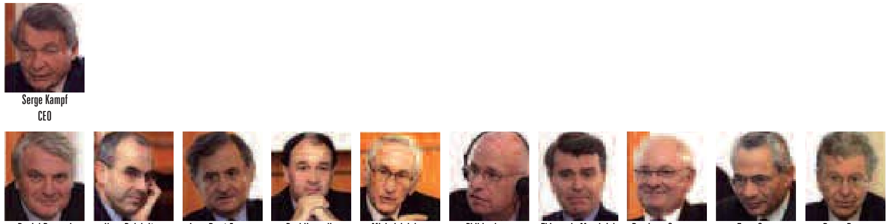
The number of employees the Group aims to have in India in 2010



International campaigns 2006 and 2004,
centered around the Collaborative Business Experience.

A new name, a new sales dynamic, but also new managers. In the summer of 2004, Paul Hermelin, persuaded by Serge Kampf that it was the right choice, appointed Nicolas Dufourcq – until then in charge of Southern Europe – to be CFO. "I took up my job at the worst moment," Dufourcq explains. "We had very large losses at the end of the first half of 2004 and even cashflow was negative. When I presented the forecasts for the second half to the Board of Directors, some of the members wondered whether these figures were too optimistic! My first task was to go to all the investors, banks and pension funds, and tell them that even if I was not certain we would reach the targets, the Group was clawing its way back. They appreciated my honesty." In November 2004, Paul Hermelin announced that Pierre Danon, Managing Director of the Consumer division of BT (British Telecom), had been appointed Deputy Managing Director for operations, a job that Paul Hermelin himself had before becoming number 2 in the Group. It didn't need much more for the market to suppose that his often-mentioned possible departure was this time about to come true.

Another hot issue that kept Paul Hermelin and his team busy was the United States. The crisis had so deteriorated Capgemini's situation that at the end of 2004 everyone wondered whether it was even worth keeping the American business going. "There was a simple alternative – sell it or keep it, provided that everything was done to recover growth. There were people inside the company and on the Board of Directors who pushed for a rapid disposal. With Serge's backing, I got the Board to keep the United States on board, and decided to involve myself personally in its recovery," recalls Paul Hermelin. He initiated a



Serge Kampf
CEO

Daniel Bernard · Yann Delabrière · Jean-René Fourtou · Paul Hermelin · Michel Jalabert · Phil Laskawy · Thierry de Montbrial · Ruud van Ommeren · Terry Ozan · Bruno Roger

The Board of Directors of Cap Gemini SA in October 2007

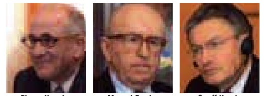
GOVERNANCE

The governance of the Group has been through many transformations since Sogeti was founded on October 1, 1967. From its creation until May 1996, it was a standard joint stock company, and Serge Kampf was both Chairman and CEO for 27 years. On May 24, 1996, applying an agreement confirming Daimler-Benz as the Group's reference shareholder, it became a company with a Board of Directors and a Supervisory Board. The Board of Directors had four members: Serge Kampf, who was the Chairman, Paul Hermelin, Pierre Hessler and Geoff Unwin. Despite Daimler-Benz's withdrawal in June 1997, this method of governance stayed in place until the acquisition of Ernst & Young Consulting.

On May 23, 2000, Capgemini went back to being a mainstream joint stock company with a Chairman (Serge Kampf) and CEO (Geoff Unwin). On December 12, 2001, the Board of Directors decided to replace Geoff Unwin and agreed to the Chairman's suggestion to appoint Paul Hermelin as the new CEO.

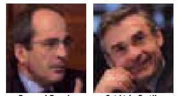
On July 24, 2002, at the founder's initiative, the Board decided to dissociate the job of Chairman from that of CEO as authorized by the N.R.E. (New Economic Regulations) law. This new form of governance was renewed for four years by the Board of Directors in May 2006 and entrusts the Chairman with a number of vital tasks such as monitoring the operations of the Board of Directors and special committees, liaising between the Board and the general management, and supervising decision-making. "My job is rather like that of a coach," says Serge Kampf. "It involves helping and advising Paul, and sometimes even supporting him against external influences, as was the case in the crisis years from 2001 to 2004, but without intervening in the everyday management of the Group." The day to day management is the job of CEO who has been provided with a number of powers by the Board of Directors. To be really successful, this model involves real complicity between the two people, but also mutual respect for each others' responsibilities. The history of Capgemini offers abundant proof that this has always been the case!
Together with the Chairman of the Board and the CEO, the Board of Directors is the third pillar underpinning the Group's governance and guaranteeing the rules to be applied. Today, it has eleven members – Serge Kampf, Daniel Bernard, Yann Delabrière, Jean-René Fourtou, Paul Hermelin, Michel Jalabert, Phil Laskawy, Thierry de Montbrial, Ruud van Ommeren, Terry Ozan and Bruno Roger – and since May 2000 has comprised three special committees (the Audit Committee, the Selection and Compensation Committee and the Strategy and Investments Committee) to which an Ethics and Governance Committee has now been added. The role of these four committees is to examine issues and prepare for important discussions in their field of competency, make proposals to the Board of Directors, and issue opinions or recommendations on the decisions to be taken.

Non-voting board members



Pierre Hessler · Marcel Roulet · Geoff Unwin

Statutory auditors

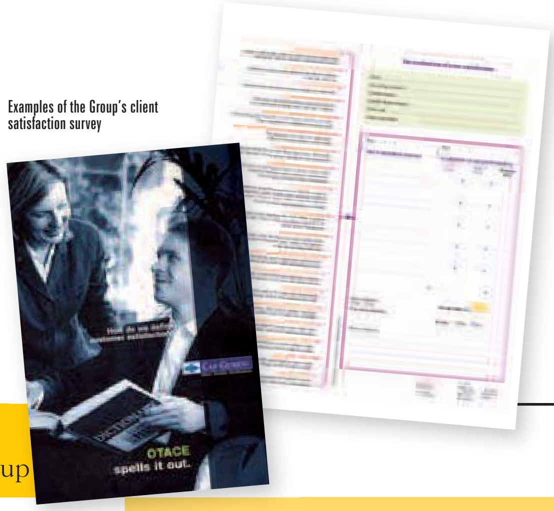


Bernard Rascle · Frédéric Quélin

Secretary

Philippe Hennequin

Examples of the Group's client satisfaction survey



3 200

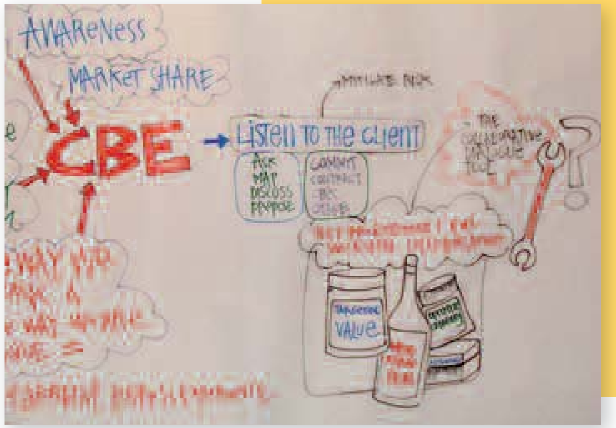
The number of active clients accross the world

The *Collaborative Business Experience* lies at the heart of our relationship with our clients.

CLIENTS: THE SECRETS OF A LASTING RELATIONSHIP

Few people are probably aware that today Capgemini has no fewer than 3,200 active clients worldwide. And many have been working with the Group for a long time. The secret of this lasting relationship "is due to a number of behaviors that are rooted in the history of the Group," says Group Sales Director Patrick Nicolet. First of all being close to its clients, which goes back to Sogeti's branch concept and which remains a pillar of the Group's client relations today. Second, respect for commitments, a value for which Serge Kampf, at the time director of the Bull operation in Grenoble, resigned in 1966 in protest against a decision of his employer which hurt its customers' interests. "Forty years later, Capgemini is still strongly committed to its clients, whether in respecting deadlines or technical specifications," says Patrick Nicolet. Third, the Group has made customer satisfaction one of the cornerstones of its sales policy. It is embodied in the OTACE (On Time and Above Customers' Expectations) commitment launched fifteen years ago. "Under OTACE, clients are asked to give details of what they expect from the Group," explains Patrick Nicolet. "They select indicators for the type of service provided, the type of relationship, knowledge transfer and qualitative criteria. These are then filled in and approved by the client."

These rules and principles largely explain the singular loyalty of Capgemini's clients. One example: in 2004 when the Group was facing huge difficulties in the United States, one of its key competitors organized a campaign with a specialized agency, to poach U.S. clients from the Group. Yet not a single one was tempted away. "This says much about the ties we have managed to build with our customers," says Patrick Nicolet.



Working sessions in some of the Group's ASE centers (Accelerated Solutions Environments)

plan called 'Booster', which was aimed at pruning down the company's excessive structure. The solution was to reorganize the United States into four geographical areas and one cross-functional telecommunications sector. The executive team was renewed and control procedures strengthened. Closely tracked by Paul Hermelin through a number of transatlantic trips, and by his on-the-spot delegate Pierre Danon, 'Booster' led to the closure of many units and the departure of 40% of the U.S. managers. But it enabled the Group to turn the situation round in an extremely respectable time frame. Another initiative was Nicolas Dufourcq's announcement in this same month of January 2005, of a plan called 'Green', aimed at radically transforming the Group's own IT, finance and accounting practices. Among the reforms carried out was the pooling of cashflow and the offshoring of accounting to Capgemini centers in Krakow and Kolkata (formerly Calcutta).

From LEAP! to Booster, Capgemini paid dearly for the crisis, but these efforts were not in vain, as from the second half of 2004, everything pointed to renewed growth. In April 2005, in his letter that opened the 2004 Annual Report, Serge Kampf was able to pay tribute to a Group that was doing better and which had the ambition of being proud of itself and of its performances once again, while continuing to satisfy the needs of its customers, the aspirations of its employees and the demands of its shareholders. He also reminded all those who for a year or two had "asked for Paul Hermelin's head" of their error. Everyone now realized that the Chairman had been right to support Hermelin against all odds, and that recovery was now here.

40 %

The percentage of American managers forced to leave the Group in the framework of the 'Booster' plan (2004-2005)

Nicolas Dufourcq

2004 > 2007

Renewed confidence

Building the future

With the start of large outsourcing contracts signed the year before, the first signs of turnaround in the United States, a spectacular bounce back on the stock market and the return to profit, the year 2005 marked the end of the crisis for Capgemini. The following year looked even more promising, and already in January 2006, with the signing of a large outsourcing contract with General Motors, a wind of optimism began to blow through the Group. Each of its four major business lines recorded double digit growth, and the offshore business in India expanded extremely quickly.

India indeed. In March 2006, Paul Hermelin took all the members of the Executive Committee off for a three-day meeting dedicated to defining the Group's ambitions for 2010, thinking up ways of boosting added-value add to customers, and finding a better approach to resisting business cycles. The action plan that came out of this meeting was fine-tuned during the spring, adopted by the Executive Committee at a further seminar in August, and then presented and explained to 500 managers of the Group in Montreal in September, for the 21st Capgemini *Rencontres*.

The name of this transformation plan was self-explanatory. i³ (i cubed), refers to the values of Industrialization, Innovation and Intimacy, the Group's strategic priorities. The first "i" (Industrialization) was designed to introduce a global delivery model built from the best tools and methods available in the Group. In many ways, this initiative recalls PERFORM launched in 1991, but with greater scope and more tailored to the demands of globalization. The second "i" (Innovation) aims at inventing innovative, reliable and high-performance solutions that require shorter implementation times. The third priority (Intimacy) referred to the development of lasting close partner-

THE GROUP 'RENCONTRES'

Serge Kampf returned from the 20th *Rencontres* held in Berlin from May 26 to 29, 2000, in a despondent frame of mind, and decided that they would be the last. "The *Rencontres* can be the best and worst of times," he said. "To succeed, they must be built around a motivational and preferably topical theme. All the sessions must be meticulously prepared and sometimes even rehearsed, an atmosphere combining hard work and fun must also be created and maintained, they require attention to detail and wide-ranging accessibility… But all this must be managed with an iron fist so that the whole thing is not overrun by uncontrolled initiatives, which often happens on such occasions. In Berlin it was quite the reverse: a completely surreal *Rencontres*, where the consultants literally took over, in the audience as well as the working groups. We all witnessed the result and I swore I'd never to go through that again!" It took Paul Hermelin a long time to convince him to resume this tradition, but he managed it in the end and, after a six-year hiatus, the 21st Capgemini *Rencontres* were held in Montreal in September 2006. Serge Kampf said that "it must be the Paul Hermelin *Rencontres*" – mission accomplished if the participants are to be believed.

A reminder of when and where the first 20 *Rencontres* were held, those which had a significant effect on the Group's history are in bold.

1st	October 5, 1968	Grenoble
2nd	April 26, 1969	Lyon
3rd	January 30-31, 1970	La Tour-du-Pin
4th	June 19-20, 1970	Lyon
5th	March 5-6, 1971	Geneva
6th	May 11-14, 1972	Calcatoggio
7th	**June 1-3, 1973**	**Djerba**
8th	June 1-3, 1974	Marbella
9th	**June 17-21, 1975**	**Istanbul**
10th	April 21-24 1977	Amsterdam
11th	September 14-17, 1978	Munich
12th	June 26-30, 1979	Monte-Carlo
13th	June 18-21, 1981	London
14th	June 21-24, 1984	Bad Homburg
15th	June 12-16, 1986	Cannes
16th	May 5-9, 1988	Rome
17th	**June 7-10, 1990**	**Marrakech**
18th	**June 25-28, 1992**	**Prague**
19th	March 30 to April 2, 1995	Amsterdam
20th	May 26-29, 2000	Berlin

Adverts produced in 1997, 2002 and 2006

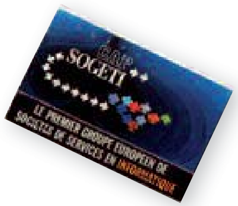
ADVERTISING

Capgemini partly owes its strong position in its sector to advertising, though its influence should not be exaggerated. "The Capgemini brand has long enjoyed strong affective capital due to the Group's remarkable and exciting success story, and to the unique way it operates and relates to its clients," explains Philippe Grangeon, Communication and Marketing Director at Capgemini. But although it is not the only explanation for the brand's appeal, advertising has nevertheless had a tangible impact. Serge Kampf always well understood this, and by the end of the 1960s Sogeti was one of the first IT services firms in France to organize nation-wide advertising campaigns. Forty years later, Capgemini is the only European IT services provider to communicate on a global scale.

Since the mid-nineties, the Group has communicated extensively, especially to support the various name and logo changes. In 1996, for example, for the launch of the two-word Cap Gemini, in 2000 for Cap Gemini Ernst & Young, and in 2004 for the return to Capgemini, this time in one word. It has also used communication to send out powerful messages to its customers, partners and employees. In 2002 at the height of the economic crisis, the "Defy the Economy" message reminded customers that the Group was still there to help them through the ordeal. In many ways, this advertisement bore a rather conceited tone, as if Capgemini wanted to tell the market that slap bang in the middle of the crisis it was riding high. Two years later, as the crisis deepened, the campaign on Collaborative Business Experience was launched at the same time as (and as a pretext for) the name change.

This time it was a more mainstream, market-centric campaign. But while Group publicity had until then always been associated with a given event or period, this time it began to develop a specific brand territory; a Capgemini "style of doing things". This campaign supported the brand's reputation during the storm, and gladdened the hearts of the Group's employees.

This series was crowned by the campaign named "Together: when one word makes all the difference" launched in 2006 and which in many ways extended, amplified and simplified the underlying message of Collaborative Business Experience. "'Together' is a campaign about getting over the crisis and winning back the market," explains Philippe Grangeon. "We are telling our customers, partners and employees that we have emerged from this crisis together and are now ready to build the future together." This campaign intentionally took the opposite approach to one of the company's main competitors, who in contrast vaunted individual performance.
At Capgemini, it said, we do it together. And on the way, Capgemini picked up another premiere, as this campaign was the first ever by a European firm in the IT services sector to communicate in India.



First advertising material: matchbox distributed on all national Air Inter flights in 1972

ships with each of the Group's clients, especially by improving client account management and giving account managers the best tools and methods.

Rather than being a plan for business reorganization, as Genesis was in 1992, and LEAP! in 2001, i³ is dedicated to boosting Capgemini's capacity to constantly create more value for its customers and give it solid protection against market slowdown. "Along with a few major American and Indian players," said Paul Hermelin, "we are a world leader in our market, and we must clear the way forward and prepare for the future. The challenge of i³ is to change the operating model of our industry." As a support for the Group's strategy for the 2007-2010 period, i³ is therefore a leadership plan, designed to push things forward and map out the future of both the IT industry and Capgemini in the coming years.

Capgemini's new frontiers

While able to take a step back to prepare for its future, Capgemini was still active operationally speaking. And the year 2006 saw a number of splendid commercial successes and large contracts signed with Limited Brands and Air France in consulting, MAAF Assurances and the French Ministry for the Economy and Finance in systems integration, General Motors, Zurich Financial Services and the London Metropolitan Police in Outsourcing, and LCL (Le Crédit

Article published in *L'Expansion* on June 1, 2007: 'Capgemini's new global deal'

6 900

The number of new employees who joined
the Group following the Kanbay takeover in 2007

Renewed confidence

Rugby World Cup 2007
wrapping of Capgemini headquarters

Lyonnais) in Local Professional Services. In March, the Group opened a third Indian offshore center in Kolkata. In July, Sogeti, the local services division, acquired the German firm FuE, an expert in aeronautics. "In this much sought-after sector, an acquisition like this gives Sogeti the required credibility and size to convince major decision makers," said Luc-François Salvador. In yet another field, the Group was delighted to have been chosen at the end of the summer of 2006, as official 'consulting and technology' sponsor of the Rugby World Cup 2007.

But the most important event of this very rich year took place in October with the acquisition of the U.S. firm Kanbay. This brought another 6,900 employees (including 5,000 in India) into Capgemini, boosting its presence on two of the largest global markets (the United

Cap Gemini makes $1.25 billion bid for Kanbay

KANBAY

On October 26, 2006, the Group announced the acquisition of Kanbay International, a U.S. IT services company specialized in financial services with a presence in India and the United States, after a long period of negotiations that began in January. Pierre-Yves Cros was the first to mention this company to Paul Hermelin, who was immediately interested. "With our return to growth, we were looking for new acquisitions to boost our business lines," says Paul Hermelin. "I met Raymond Spencer, the chairman of Kanbay, in Dallas and suggested acquiring his company, but he refused." Raymond Spencer was then involved in negotiations to take over Adjoined Consulting, which were finalized in February 2006, and was unable to give his full attention to the proposal from Capgemini's CEO.

The two men saw each other later in August and this time Raymond Spencer agreed to discuss the proposal. He saw that the Group's values and businesses were sufficiently complementary to Kanbay's to make a merger meaningful. At Capgemini, there was matching interest, as this acquisition would enable the Group not only to boost its position in India and the United States, but above all to become a substantial player in financial services, which accounted for 25% of the global IT services market.

Negotiations moved fast, opening officially on September 30, 2006, and reaching an agreement less than a month later on October 26. This was a major milestone for Capgemini which suddenly expanded its headcount by 6,900 people, with 5,000 located in India. Announced just a month after the Montreal *Rencontres*, this acquisition came at just the right time. "Internally and out in the market, the acquisition of Kanbay was seen as a key step in implementing the i³ plan," says Paul Hermelin. "By boosting our presence in two major international markets and taking a leading position in financial services, it clearly addressed the industrialization challenge defined by the plan." The Kanbay-Capgemini merger confirmed India's role in the Group's growth strategy, since with a total of 12,000 employees, India had become Capgemini's second largest country by headcount… after France.

The Executive Committee in 2007.
From left to right: Paul Spence, Pierre-Yves Cros, Philippe Donche-Gay, Philippe Grangeon, Paul Hermelin, Luc-François Salvador, Alain Donzeaud, Henk Broeders and Nicolas Dufourcq

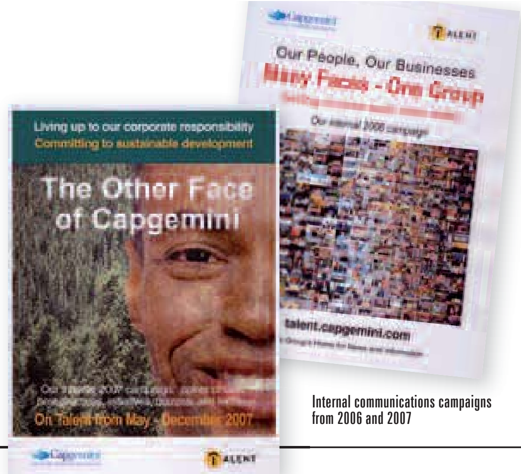
Renewed confidence

79 981

The number of employees at the end of June 2007

States and India) and making a powerful come-back to the financial services market it had somewhat let go of in recent years. "This was an important event in the development of Capgemini," says Paul Hermelin. "In 2000, the acquisition of Ernst & Young Consulting had already made the Group a reference player in the United States. By incorporating Kanbay, we further improved our position, when we needed to deploy, both from the U.S. and on a global scale, capabilities which are hard to find elsewhere." This will certainly not be the last acquisition. From China to Latin America, via many continental European countries, Capgemini has plenty of ideas when it comes to conquering new frontiers! And there is once again a powerful spirit of conquest in the Group, now that the promised turnaround is here, and that the team around Paul Hermelin has demonstrated its quality and consistency with the founder's unconditional support for his number 2. Moreover, the workforce is mobilized around the world and the firm's clients are loyal to their partner. All this and more has helped the Group overcome the ordeal of the opening years of this new century.

1967-2007… Within 40 years, Capgemini has managed to impose and sustain its presence as one of the top five global consulting and IT service providers and take its place among the very few large companies that set the agenda for the entire profession. This success is first and foremost due to the visionary intuitions of its founder. By laying down ambitious targets from the start and forcing his people to follow very strict rules of behavior, he has been a pioneer in applying solutions that at the time (1967) were new to the sector. These



Internal communications campaigns from 2006 and 2007

included prioritizing commercial activity over technical expertise alone, introducing achievement-based compensation to be reviewed annually, decentralizing decision-making while ensuring strict financial management, and opting for a flat hierarchy with no more than three levels (the absolute rule for many years), systematically searching for the best quality, and straightforward, affinity-driven interpersonal relationships. Out of an activity that long remained craft-based, he managed to create a fully-fledged business with rules and methods worthy of the largest industrial players. In so doing, he was probably one of the very first in Europe to establish a pedigree for the IT services sector.

But Capgemini's success – all the more remarkable since in France there have been very few IT success stories – has also largely been due to the quality of the Group's executives and personnel. From the take-over of CAP in 1973, right up to the acquisition of Kanbay in 2006, the Group has always managed to attract new talent and new skills, mobilizing them around joint projects, while respecting people and their identities. It is surely an expression of its own dynamism that the company has also been lucky to be led by

HUMAN RESOURCES: IN THE NAME OF DIVERSITY

With over 80,000 employees across 32 countries, Capgemini is a truly multicultural company. To manage this human community, the Group relies on a small number of powerful principles: "We apply the three key principles that Serge Kampf set down in 1975, after the merger of Cap, Gemini and Sogeti," explains Alain Donzeaud. "First, very strict respect for diversity; second, prioritizing the management of individuals rather than skills; and third, close attention to the personal development of staff members." These all feature in the Group's People Charter. Capgemini's actions on behalf of diversity earned it a citation in 2003 by the "Race for Opportunity" organization as being one of the 10 global enterprises most engaged in actions to sustain diversity.

In general, the Group tries to systematically encourage dialogue across the organization. In addition to physical meetings that enable management to explain strategy and staff to react, a number of other tools are used to circulate information. The Group has an online information site called Talent that acts as an in-house press agency covering all the events in the life of Capgemini and its various units. There is also constant dialog with the staff representative bodies such as the International Works Council (IWC) that brings together employees from all countries where Capgemini has a presence.

For some years now, the Group has also undertaken actions towards Corporate Social Responsibility (CSR). Guided by its seven core values, it has always promoted responsible practices in its. Yet when it joined the UN Global Compact in 2004, it took the next step forward by undertaking to respect and promote the Compact's principles concerning human rights, respect for the environment, respect for labor rights, and the fight against corruption. "Social responsibility is today a strong commitment for the Group," says Alain Donzeaud. "It forms a global approach for taking on board the principles of sustainable development both at the level of corporate strategy and commercial practice."

LES FONTAINES:
WHERE SKILLS COME TOGETHER

"The University … has a key role to play in keeping up-to-date and developing skills and expertise among the Group's employees." This was how Alain Donzeaud, Secretary General and Director of Human Resources at Capgemini, underscored the importance of training for the Group and the role that Capgemini University would play in this field. The training provided by the corporate University is both local and international. Locally, training sessions and seminars are delivered by Group units on such varied subjects as work methods, introducing the Group to new employees, programming languages and methods and processes for project managers. International training is given at Les Fontaines, an estate near Chantilly, not far from Roissy-Charles de Gaulle airport.

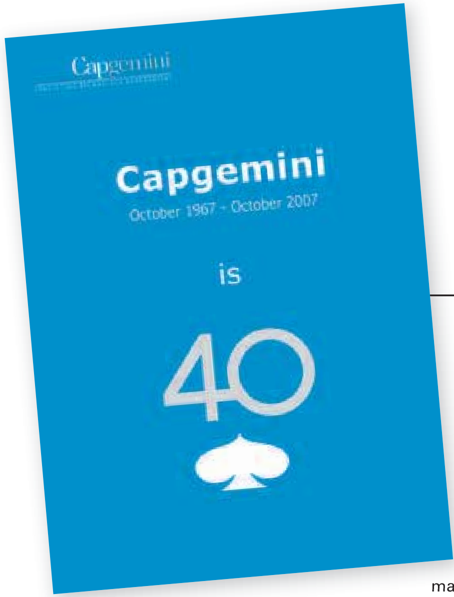
Capgemini took over this site at the beginning of 2003 after leaving Béhoust, in the Yvelines, where the University had been sited since 1991. Designed in the 18th century, by the French architect Louis Martin Berthauld, this estate came into the hands of Baron James Nathan de Rothschild a century later, who built a majestic castle there. This remained in the Rothschild family until the 1950s, when it was taken over by a Jesuit congregation that converted it into a widely-known cultural and educational center, before being acquired in 1998 by Capgemini.

The Group's ambition was to transform this site into an international center dedicated to its business activities and to training its employees. Judging by the figures, it is already well on the way to becoming a success story. In 2006, over 20,000 days of training were delivered to nearly 7,000 participants in seven schools – Consulting, Technology, Outsourcing, Sogeti, Financial Services, Business Development and Leadership Development. Leadership Development and Business Development cover cross-functional topics for trainees from all disciplines, whereas the others are targeted at specific needs in their respective business lines. The Technology School also spearheads in-house certification programs for project leaders, architects and software and network engineers. "The certification process is a genuine innovation," says Alain Donzeaud. "Peer assessment helps employees evaluate their skills against clearly defined, precise criteria such as experience acquired, knowledge sharing or applying in-house methods and tools. The aim is to generate the building of tightly-knit and recognized communities of professionals around the world, as well as to ensure that skills are widely distributed and constantly shared." Another innovation is the creation of Business Priority Weeks to develop networked learning by bringing together sales people, production specialists, experts and executives, as well as partners and clients, in joint sessions outside their coursework.

Ever since Les Fontaines opened, it has constantly proposed new training programs to employees, such as the Master Classes set up in partnership with major higher education centers in Europe and the United States. But the great novelty of the recent past, is the opening up of Les Fontaines to external customers. Each year more than fifty companies choose Les Fontaines to train their staff, with seminars and training programs offered by the Group and tailored to individual corporate needs.

Like the Group as a whole, the Capgemini University nourishes global ambitions while trying to grow closer to the markets in which Capgemini operates. In the summer of 2007, for example, it opened a satellite campus in Hyderabad, India, for two programs for Software Engineers and Engagement Managers. "The idea is to bring employees together from all over the world, generate close ties between them, and compare their skills with their Indian colleagues," says Alain Donzeaud. This has set in motion the idea of "communities of expertise" that Capgemini intends to develop further.

Two Capgemini University campuses:
Les Fontaines and Hyderabad



talented managers from such different backgrounds that it was once said that their only common feature was Serge Kampf's trust. And since he himself always believed that for a services company, the main task of the boss was to manage his managers, the Group certainly gained in stability and consistency.

And today, forty years after opening shop in a small apartment in Grenoble, with six employees and €15,000 in capital, Serge Kampf is still the emblematic figure in a global Group with a presence in 32 countries spread over 18 time zones, and a headcount of 80,000 ("this is a huge figure," he says, "but it would only just fill the Stade de France") whose stock market value today is half a million times the sum its founders first invested. This remarkable performance shows the way ahead for the team in place, knowing that Capgemini must henceforth gauge its competitors on a global playing field. The Group is ambitious not simply for itself but also and above all for its employees, its shareholders (especially those that have been aboard for a long time), and its most loyal clients. Multicultural by design with a lasting respect for diversity, organized around clearly defined business lines, and led by an executive team that has proved itself by courageously overcoming the ordeals of recent years, the Group has all the trumps to get ever closer to the summit.

Appendix: a few milestones

Key figures

History is certainly more than just figures, but figures often serve as useful historical landmarks.

Year	Revenue (in MFF)	Average workforce	Per capita revenue (in KFF)	Operating income (in MFF)	Operating income (as %)	Group net income (in MFF)	Group net income (as %)	Number of shares at Dec. 31	Par value (in francs)	Net income per share at Dec. 31 (in francs)	Stock exchange capitalization at Dec. 31 (in MFF)
67/68[1]	1.5	22	68	0.13	8.3	0.06	4.2	2 000	100	31.7	-
1969	4.2	49	86	0.44	10.5	0.20	4.8	10 000	100	22.3	-
1970	6.8	65	105	0.73	10.7	0.34	4.9	50 000	100	6.8	-
1971[2]	26.2	391	67	2.65	10.1	1.19	4.5	50 000	100	23.7	-
1972	39.4	502	78	4.25	10.8	1.90	4.8	50 000	100	38.0	-
1973	52.1	647	81	5.84	11.2	2.56	4.9	120 000	100	21.3	-
1974[3]	145.9	1 514	96	10.2	7.0	5.25	3.6	135 000	100	38.9	-
1975	226	1 893	119	14.1	6.2	8.2	3.6	135 000	100	60.5	-
1976	250	2 033	123	11.5	4.6	9.4	3.8	135 170	100	69.6	-
1977	293	2 138	137	15.4	5.3	10.8	3.7	340 000	100	31.8[4]	-
1978	370	2 256	164	32.5	8.8	15.2	4.1	340 000	100	44.8	-
1979	455	2 543	179	51.8	11.4	21.9	4.8	340 000	100	64.4	-
1980	580	2 753	211	69.8	12.0	29.5	5.1	340 000	100	86.7	-
1981	823	3 368	244	86.2	10.5	43.0	5.2	442 000	100	97.2	-
1982	1 027	3 514	292	118.6	11.5	51.5	5.0	442 000	100	116.5	-
1983	1 404	3 776	371[5]	140.6	10.0	72.3	5.1	540 000	100	133.9	-
1984	1 803	4 238	425	215	12.0	95.8	5.3	540 000	100	181.6	-
1985[6]	2 222	4 910	452	265	12.1	133	6.0	3 262 500	20	40.7	4 528
1986	2 907	6 564	443	365	12.5	193	6.6	3 534 375	20	54.6	7 634
1987[7]	4 175	8 908	469	563	13.5	280	6.7	3 891 890	20	72.0	5 274
1988	5 816	11 438	508	763	13.1	402	6.9	4 570 463	20	88.1	11 266
1989	7 055	12 974	544	783	11.1	525	7.4	25 251 046	40	20.8[8]	12 853
1990[9]	9 172	16 489	556	1 021	11.1	623	6.8	27 939 313	40	22.3	9 639
1991	10 028	17 971	558	724	7.2	560	5.6	37 472 775	40	14.9	10 867
1992[10]	11 884	21 675	548	339	2.9	(72)	-	41 964 338	40	(1.7)	6 924
1993	11 028	20 900	528	201	1.8	(429)	-	42 431 755	40	(10.1)	7 417
1994[11]	10 176	19 001	536	526	5.2	(94)	-	53 068 478	40	(1.8)	9 022
1995	11 329	20 477	553	678	6.0	52	0.5	53 073 228	40	1.0	7 324
1996[12]	14 820	23 934	619	1 042	7.0	282	1.9	60 356 666	40	4.7	15 143
1997[13]	20 177	28 059	719	1 636	8.1	762	3.8	61 198 877	40	12.5	30 202
1998	25 941	34 606	750	2 664	10.3	1 237	4.8	69 130 658	40	17.9	62 010
1999[14]	28 272	39 210	721	3 076	10.9	1 745	6.2	77 945 108	40	22.4	128 844
	(in M€)		*(in K€)*	*(in M€)*		*(in M€)*			*(in €)*	*(in €)*	*(in M€)*
2000[15]	6 931	50 249	138	703	10.1	431	6.2	124 305 544	8	3.5	21.36
2001	8 416	59 906	140	423	5.0	152	1.8	125 244 256	8	1.2	10.16
2002	7 047	54 882	128	114	1.6	(514)	-	125 479 105	8	(4.1)	2.73
2003	5 754	49 805	116	155	2.7	(197)	-	131 165 349	8	(1.5)	4.62
2004[16-17]	6 235	57 387	109	(281)	(4.5)	(534)	-	131 383 178	8	(4.1)	3.10
2005	6 954	59 734	116	214	3.1	141	2.0	131 581 978	8	1.1	4.46
2006	7 700	64 013	120	334	4.3	293	3.8	144 081 809	8	2.0	6.85

1. 15-month fiscal period (from Oct. 1, 1967 to Dec. 31, 1968).
2. Creation of Eurinfor (processing and facilities management).
3. Merger with CAP.
4. Capital multiplied by 2.5 by incorporation of premiums and reserves.
5. Following sale of "data collection" activity (365 people) on Dec. 31, 1982.
6. Introduction on French Stock Exchange with 10% of capital (326.250 shares).
7. Including 5 months of SESA.
8. Number of shares multiplied by 5.5 and par value raised to 40 francs after incorporation of reserves and split.
9. Including 9 months of Hoskyns.
10. Including 12 months of Volmac and 8 months of Programator.
11. After deconsolidation of German subsidiary Cap debis.
12. Including 7 months of Gemini Consulting.
13. Including 12 months of Groupe Bossard.
14. Investment in Cap Gemini NV increased from 56.4 to 93.9%.
15. Including 7 months of Ernst & Young Consulting.
16. Restated in accordance with IFRS.
17. Including 12 months of Transiciel.

1 euro = 6.55957 francs

40 acquisitions in 40 years

February 1970	SOLAME (France)
March 1970	SORGAS (France)
November 1970	INFOR-ALGOE (France)
August 1971	PERFO-SERVICE (France)
October 1972	SOFTWARE INTERNATIONAL (France)
February 1973	SESI (France)
July 1973	CAP (France) (49% and 100% in March 1974)
October 1973	SOREF (France)
August 1975	CAP EUROPE (France)
October 1976	BOSSARD (France) (51%, then 49%, and 100% in January 1997)
April 1980	DATA LOGIC (Norway)
January 1981	DASD (U.S.)
May 1982	SPIRIDELLIS and Associates (U.S.)
December 1982	SESA (France) (35%, then 42%, and 100% on July 27, 1987)
January 1986	CGA (U.S.)
October 1986	IBAT (Germany)
November 1986	GEDA (Italy)
December 1986	SYCOMM (U.S.)
August 1987	ITMI (France)
May 1988	AD & GD (Denmark)
May 1988	SOFCON (Denmark)
May 1988	DATA LOGIC (Sweden)
December 1988	HIEKKAMAKI (Finland)
January 1989	COMPACT DATA SYSTEMS (U.S.)
February 1989	SYSTEMATION Inc. (U.S.)
October 1989	MERIT SYSTEMS (U.S.)
January 1990	GAMMA INTERNATIONAL (France)
May 1990	UNITED RESEARCH CORP. (U.S.)
July 1990	SCS (Germany)
July 1990	HOSKYNS (U.K.)
January 1991	MAC GROUP (U.S.)
February 1992	VOLMAC (the Netherlands)
May 1992	PROGRAMATOR (Sweden)
January 1997	GEISLOGICA (Portugal)
April 1999	BEECHWOOD (U.S.)
February 2000	ERNST & YOUNG CONSULTING (U.S.)
December 2003	TRANSICIEL (France)
August 2006	FuE (Germany)
October 2006	UNILEVER SHARED SERVICES (India)
October 2006	KANBAY (U.S.)

and some disposals

July 1975	EURINFOR
August 1981	SORINFOR
May 1988	SAISIE
November 1995	29% of SEMA Group
December 1996	Matra Cap Systèmes (50%)
August 1997	19.6% of Cap debis

The Group and its eminent shareholders

For Serge Kampf, share capital has never been just about equity financing; it has also been "one of a number of management tools", which he has expertly used to assure and accelerate the Group's growth, while successfully resisting those who, once shareholders, tried to destabilize or take control of the Group.

Various eminent shareholders have played a part in the Group's development for a time. Some merely came and went, usually achieving good capital gains in that time: Cofradel held 20% in October 1969 and left in the spring of 1972, to be replaced a year later by the CEA (Commissariat à l'Energie Atomique) which Serge Kampf convinced in September 1980 to sell its 34% share to a banking pool, created at his request, to give him time to find another partner. Others who came and went, each with a 10% share, were Jean-Charles Lignel, then owner and manager of Le Progrès de Lyon*; IAL, a British Airways subsidiary; and Compagnie Financière de Suez, which stayed for nine years (1987-1996) as a shareholder in Sogeti, the Group's majority holding.*

But three of these eminent shareholders in particular, made their mark on the Group's history:

- *CGIP (today Wendel), the Group's 'benchmark shareholder' for more than twenty years which quietly left in 2004 and 2005, claiming average capital gains of 15% per year over that period.*
- *The Daimler-Benz Group which became a shareholder, under a glaring media spotlight in July 1991, and left six years later in circumstances which the press described as 'incredible'.*
- *And, of course, Serge Kampf himself who, from 1967 and with only 34,000 Francs in his pocket (with which to buy up 34% of the original capital), has managed to keep control of the Group for nearly thirty years.*

Today, 90% of the capital is in the hands of institutional investors (20% French and 60% largely American or British), the remaining 10% being held by individual investors including Serge Kampf who, despite only holding 4%, is still the biggest among them.

Some Group history-makers*

*By order of entry in the Group

Odette Bernard-Colombat

José Bourboulon

Jean-Baptiste Renondin

Daniel Setbon

Michel Berty

Odette Bernard-Colombat

Born in Grenoble (France) on May 14, 1939, Odette Bernard-Colombat began her professional career at 17, as secretary to Prof. Jean Benoît of the Grenoble Polytechnic Institute. She had already worked for a year as secretary to Bull's regional manager, José Bourboulon, when Serge Kampf joined in September 1961, and thereafter performed secretarial duties for both. It was with little hesitation that she followed Serge Kampf to Sogeti from the first day of the company's existence. Forty years later, she is still assistant to the Group's chairman and does not plan to go into retirement until the day Serge Kampf himself steps down. The two have now been working together for 46 years: a splendid example of the loyalty which often evolves in a manager-secretary relationship. She clearly holds the record for the longest-serving assistant in the Group.

José Bourboulon

Born in Grenoble (France) on July 8, 1932, holder of a law degree and graduate of the Paris Institute of Political Science, José Bourboulon began his career with Compagnie des Machines Bull in 1956, first as manager of Bull's Grenoble branch (where Serge Kampf became his deputy in September 1961), then, from 1966, as regional manager in Lyon. One of Sogeti's first shareholders, he joined the firm as sales manager in April 1968. General manager of Eurinfor in Lyon in 1973, he was then appointed chairman and general manager of Sorinfor while maintaining, from April 1977 to 1979, the roles of managing director for Cap Sogeti Gestion's Rhône-Alpes Region and chairman and general manager of two of the Group's data entry subsidiaries. Following his roles as sales development manager and then general secretary of Cap Sogeti France from 1982 to 1988, he moved on to hold the post of program director at Cap Gemini Sogeti University, from 1989 to 1996. Bourboulon was appointed a special projects leader at Cap Gemini Service in January 1997 before taking a well-deserved retirement on August 31, 2000.

Daniel Setbon

Born in Lyon (France) on June 4, 1935, Daniel Setbon graduated from the Lyon School of Business, holds a degree in economics and is a certified public accountant. Beginning his professional career in November 1960, as chief accountant for a metal manufacturer, he went on to serve as inspector in an accounting office, administrative director for a group comprising several companies and,

finally, customer manager for a Lyon public accounting firm. On January 1, 1971, at the request of Serge Kampf (whom he had known for 20 years), he joined Eurinfor as business control manager. Appointed financial director of the Cap Gemini Sogeti Group in 1975, he held this position until June 1991, after which he served as financial director of the Sogeti holding company. In all of these positions, Setbon was one of the chief architects of the Group's major acquisitions as well as the vigilant guardian of the management rules laid down in 1967. Despite having retired to his property in Gordes (France) in 1995, he maintains a close interest in the development of the Group.

Jean-Baptiste Renondin

Born in Suresnes (France) on November 7, 1929, Jean-Baptiste Renondin attended Gay-Lussac preparatory school in Limoges (France) and the Janson-de-Sailly high school in Paris, before entering France's leading electrical engineering school, Supélec. He then left for the U.S., where he obtained his Master of Science degree. Following military service, he joined Thomson as an engineer before becoming manager of their IT activities. He served as marketing manager for Thomson-CSF before joining Compagnie International de l'Informatique (CII) as sales manager. In September 1967 he met Serge Kampf, who had resigned from Bull, and offered him a position with Thomson, an offer which the future head of Sogeti declined. On May 2, 1971, Renondin joined Sogeti's Eurinfor as deputy manager in Paris. A member of Sogeti's Executive Committee and the company's sales manager, then general manager of Group France until his departure in 1985, he belonged to the first generation of the Group's founders and played a major role in its growth. He left Cap Gemini Sogeti at the beginning of 1986, following the acquisition of CGA in the United States (an acquisition made against his recommendation), to devote himself to forest management in the Sologne region of France.

Michel Berty

Born on May 14, 1939, Michel Berty received his doctorate in physics from the Paris-IV Sorbonne University before joining SNECMA as an aircraft engine specialist. He entered Group Bossard, already France's leading management consulting firm, in 1966. In fact, it was he who introduced Yves Bossard to Serge Kampf; a meeting which led to the signing of the December 14, 1970

Alain Lemaire

Philippe Dreyfus

agreement between the two companies. Berty joined Sogeti in 1972, taking over its Service Division. A member of the Executive Committee, he was named chairman successively of Cap Sogeti Gestion and Cap Sogeti Logiciel, after the merger of CAP and Gemini Computer Systems. Following the 1981 acquisition of DASD, the Chairman sent Berty to the U.S. to take charge of the Group's activities in that part of the world. While holding this position – interrupted by a prolonged sojourn back in France (September 1985-September 1992) – he was also secretary general of the Group and established Cap Gemini Sogeti University at Béhoust, while acting as one of the chief architects of Cap Gemini's American expansion. In April 1997, after declining, for important family reasons, Serge Kampf's proposal to place him in an important position which would have required his return to Europe, Berty left the Group for the U.S. where he has since been an independent consultant.

Philippe Dreyfus

Born in Paris on November 4, 1925, and a graduate of the Paris School of Physics and Chemistry, Philippe Dreyfus was a member of Prof. Aiken's Harvard team, which designed and built the world's first computer, the Mark 1. He joined Bull in 1951 and was assigned as head of its National Computing Center before becoming manager of sales for the Gamma 60. In 1962, he founded Société d'Informatique Appliquée, a SEMA subsidiary, and went on to become Control Data Corporation's director of development for Europe. He was named chairman of CAP Europe in 1968. Mastermind of the August 1975 vote that brought CAP Europe into the Cap Gemini Sogeti camp, Dreyfus took over vice-chairmanship of the Group in 1976. Advisor to Serge Kampf until his retirement in March 1994, Dreyfus has been a key player in the French computing world throughout his career. It was he who coined the word "Informatique" (the French term for information technology) in 1962.

Alain Lemaire

Born on February 1, 1938, and a 1957 graduate of Ecole Polytechnique, Alain Lemaire began his professional life as a scientific researcher for the French Atomic Energy Commission. Becoming IT manager for the Saint-Louis Sugar Refineries in Marseille in 1964, he moved to CAP in 1968, setting up their systems design department. A backer of CAP's union with Sogeti, he was named chairman of Cap Sogeti Systèmes in 1975. He became head of Group France in 1981,

Christer Ugander

Chris van Breugel

supported by Jean-François Dubourg and Jean-Paul Figer, its general manager for seven years. Named co-chairman (with Jacques Arnould) of Cap Sesa on January 1, 1989, he succeeded Christer Ugander as head of Group Europe, one year on. Lemaire resigned from Cap Gemini Sogeti in June 1992, a few days before the Prague Rencontres, over a disagreement with the new directions arising from the Genesis program and with his role in the new organization.

Christer Ugander

Born in Linköping (Sweden) on September 13, 1933, Christer Ugander graduated from the Royal Institute of Technology and began his career in the public works sector before joining a Swedish data processing firm (1962-1970). Recruited by CAP Europe in 1970, he founded and headed the Swedish subsidiary until 1973. Appointed general manager of CAP Europe in 1975, when CAP Europe entered the Group, he held the post until 1990, and was a prime mover of Cap Gemini Sogeti's growth throughout Europe during that period. Chairman of Cap Gemini International Support (CGIS) from 1990 to 1992, Ugander took early retirement from the Group in 1993, returning to Sweden to engage in historical research.

Chris van Breugel

Born on February 7, 1944, Chris van Breugel began his career in the central support department of a steel mill. In 1966, he joined an insurance company, which singled him out for training in information technology. He was subsequently employed in the administrative and IT departments at UNIVAC and SHV. Joining CAP Nederland BV in 1970, van Breugel worked on IT projects for many client organizations. Following the August 1975 vote, he was spotted by Serge Kampf, who named him general manager of Cap Gemini Nederland on October 1, 1975, then chairman of the new unit, Cap Gemini Pandata, following the 1989 merger between Cap Gemini Nederland and Pandata. He was an active participant in the 1992 negotiations leading to the acquisition of the Volmac Group and went on to head the full complement of Cap Gemini Sogeti's Dutch and Belgian entities (4,500 employees). Van Breugel became a member of the Cap Gemini Group's Supervisory Board in May 1996, while remaining general manager of the Benelux entity. When Capgemini again became a standard limited company in May 2000, van Breugel was appointed non-voting director on the Group's Board of Directors until July 2002.

Rémi Donneaud

Michel Jalabert

Rémi Donneaud

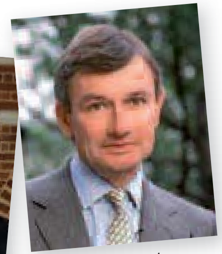
Born on february 22, 1924 in Puy de Dôme (France), Rémi Donneaud began his career with Bull in 1948. Sales representative in Paris during the era of tabulating machines, then general manager of Bull Algeria - notably during the difficult times leading up to Algerian independence – he went on to assume the post of general manager of Bull Portugal. Shortly after his return to Paris in 1970, he was placed in charge of the Paris region for Honeywell-Bull Services. Donneaud was hired by Michel Jalabert in 1973, to manage Gemini Computer Systems' French subsidiary. During the 1975 reshuffling in the wake of the merger between Sogeti, CAP and Gemini, he was placed in charge of Cap Sogeti Gestion's Paris V branch, which served as the nucleus for the creation of Cap Sogeti Exploitation (35 people) on January 1, 1976. He was appointed chairman of this company which grew rapidly under his leadership, expanding its range of services while retaining its specialty of computer and computer network operations. On his retirement ten years later, on June 30, 1986, Cap Sogeti Exploitation already numbered over 400 employees. He continued to keep a close eye on the Group's activities and on its expansion after his departure, always demonstrating his affection for the fledglings he had trained (Luc-Francois Salvador, Jacques Auger, Dominique Duflo and a few others). Donneaud died in Paris on November 12, 1992.

Michel Jalabert

Born on January 20, 1933, Michel Jalabert received degrees from the Paris School of Electrical Engineering and the Institute of Political Science. He began his career in 1958 at Bull, where he was named manager of the company's Mexican subsidiary, then manager of its Services activity. General manager of Gemini Computer Systems in 1971, then European manager for General Automation in 1974, he joined the Cap Gemini Sogeti Group on January 5, 1976. Appointed secretary general of the Group, he went on to become director of development, then president of Cap Gemini Sogeti S.A. He played a major role in all the Group's significant negotiations, particularly those leading to the acquisition of DASD and CGA in the U.S., the creation of the Group's consulting arm, and the alliance with Daimler-Benz. Jalabert became vice-chairman of the Supervisionary Board in 1997 and risk manager for the Group. Since Capgemini became a standard limited company again in May 2000, he has been a member of the Group's Board of Directors.

Luc-François Salvador

Jacques Arnould



Geoff Unwin

Luc-François Salvador

Born on January 8, 1956 at Pointe-Noire (Congo), and a graduate of the University College of the Witswatersrand (South Africa), Luc-François Salvador joined the Group in January 1978. He spent a major part of his career with Cap Gemini Exploitation before being appointed general manager of that entity in 1994. In 2001, he was asked by Serge Kampf and Paul Hermelin to conduct, together with Hubert Giraud, a comprehensive study of the local professional services market and was thus one of the major players in the re-creation, on January 1, 2002, of Sogeti, the Group's local professional services entity. After having successfully led the merger between Sogeti and Transiciel, in February 2007 he was named chairman of the new entity which today numbers 16,000 employees.

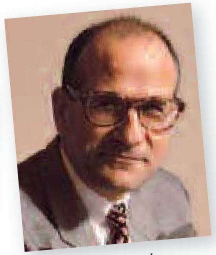
Jacques Arnould

Born on February 11, 1936, and an Ecole Polytechnique alumnus (class of '54), Jacques Arnould was a fighter and reconnaissance pilot from 1956 to 1962. In 1962 he joined up with Jacques Stern to found Sesa, where he was, successively, technical manager and general manager. As chairman and general manager of Sesa from 1982 to 1989, he boosted the company's growth in the area of public data transmission networks. Following the purchase of SESA by Cap Gemini Sogeti, Arnould was named co-chairman of Cap SESA on January 1, 1989, becoming the company's chairman and general manager one year later, when Alain Lemaire was appointed general manager of Group Europe. Following the Prague Rencontres, *Arnould became the Group's general manager in charge of Sectors. Retiring in 1994 for health reasons, Arnould remains a part-time consultant to the Group.*

Geoff Unwin

Born near Nottingham (U.K.) on August 9, 1942, Geoff Unwin took his Bachelor of Science degree in chemistry at the University of Durham and launched his career in 1963 with a chocolate manufacturer as a professional taster! In 1968, he entered Hoskyns, one of the U.K.'s leading IT services firms. Named managing director in 1984, he engineered Hoskyns' entry on the London Stock Exchange in December 1986, before being appointed executive chairman in 1988, the position he held when Hoskyns was acquired by Cap Gemini Sogeti in 1990. Although

Paul Hermelin



Pierre Hessler

declining numerous invitations to move to Paris, he was named chief operating officer of Cap Gemini Sogeti in September 1993, and took a seat on the Group's Directoire (Executive Board) in May 1996. Unwin was the chief architect of the amazing turnaround of the Group's IT services family between 1993 and 1996. Following the merger with Ernst & Young Consulting in May 2000, he was appointed Group CEO and member of the Board of Directors. He left the Group in December 2001, maintaining his Board membership, and today remains on the Board as non-voting director.

Paul Hermelin

Born in Belgium on April 30, 1952, graduate of Ecole Polytechnique in 1972 and the Ecole National d'Administration (ENA) in 1978, Paul Hermelin spent the first fifteen years of his professional life in the French government, primarily in the Ministry of Finance. He held a number of posts in the Office of the Budget and on various ministry staffs, including that of Finance Minister Jacques Delors. He was chief of staff to Dominique Strauss-Kahn, Minister of Industry and Trade, from 1991 to 1993. Hermelin entered the Group in May 1993, where he was first placed in charge of coordinating central functions. Taking a seat on Cap Gemini's Directoire in May 1996, he was named CEO of Cap Gemini France and, in May 2000, following the merger between Cap Gemini and Ernst & Young Consulting (which he initiated), he became deputy CEO of the Group and member of the Board. In December 2001, the Board of Directors accepted Serge Kampf's proposal to appoint him CEO of the Capgemini Group as of January 1, 2002.

Pierre Hessler

Born in Lausanne (Switzerland) on November 22, 1943, Pierre Hessler studied law and economics before joining IBM in Geneva, where he represented the company before international organizations. He continued his career in German-speaking Switzerland, before joining the firm's European general management in Paris in 1980. He held several management positions within both IBM Europe and the firm's headquarters in Armonk (U.S.). After twenty-seven years with the company, he joined the Cap Gemini Sogeti Group in September 1993. In July 1995, after

Pierre-Yves Cros

Henk Broeders

taking part in the Genesis transformation program and the launching of the Convergence initiative, he took over the management of Gemini Consulting. A member of the Group's Directoire in May 1996, he was then appointed as a member of the Group's Board of Directors in May 2000. He left his general management functions in 2003, to remain on the Board as non-voting director, and today continues to supervise consulting and sales projects with the Group's major clients.

Pierre-Yves Cros

Born on August 13, 1959 in Algiers (Algeria), Pierre-Yves Cros, graduate of the Institut National des Sciences Appliquées (1982) and holder of an MBA (1984), first began his career at the French Embassy in Germany before joining Schlumberger's international sales team. In 1988, he became strategy consultant for the MAC Group, acquired by Cap Gemini Sogeti in 1991 and integrated into Gemini Consulting. In 1994, he was made responsible for large transformation projects, before managing several sectors to become director of global operations in 1997. Following the merger with Ernst & Young Consulting, he became Supply Chain line manager. Since 2003, he has been Group strategy and transformation director. He is a member of the Group's Executive Committee and country chairman of the Group's activities in the United Kingdom, where he has lived since 2000.

Henk Broeders

Henk Broeders, born in 1952 in Rotterdam (the Netherlands), began his IT career in 1973, with Dow Chemicals Nederland. He joined Volmac in 1980, where he took several different positions in management and IT. In 1992, he became CEO of IQUIP Informatica BV, a subsidiary of the Group in the Netherlands. In May 1998, he was given a place on the Cap Gemini Netherlands Executive Committee. Following the Ernst & Young Consulting acquisition in 2000, he was named CEO of Cap Gemini Ernst & Young for the Benelux countries. In January 2004, he became CEO of the Northern Europe and Asia Pacific business unit, and a member of the Capgemini Executive Committee. In 2006, the countries of Central Europe were integrated into his business unit to form the Continental Europe and Asia Pacific SBU, which he now heads.

Philippe Donche-Gay

Alain Donzeaud

Paul Spence

Philippe Donche-Gay

Born on April 30, 1957 in Buenos Aires (Argentina), 1976 graduate of the Ecole Polytechnique and the University of Stanford in California, Philippe Donche-Gay began his career with IBM in 1982, holding various management positions in both France and the U.S. In 1994, he joined the international general management of Cap Gemini Sogeti and, as of 1996, helped set up the global Telecom, Media & Networks entity, becoming its general manager in 2001. In 2004, he was appointed CEO of Capgemini France. In January 2007, he became CEO of the West Europe business unit which regroups all consulting and technology services in France, Great Britain, Spain and Portugal. A member of the Group's Executive Committee, today he is also in charge of the global coordination of the Group's Technology Services discipline.

Alain Donzeaud

Born on November 27, 1948 at Périgueux (France), graduate of the INSA (Institut National des Sciences Appliquées), Alain Donzeaud began his professional career in 1973 with Groupe Bossard as an organization, management and human resources consultant. In 1995, he was named CEO of Bossard Consultants in France and, following the acquisition of Bossard by the Cap Gemini Group in 1997, he was appointed CEO of Gemini Consulting first for France, then for Southern Europe (France, Spain, Italy). Following the merger with Ernst & Young Consulting, he became deputy CEO of Cap Gemini Ernst & Young France. Since 2004, he has been director of human resources, a member of the Executive Committee and secretary general of Capgemini.

Paul Spence

Born on January 17, 1959 at Grove City (Pennsylvania, U.S.), Paul Spence is a graduate of the Wharton School of Finance and Commerce (University of Pennsylvania). He entered Ernst & Whinney as a consultant in 1982, and was named partner in charge of consulting for Australia, in 1997. Following Cap Gemini's acquisition of Ernst & Young Consulting in 2000, he was given the task of creating Capgemini Asia Pacific, for which he became CEO, based in Hong Kong. In 2002, he was named CEO of the United Kingdom and Ireland region before being

Nicolas Dufourcq

Philippe Grangeon

given the post of CEO for Outsourcing Europe, two years later. Since January 2005, Spence has been a member of the Group's Executive Committee and CEO of Outsourcing Services for the Group.

Nicolas Dufourcq

Born on July 18, 1963 in Paris (France), graduate of the HEC (Hautes Etudes Commerciales) and the Ecole Nationale d'Administration (ENA), Nicolas Dufourcq began his career at the French Ministry of Finance and Economics before joining the Ministry of Health and Social Affairs in 1992. In 1994, he joined France Télécom, where he created the Multimedia division, before going on to chair Wanadoo, the firm's Internet and Yellow Pages subsidiary. After joining the Capgemini Group in 2003, he was made responsible for the Central and Southern Europe region, successfully leading their financial turnaround. In September 2004, he was appointed chief financial officer of the Group and member of the Executive Committee. In 2005, he was named deputy general director in charge of finance, risk management, IT and purchases, in addition to the follow-up of the Group's major contracts, since January 2007.

Philippe Grangeon

Born on April 26, 1957 in Suresnes (France), Philippe Grangeon holds a history degree (Diplôme d'Etudes Universitaires Générales) and is a specialist in communications. He has acted as advisor within different ministries and has made significant management level contributions to a number of major transformations in the services and public sector, as well as in the private sector (reform of the PTT, modernization of the Ministry of the Economy, transition to the Euro and to year 2000, privatizations and more). From 2000 to the end of 2003, he was general manager of the Groupe Mediapost, leading the merger with its major competitor Delta Diffusion (ex-Groupe Vivendi). He joined Capgemini in 2004 as deputy director to the general manager and, after being named member of the Executive Committee in 2005, was then appointed head of Group communications and, since mid-2007, of global marketing.

Photographs copyrights

Archives Capgemini 1967-2007 for all photographs excluding the following:
p. 11: K. Britten/Getty images • p. 12 bottom: Salaber/Gamma • p. 12 top: Kheng Guan Toh/Fotolia • p. 12 center bottom: Nadezhda Belogorskaya/Fotolia.com • p. 12 center left: J. Niepce/Rapho • p. 13 center: RR • p. 13 top left: Gilles Saussier/Gamma • p. 13 bottom: Piccaya/Fotolia.com • p. 14 bottom: A. Tannenbaum/Gamma • p. 14 center: www.onlinebewerbung.de/Fotolia • p. 14 top right: RR • p. 15 bottom: Jean-Claude Labbé/Gamma • p. 15 right: Rémy Vallée/Fotolia • p. 15 left: Keystone France • p. 16: Patrick Blanc • p. 19: Keystone France • p. 23: Keystone France • p. 27: Keystone France • p. 47: f8 Imaging/Getty images • p. 48 bottom: Georgeon-Rossi/Gamma • p. 48 top left: Gamma Pekin/Gamma • p. 49 bottom: Pierre Michaud/Rapho • p. 49 top left: Philippe Achache/Gamma • p. 49 center right: Warren Millar/Fotolia • p. 49 center left: Micheline Pelletier/Gamma • p. 50 bottom: Keystone France • p. 50 top: Pele Coll/Stills/Gamma • p. 50 center: Prod. Numérik/Fotolia • p. 51 bottom: Patrick Piel/Gamma • p. 51 top: Daniel Sainthorant/Fotolia.com • p. 81: Ryan McVay/Getty images • p. 82 top: Lily Franey/Rapho • p. 82 center: Hires Chip • p. 83 bottom: Le Corre-Ribeiro/Gamma • p. 83 top left: Bassignac-Gaillarde-Simon/Gamma • p. 83 center: Gamma • p. 84: Photo News • p. 96: Eric Bouvet/Gamma • p. 113: Ingram Publishing/Getty images • p. 114 bottom: Demange-Marchi/Gamma • p. 114 top: Jean-Christian Bourcart / Rapho • p. 114 center: rgbdigital. co.uk/Fotolia • p. 115 bottom: A. Marchi/Gamma • p. 115 top: Renaud Khanh/Gamma • p. 115 center left: Bassignac-de-Malglaive-Lafargue/Gamma • p. 153: Doug Plummer/Getty images.

Capgemini - Place de l'Etoile - 11, rue de Tilsitt - 75017 Paris (France)
www.capgemini.com

First published: October 1, 2007
ISBN: 978-2-35008-016-1

Printed in France by IME, Baume-les-Dames
Graphic design: Empreinte & Territoires, Paris (France)
Pre-press: Studio Goustard, Vanves (France)

FSC ©
Sources Mixtes
Produit issu de forêts bien gérées et d'autres sources maîtrisées
www.fsc.org Cert no. SGS–COC–1693
© 1996 Forest Stewardship Council

Paper: Munken Print White 18 - Arctic Paper.
The Forest Stewardship Council (FSC) is an international organization that brings people together to find solutions which promote responsible stewardship of the world's forests.