

# BPO with Business Insight – Initial Launch Coverage



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*Cappgemini, a European technology consulting and outsourcing services firm, is expanding its business process outsourcing (BPO) portfolio and its operations to pursue opportunities in North America.*

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## INVESTOR'S BUSINESS DAILY

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### INTERNET & TECHNOLOGY

## Global Tech-Services Giant Cappgemini Targets North America

**Opening U.S. Operation**  
It's a first for Paris-based rival of IBM, EDS and Indian outsourcing firms

**BY J. BONASIA**  
INVESTOR'S BUSINESS DAILY  
Bonjour, America! Paris-based Cappgemini is one of the world's largest tech services firms, but it hasn't had a business process outsourcing unit based in North America — until now.

On Monday, the company plans to announce its first dedicated BPO unit based on this continent. BPO

competition with the likes of IBM's Accenture<sup>SM</sup> Electronic Data Systems<sup>SM</sup> and Affiliated Computer Services<sup>SM</sup>. All these firms also compete with such strong Indian outsourceers as Infosys<sup>SM</sup>, Tata Consultancy Services and Wipro<sup>SM</sup>. Cappgemini is a global consulting giant, with more than 75,000 employees and \$10.4 billion in revenue last year. But it's eager to grab a big share of the fast-growing U.S. outsourcing market.

About 60% of an expected \$15.2 billion in annual global spending on BPO this year should come from North America, according to market tracker Gartner.

Cappgemini plans to distinguish itself in this crowded field by giving its clients new levels of business insight, says David Poole, the firm's deputy global leader of business process outsourcing.

"Cappgemini has deep domain knowledge," he said. "Now we have the capacity to go beyond transaction processing to add more value."

Poole is based in London but will move to Chicago to lead the new BPO unit. In recent years, Cappgemini has built up BPO practices in Europe and Asia. The firm has mostly been clients in the utilities, manufacturing, telecom and financial services industries. Now it's time to make a concerted push into North America, Poole says.



**David Poole, Cappgemini**  
focus on adding revenue to the business."

David Poole, Cappgemini

"We plan to invest heavily in the North American region and bring a new approach to BPO," Poole said. "We're ready to expand into North America strategically."

Instead of outsourcing solely to help clients cut costs, Cappgemini says it will help its clients boost their sales. It can do so by combining strong industry knowledge with an in-depth analysis of customer behavior and the use of business intelligence software, says Poole.

"It's a different approach than just taking out costs," he said. "We will focus on adding revenue to the business."

Cappgemini says it can hold costs down for itself, and its clients, through an approach known as "right-shoring." This involves performing complex BPO services with the right mix of local operations, near-shore locations and low-

cost offshore shops in India and China.

Cappgemini strengthened its hand in India last year by acquiring Kanbay International for \$1.25 billion. Kanbay is known for outsourcing to the financial services field. Cappgemini now offers auditing services from Bangalore, India.

Still, it will be hard for Cappgemini to compete with the Indian outfit by relying solely on the use of low-cost labor, says Bill Martorella, a Forrester Research analyst. "That's why he says it is wise to take a more strategic approach."

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By Consulting Magazine | Published: 06/18/2007 | News Briefings

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(June 18, 2007) - Chicago - Cappgemini unveiled new services and enhancements as part of an expanded Business Process Outsourcing (BPO) solution portfolio that delivers business insight that it says will enable clients grow the top line, not just focus on cost reduction.

Business insight processes include customer analysis, spend intelligence, audit forensics; revenue recovery and leakage prevention; ethical fraud testing and contract compliance.

"Cappgemini is at the forefront of the evolution of BPO from transaction-focused outsourcing agreements to relationships that deliver significant business value and insight," said Hubert Graud,

Advising on the commercial impact of technology and market changes in telecoms, software and IT services

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Dominique Raviart, Samad Masood

Cappgemini launches BPO initiatives in NA

Cappgemini has launched several initiatives to increase its visibility on the North American BPO market. First, the company is expanding its range of BPO services to include: F&A; procurement and sourcing; customer care; and assurance services. Second, Cappgemini is emphasizing "business insight", an approach that combines transaction analysis and actions based on this analysis. Finally, it is setting new ambitions in the NA BPO market with the appointment of several key executives in the US.

**Comment:** Cappgemini has become a significant player in Europe in BPO around F&A and the company is now looking at North America, where BPO is fuelling the growth of players such as ACS. Cappgemini initially had a strong start with the combined ITO/BPO HydroOne and TXU mega-deals. Nevertheless, commercial activity has been slower than expected with TXU failing to generate the expected number of contracts in the US utility segment and only winning the technical document BPO contract from Bombardier in 2005. To some degree, it can be agreed that Cappgemini did not have the right delivery platform to address the US market. Now that the company has added India to its BPO delivery network along with China and Poland, Cappgemini may find more success in NA.

We have often wondered how Cappgemini was going to link its systems integration background with non-technological labour arbitrage-based BPO, such as F&A and technical

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Cappgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, today announced significant enhancements and new services as part of its expanded Business Process Outsourcing (BPO) solution portfolio. Cappgemini is leading the development of 3rd Generation BPO services delivering value to the top line - by combining unique Business Insight processes with the innovative use of business intelligence tools and deep

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## BPO NA Launch - Initial Reactions From Meetings\*

**“You have very exciting plans and a strong message!”**

- *Allie Young, Research VP IT Services and Outsourcing Gartner*

**Gartner**

**“It was clear that Capgemini is more focused and dedicated to BPO within the America’s than at least I had thought. I also think that the “BPO with Business Insight” approach is wise and potentially differentiating.”**

- Patrick J. Sullivan, Vice President, Gartner Consulting

**Gartner**

**“I’m excited about seeing how this initiative translates into success for Capgemini.”**

- *Randle G. Havens, F&A Outsourcing Research Manager/Advisor, NelsonHall*



**“Not seeing anything particularly compelling from your competition – I think with this message you can create visibility in a market that is flat and boring.”**

- *Bill Martorelli, Forrester*



## BPO NA Launch - Initial Reactions From Meetings\*

**“I thought Business Insight was interesting and has a lot of promise. I want to know more about how Capgemini will measure results.”**

- *Stephanie Gelston, CIO Magazine*



**“This is really interesting. I want to do more to cover this space on a global basis. Keep me abreast of developments with applications providers, such as SAP, particularly as you roll out additional solutions. It’s great to meet ex-patriots who are making a difference in North America.”**

- *China Martens, IDG*



**“These guys are really smart and were incredibly helpful to me in getting a good overview of what’s happening in the industry. I want to hear more about the trend in M&A in BPO. Let me know if you sign on a new client or roll out any new business innovations.”**

- *Jay Bonasia, Investor’s Business Daily*

**INVESTOR’S BUSINESS DAILY**

**“I would like to do a feature if you can show dramatic business results in 8 – 12 months. They are smart guys and obviously know their business. They bring experience and the right resources, but I will need to see bottom line results.”**

- *Steve Hamm, BusinessWeek*



**“I would like to track Capgemini’s progress in North America particularly as they turn around what I’ve always thought of as a mixed reputation post Ernst & Young deal.”**

- *Steve Lohr, The New York Times*

**The New York Times**