NEAT EVALUATION FOR CAPGEMINI:

Supply Chain Transformation

Market Segment: Overall

Introduction

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

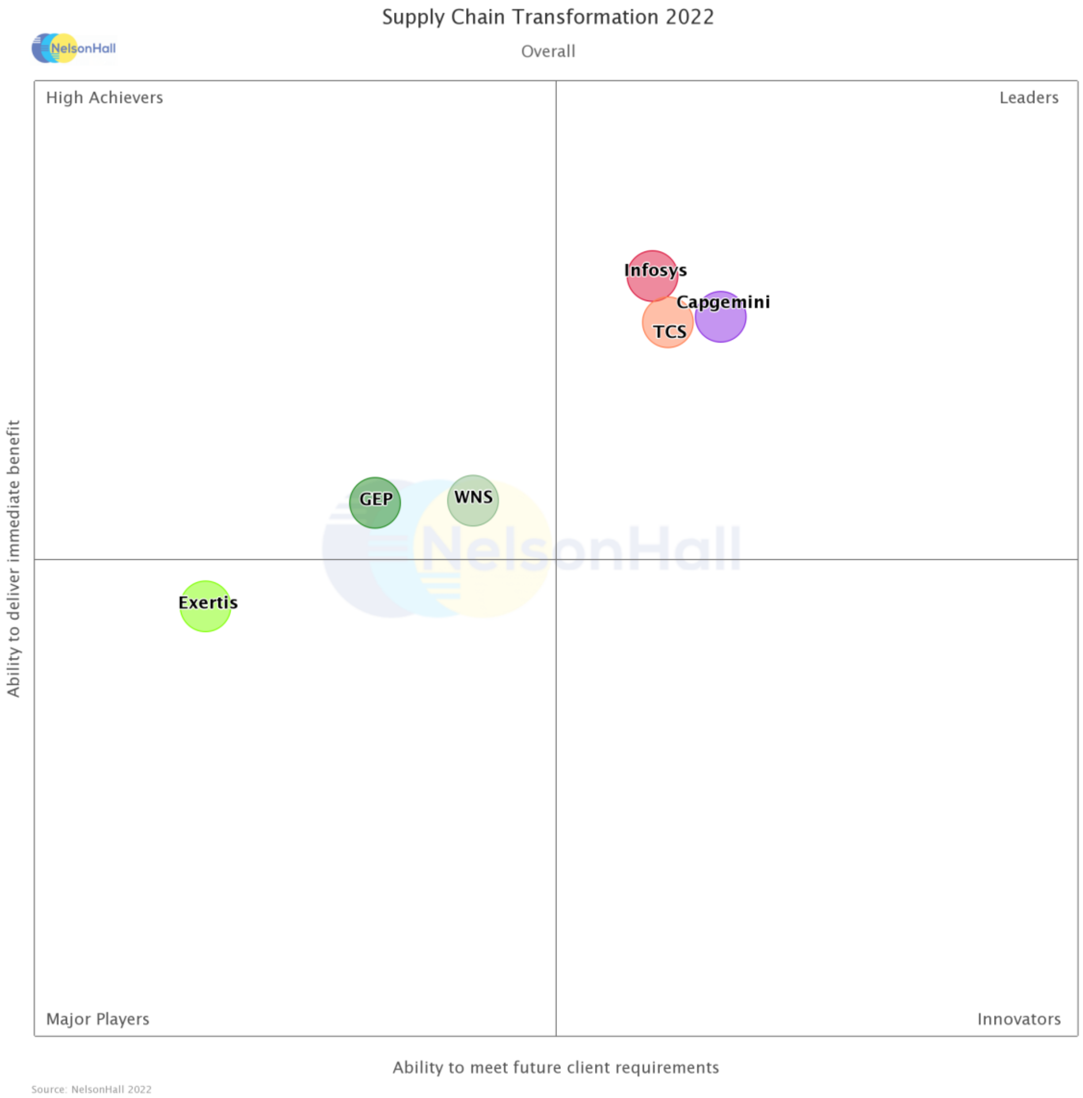
This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering supply chain transformation services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall.

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

Vendors evaluated for this NEAT are: Capgemini, Exertis, GEP, Infosys, TCS, and WNS.

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

NEAT Evaluation: Supply Chain Transformation (Overall)



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

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

Buy-side organizations can access the *Supply Chain Transformation* NEAT tool (*Overall*) here.

Vendor Analysis Summary for Capgemini

Overview

Capgemini delivers supply chain services and transformation under its frictionless supply chain proposition targeting integrated supply chain and "ultimate" transformation. It positions itself as a one-stop-shop in terms of:

- Supply chain domain areas (plan, source, make, deliver)
- Supply chain transformation areas (insights & data, operations, operating model, IT)
- Supply chain services engagement models (strategy, design, implementation, running operations).

One of Capgemini's goals is to help customers bring the vision of resilient, lean, intelligent, integrated operations into reality. Capgemini's vision is called *OneOps* and has three main pillars:

- *Edge-to-edge process integration*, i.e., integration and optimization outside of the classical supply chain scope – downstream with customers and consumers, upstream with raw material and critical components providers and other external stakeholders, e.g., logistics
- *Creating a lean organization*, i.e., automating and enhancing processes with artificial intelligence, eliminating wasteful processes, consolidation through Capgemini's business services, to allow the client's supply chain and operation teams to carry out more value-adding activities, eliminating the friction between departments, and reducing the overall cost of operations
- *Simplified, connected technology*, i.e., simplifying and standardizing the core ERP, building a scalable and flexible edge-to-edge data lake, stacking high functional supply chain solutions for transportation planning, inventory management, etc., and fully integrating them from the process, the data, and user experience perspective, and ensuring agility of technology.

Capgemini has ~14.4k employees who touch clients' supply chain (including procurement) and manufacturing. ~7.6k of these are capable of delivering SCM BPS, ~2k are capable of delivering consulting programs, and ~6.7k are capable of delivering IT services.

Capgemini claims to have 1,284 SCM BPS and technology clients. NelsonHall estimates that over 95% of these are IT services clients. In 2021, it provided standalone transformation consulting, design, and implementation services to 120 clients.

Financials

Capgemini does not disclose its practice-specific revenue figures.

The majority of Capgemini’s supply chain management BPS revenues and approximately half of its SCM transformation revenues are derived from Continental Europe, with North America accounting for almost a quarter of its SCM transformation revenues.

Strengths

- Strong demand planning capability backed by proprietary demand forecasting platform
- Strong supply chain transformation capabilities
- Willing to contractually commit to bonus-malus deals.

Challenges

A key challenge for Capgemini is increasing the percentage of transformation deals converted into BPS.

Strategic Direction

Supply chain transformation, operations, and strategy receive significant attention within the group and access to investment capital. Capgemini's investments in SCM will include:

- Recruitment, training, and retaining of talent to show commitment to transformation
- Digital and technological enablement, particularly around:
  - AI to deliver intelligent automation and reduce the dependency on manual intervention
  - Predictive and cognitive supply chain
  - Collaborative data ecosystems
  - Digital twins to offer a digital parallel of the entire edge-to-edge operation
  - Extended use of autonomous AI/ML robots in manufacturing and warehousing.

Outlook

NelsonHall expects Capgemini to:

- Focus more heavily on partnerships to bring the best of what is in the market to its clients
- Continue to build accelerators by elaborating on the tools offered by partners
- Deliver SCM services as part of wider transformation programs
- Leverage the acquisition of Altran to develop its manufacturing capabilities further and offer manufacturing services as part of supply chain transformation programs.

Supply Chain Transformation Market Summary

Overview

- Primary drivers for supply chain transformation include digitalization and efficiency, as well as agility and supply chain visibility
- Organizations are typically not self-sufficient in driving supply chain transformation
- The majority of supply chain services continue to be delivered from offshore. However, vendors are increasingly recruiting onshore consulting and domain specialists
- Vendors are increasingly investing in plug-and-play models with pre-built supply chain integration, building predictive and cognitive supply chains based on collaborative data ecosystems and use of digital twins
- With organizations looking for connectivity and wider business alignment, vendors will look to expand their scope beyond traditional supply chain activities, offering integrated services (e.g., supply chain, procurement, and manufacturing) to address the disconnect between the business departments.

Buy-Side Dynamics

Key benefits buyers seek from supply chain transformation include:

- Automation in order management
- Improved visibility and reporting of the overall supply chain
- Cost reduction in supply chain administration
- Access to real-time data combined with automation in logistics.

Market Size & Growth

NelsonHall estimates the global supply chain services market as ~$8bn in 2022, with expected growth of 15% CAGR through 2026.

Challenges

Market challenges include:

- Despite further investment in transformation services by supply chain services providers, clients seek additional support or leverage in-house capabilities in order to stay ahead of the curve, redesign and reshape their organizations
- Newer market entrants lack extensive multi-shore delivery capabilities to accommodate the demand for a global footprint, especially for operations and helpdesks
- BPS firms often lack extensive IT capabilities, infrastructure and technical breadth of knowledge, which is one of the key client requirements
- Despite many vendors offering some IT services, organizations seek additional support from technology vendors and integrators for software applications to achieve supply chain

transformation; some vendors require further capability in IT to be self-sufficient in delivering supply chain transformation

- Similarly, insufficient domain expertise causes organizations to seek additional support from logistics and aftermarket services specialists; supply chain transformation vendors need to further strengthen their capability in this space to offer an end-to-end supply chain transformation service
- Vendors have scope for improvement in delivering supply chain transformation benefits, particularly cost reduction in supply chain administration and improvement to the level of automation in order management.

Success Factors

Critical success factors include:

- Provision of advanced analytic reporting capability
- Use of design thinking to reimagine supply chain processes and operating models, and enable digital supply chain transformation coupled with innovative pricing and commercial terms
- Delivery personnel with relevant qualifications, certifications, and expertise
- Acting as a trusted advisor who can proactively deliver innovation and best practice, not just as a service provider.

Outlook

Supply chain management services remains one of the strongest growing and most transformative areas of BPS, driven by a continuing need for increased supply chain visibility and optimization.

NEAT Methodology for Supply Chain Transformation

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

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

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

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

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

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

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

Exhibit 1

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offerings	Supply chain management BPS capability Supply chain management transformation capability Demand and inventory planning capability Production support capability Logistics and fulfillment capability Aftermarket services capability
Delivery Capability	Scale of BPS delivery capability Scale of transformation delivery capability Delivery in support of demand and inventory planning Delivery in support of production support capability Delivery in support of logistics and fulfillment capability Delivery in support of aftermarket services capability Offshore delivery capabilities (Total) Offshore delivery capabilities (BPS) Offshore delivery capabilities (Transformation) Nearshore delivery capabilities (Total) Nearshore delivery capabilities (BPS) Nearshore delivery capabilities (Transformation) Onshore delivery capabilities (Total) Onshore delivery capabilities (BPS) Onshore delivery capabilities (Transformation) Application of automation in supply chain operations Application of analytics in supply chain operations Caliber of personnel
Client Presence	Scale of client base: BPS Scale of client base: transformation Scale of client base: demand and inventory planning Scale of client base: production support Scale of client base: logistics and fulfillment Scale of client base: aftermarket services Number of clients in the Americas Number of clients in EMEA Number of clients in APAC
Benefits Achieved	Improvement in visibility of the overall supply chain Improvement to the level of automation / error reduction in order management Improvement to the level of automation / error reduction in logistics management

Continued...

	Improved access to real time data in logistics management Improved reporting Improvement to the level of automation and duplication removed from global trade management Level of improvement achieved in planning of stock levels Cost reduction in supply chain administration Improved asset utilization Improvement to the level of data quality in forecasting

Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Investments	Investment in supply chain management BPS capability Investment in supply chain management transformation capability Investment in demand and inventory planning capability Investment in production support capability Investment in logistics and fulfillment capability Investment in aftermarket services capability Investment in automation Investment in analytics
Ability to Deliver Innovation	The extent to which the client perceives that innovation has been delivered The extent to which the client perceives automation has been delivered Suitability of vendor to meet future needs of the client Design thinking
Commitment to S2P BPS/Transformation Market	Perceived commitment: BPS Perceived commitment: Transformation

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

research.nelson-hall.com

Sales Inquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

Guy Saunders at guy.saunders@nelson-hall.com