Capgemini's Connected Enterprise: Delivering continuous digital and sustainable business value

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Introduction

This paper explores the principle of Capgemini's **Connected Enterprise** and the obstacles organizations face on the road to it. Stumbling blocks include complex legacy processes, insular thinking, siloed functions, disjointed supply chains, manual routines, insufficient investment in people and skills, and inadequate assessment of what constitutes value in the business and how it might be achieved.

Experienced and knowledgeable service providers such as Capgemini can help organizations overcome these many challenges, **combining process excellence, data intelligence, technology, people, and governance**, to **create an intelligent ecosystem** that works seamlessly and in sync and delivers **enhanced business outcomes**.

These benefits are not just for the top and bottom lines. They also affect sustainability, agility, workforce engagement, and, perhaps most importantly, customer experience. These real benefits extend beyond customers to Capgemini's ecosystem of employees and partners. This paper includes mini case studies of some of the world's biggest enterprises and quantifies the results they achieved by **connecting and digitally transforming their business operations**.

Capgemini's capabilities of connecting and digitally transforming business operations demonstrates HFS' OneEcosystem™ approach in action—showing what the enterprise can achieve for itself, its employees, partners, and customers, and the world of which it is part.

To learn about Capgemini's approach, we sat down with Oliver Pfeil, who took on the CEO role for Capgemini's Business Services global business line in February 2022. Having previously served as the CFO and co-founder of the practice for more than a decade, Oliver has charted a new path for the company. Under his leadership, Capgemini accelerated growth quarter to quarter and delivered notable business outcomes on client accounts. From a talent perspective, Capgemini's Business Services has set ambitious top-down goals to progress its diversity and inclusion agenda. The results surpass gender parity; under his leadership, Capgemini has already achieved a 53% female workforce.

As a global leader, Capgemini partners with companies to transform and manage their businesses by harnessing the power of technology. With its 55-year heritage, Capgemini draws on deep industry expertise in the fast-evolving fields of cloud, data, artificial intelligence, connectivity, software, digital engineering, and platforms. Capgemini's Business Services global business line helps transform business operations through seamlessly connecting processes and people, digitalizing processes, and leveraging operational data to intelligently deliver specific, value-focused business outcomes.

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> *In the current rather challenging macroeconomic environment, Capgemini is well positioned to partner with clients to progress their transformation towards a more digital and sustainable enterprise. This is achieved by focusing on fast value realization and committed tangible business outcomes enabled via the efficient run of operations.*
>
> **– Oliver Pfeil,**
> CEO, Capgemini's Business Services

Changing market dynamics demand a new kind of transformation partner

With inflation-driven pressures, many enterprises are battling to reinforce their digital transformation foundation and connect workflows across their front, middle, and back offices. Enterprises are becoming selective and seeking faster results and better outcomes from their investments in digital transformation.

However, many enterprises still struggle to coordinate complex processes and workflow changes, facing significant pressure to reduce inefficiencies, cut costs, and improve data quality. At the same time, structuring their operating model to support a seamless enterprise, where internal business units are connected, has increasingly led them to venture beyond their own boundaries and collaborate with partners that share their objectives, connecting customer, employee, and partner experiences to create new thresholds of value.

Hence, service providers must be agile and act as true business partners to help organizations navigate uncertainties. Fostering this relationship requires providers to align themselves with their clients' business objectives, build value maps, and define business outcomes aligned with those objectives.

In the current global situation, enterprises are navigating the maze of complexity and cost. The emphasis on the ecosystem has never been stronger. Relationships must evolve from valuing shared effort through delivering on performance and toward purpose-led partnerships. Enterprises need a wide ecosystem and should be hyper-connected to serve their customers better. Developing all aspects of talent, technology, sustainability, and leveraging good partners will make enterprises resilient.

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> There is a significant acceleration in the transition towards a more digital and sustainable economy. Enterprises need to hasten their digital transformation while shifting gears in terms of sustainability. Operating models need to evolve to enable the frictionless enterprise and extract the maximum value from those transformations.
>
> – Oliver Pfeil,
> CEO, Capgemini's Business Services

Capgemini's Business Services is responding to this new dynamic by combining process excellence, data intelligence, technology, people, and governance. The approach entails a shift in mindset from process ownership to ownership of products and their associated value. Indeed, Capgemini seeks to deliver business value and sustainability of outcomes by leveraging its entire ecosystem.

With a clear vision to foster a leadership position in the supply chain, finance and accounting, and sustainability, Capgemini's Business Services is responding to these new macro-dynamics to provide a scalable combination of consulting, process excellence, data intelligence, and technology expertise that echo HFS' OneEcosystem™ thinking.

Capgemini's Connected Enterprise model aligns with HFS' OneEcosystem

In the last few decades, organizations have been striving to operate faster and more efficiently, induce digital processes, and move data up and down the process chain more effectively. And, in the last few years, the pandemic and other macro-economic factors have changed the mindset of most organizations, prompting them to evolve across three Horizons of operations—from digital to OneOffice™ to OneEcosystem (see Exhibit 1).
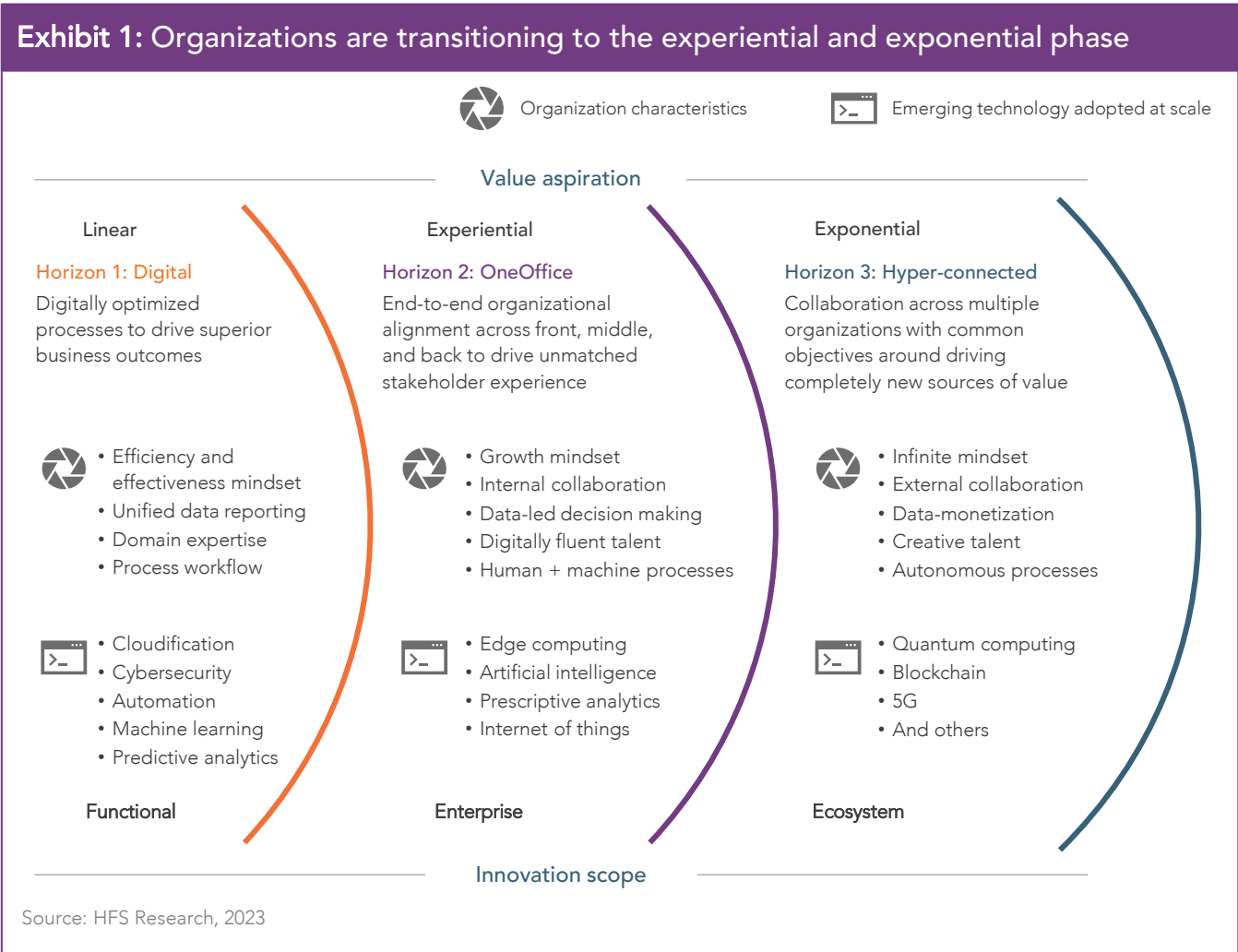
The journey from Horizon 1 to Horizon 3 is linear, and enterprises must move through each Horizon in order.

• **Horizon 1** includes digitally optimized processes to drive superior business outcomes.

• **Horizon 2**, the OneOffice mindset, includes end-to-end organizational alignment across front, middle, and back offices to drive unmatched stakeholder experience.

• **Horizon 3**, the OneEcosystem framework, defines how exponential value can be derived through collaboration across multiple organizations with common objectives around driving new sources of value.

In line with the HFS OneEcosystem, Capgemini's Business Services has transformed its portfolio by leveraging its Group portfolio and partnerships. There is a real shift toward value and business outcomes through changing the current operating model. The shift supports process transformation and drives a lean digital core by inducting new data models and best-of-breed software solutions with a sustainability perspective.

Exhibit 1: Organizations are transitioning to the experiential and exponential phase

⬡ Organization characteristics   ▣ Emerging technology adopted at scale

Value aspiration

Linear	Experiential	Exponential
Horizon 1: Digital	**Horizon 2: OneOffice**	**Horizon 3: Hyper-connected**
Digitally optimized processes to drive superior business outcomes	End-to-end organizational alignment across front, middle, and back to drive unmatched stakeholder experience	Collaboration across multiple organizations with common objectives around driving completely new sources of value
⬡ • Efficiency and effectiveness mindset • Unified data reporting • Domain expertise • Process workflow	⬡ • Growth mindset • Internal collaboration • Data-led decision making • Digitally fluent talent • Human + machine processes	⬡ • Infinite mindset • External collaboration • Data-monetization • Creative talent • Autonomous processes
▣ • Cloudification • Cybersecurity • Automation • Machine learning • Predictive analytics	▣ • Edge computing • Artificial intelligence • Prescriptive analytics • Internet of things	▣ • Quantum computing • Blockchain • 5G • And others
Functional	Enterprise	Ecosystem

Innovation scope

Source: HFS Research, 2023

Capgemini's Connected Enterprise unlocks the value of business transformation while supporting CXOs as strategic partners with data-driven insights and predictive analytics. The concept of the Connected Enterprise is about defining values and engaging with the client to help them define and deliver theirs with a partnership mindset. Value is no longer defining SLAs for different towers. Rather, the aim is to help clients achieve a sense of value overall and build their commercial objectives around it, coordinating internal and external ecosystems to amplify business value to clients.

To strengthen the value proposition of the Connected Enterprise, Capgemini identified five transformational offerings: Connected Finance, Connected Business Operations, People Experience, Connected Marketing, and Carbon Reporting and Management. It built core teams through assembling capabilities and expertise from its various Group business lines to achieve comprehensive value positioning and accelerated tangible business outcomes. These core teams have unified KPIs and a clear articulation of their capabilities.

By bringing together the best of its consulting business, technology arm, data experts, engineering expertise, and external partners, Capgemini's Business Services aims to be a reliable, long-term partner that achieves business process transformation, ecosystem coordination, data agility, and sustainability for its clients.

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Companies often sacrifice value creation for cost takeout. They can't have the value creation conversation with many partners, so it requires vendor consolidation and going beyond the procurement, and not all organizations are there yet.

– **Pierre-Louis Seguin**,
Chief Sales Officer,
Capgemini's Business Services

The Connected Enterprise framework has changed Capgemini's Business Services' outlook on its clients, employees, and ecosystems. The approach to clients is more partnership-oriented, driving transformational value instead of a transactional approach.

Creating value involves building excellent processes and driving collaboration

Process excellence should not be looked at in the traditional sense. Process transformation is a cycle of continuous improvement. It involves designing, implementing technology, and process mapping, so committing to extracting the expected value is important. It must be a combination of technology, people, and governance.

Designing and running processes must create value and impact customers, employees, and the ecosystem. In a transformation journey, looking at processes end-to-end is the key to success, as many enterprises are still running their functions in silos. Having functions in silos allows enterprises to optimize processes for those functions, but when they start thinking of processes and how they impact revenue and customer and employee experience, they realize that there are issues at this intersection.

Through the Connected Enterprise, Capgemini's Business Services reshapes operating models and looks at end-to-end processes, identifying pain points and tackling them by transforming how enterprises work. It also helps clients eliminate revenue leakage and generate new revenue streams.

To quote an example, Capgemini leveraged its intelligent supply chain capabilities to transform and optimize supply chain operations end-to-end from go-to-market plans to invoice and payment for a global leader in FMCG (fast-moving consumer goods), which improved forecasts and end-to-end visibility, reduced costs, decreased CO2 emissions, and enhanced customer satisfaction (see Case study 1).

The key components for Capgemini's Connected Enterprise are data agility, assessing the process end to end to reshape the operating model, and continuous innovation and transformation. Its objective is to reduce or eliminate friction by dynamically adapting to the client's organization to address every friction point in business operations.

Function-specific innovation offices connect to a central transformation and innovation hub, creating a feedback circuit that draws on research from institutes, innovation centers, and labs. Such transformation helps clients continuously reshape their operating models and look at new

technologies like digital twins to get visibility on end-to-end processes to identify pain points and tackle them.

To quote another case study, Capgemini transformed and automated finance processes for a global logistics company, delivering next-generation, AI-augmented, order-to-cash, purchase-to-pay, record-to-analyze, and analytics that drove enhanced efficiency and significant cost savings (see Case study 2).

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Our vision of running process excellence is about designing and running intelligent processing, meaning running processes is not enough by itself; it's creating value out of running these processes thanks to intensive use of data analytics and automation.

– Pierre-Louis Seguin,
Chief Sales Officer,
Capgemini's Business Services

Case study 1
Unlocking growth by transforming supply chain for a global leader in FMCG

Challenges: Fragmented operations led to inadequate forecasting and inefficient logistics.

Outcomes: Supply chain operations transformation, leading to

✓ **50**% decrease in time spent setting up promotions

✓ **€150** million increase in revenue

✓ **15**% increase in forecasting accuracy for higher truck fulfilment rate

✓ **€50** million decrease in cost

✓ **50**% increase in order fulfilment rate

✓ Significant CO_2 reduction

Source: Capgemini, 2023

Case study 2
Transforming the ship-to-collect processes for a global logistics company

Challenges: Finance and accounting processes were siloed, globally inconsistent, and mostly manual.

Outcomes: Automated and consistent new processes were introduced worldwide, leading to

✓ **£40** million saving on the overall project

✓ **One-day turnaround** time to execute automated disputes

✓ **15**%–**50**% efficiency gains per process

✓ **50**% improvement in cash collection effectiveness

Source: Capgemini, 2023

Strategic objectives can be achieved by driving data intelligence

A lack of data quality and challenges in embedding and fully adopting technologies in core processes are major deterrents to tapping the full value of transformation. Organizing unstructured data requires a strong understanding of data sets and should be designed considering multiple functions. For this, enterprises use service providers to develop data-led strategies.

It comes as no surprise that enterprises' most significant asset is data as the adoption of digitalization grows. Enterprises have custody of this data, but they have challenges deriving value from it, largely due to data silos. Democratizing data helps enterprises drive timely business insights for effective decision making, but it necessitates end-to-end adoption. This, in turn, will drive the agenda for business outcomes. In short, enterprises buy services to get the data they need to operate effectively and make competitive decisions (Exhibit 2).

Capgemini maintains that a lean digital core must support the new data models. It also recognizes that the true value is in data and that processes are the means to derive that value. Capgemini drives the transformational elements through both applications and processes. It brings together end-to-end capabilities to accomplish data-led strategies for its clients. Additionally, Capgemini focuses on enabling its clients' net-

zero ambitions through data-powered sustainability offerings, adding significance to its dual transition toward a digital and sustainable approach.

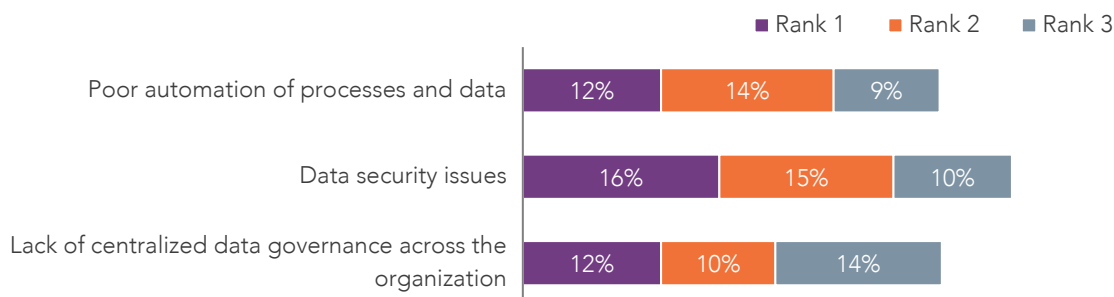## The right technology stack has to be brought together to deliver value

Capgemini's Business Services taps into the strength of the larger Capgemini Group to be truly frictionless to its customers. For example, to deliver an end-to-end approach for SAP S/4HANA transformation, Capgemini's Business Services combines capabilities from across different business units. It continues to invest in core capabilities in its AI-enabled Digital Global Enterprise Model (D-GEM) transformation platform to focus on resolving industry-specific challenges.

Its vision is to build a lean digital core that supports enterprises with the best processes and integrates best-of-breed cloud technology solutions to maintain the highest level of agility. This solution ecosystem will support its automation and analytics ambition. Capgemini's Business Services designed a Transformation and Innovation Office to drive the continuous innovation of processes and technology, working closely with its partner network. A new KPI focusing on revenue generated based on the deployment of partner platforms has supported a desire to increase platform-based revenue in the coming years.

Exhibit 2: Enterprises struggle with data challenges, making it difficult to meet their strategic objectives

What are your company's internal challenges to meeting your strategic objectives?
Percentage of respondents

■ Rank 1   ■ Rank 2   ■ Rank 3

Challenge	Rank 1	Rank 2	Rank 3
Poor automation of processes and data	12%	14%	9%
Data security issues	16%	15%	10%
Lack of centralized data governance across the organization	12%	10%	14%

Sample: 600 survey participants
Source: HFS Research, 2023

> "We position ourselves as an ecosystem provider that orchestrates a best-of-breed technology layer around a lean digital core to optimize value created via streamlined and highly automated best-in-class processes.
>
> – Oliver Pfeil,
> CEO, Capgemini's Business Services

Shifting from process owners to product and value owners requires a people and governance framework

Governance is an important aspect of driving digital transformation; it defines the success of the transformation. It prevents and mitigates risks, brings in accountability to create focus, and orchestrates the ecosystem for the transformation.

Capgemini adopted its frictionless approach to drive business outcomes and deliver customer value. The continuous innovation and transformation element of the Connected Enterprise has an innovation office embedded in every engagement. It has created multiple enablers to drive the shift from process owners to value owners (see Exhibit 3).

In line with HFS OneEcosystem, Capgemini's Business Services has launched the Value Office, an initiative that aims to align with its clients' business objectives and challenges by building value maps. The focus is on identifying industry-specific outcomes within the industry value chain and developing the commercial, contractual, and delivery elements of those business outcomes at scale. This includes the creation of a new role, Business Outcomes Officer, focusing on ensuring business outcomes align with the client's strategic intent.

Exhibit 3: Value enablers drive business outcomes and customer satisfaction

Source: Capgemini, 2023

Capgemini also created its Transformation and Innovation Office mothership to track adoption and outcome across all engagements. The Transformation and Innovation Office is the execution engine that delivers continuous, sustainable improvement across governance and reporting, and it has a feedback circuit that incorporates research from its institutes, innovation centers, and labs.

This framework strengthens the partnership model. With outcomes and client satisfaction at the center of the Capgemini universe, the frictionless components build a value-based approach with strong governance to deliver the committed value.

Capgemini combines elements of technology, data intelligence, and process excellence to deliver business value through a Connected Enterprise.

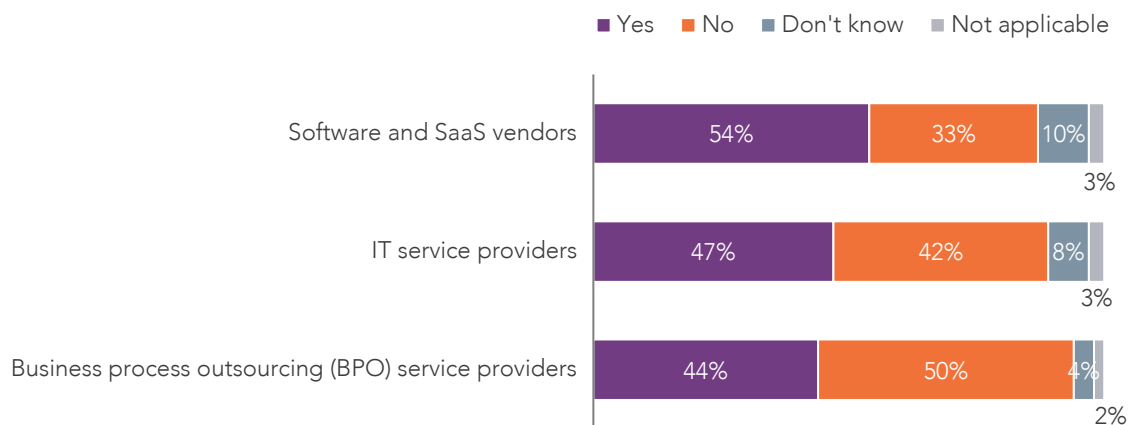## Delivering business value demands outcome-oriented commercial models

The Connected Enterprise isn't about defining value through traditional performance-based SLAs but engaging with the client to align with their value definition. It is also about structuring contracts with more skin in the game and more alignment to support transformations and the ultimate business outcome.

Budgets are rapidly tightening due to the current macroeconomic environment, compelling service providers to build new commercial models with a high level of skin in the game, better alignment of timing for costs and benefits, integrated solutions, and outcome-based delivery and commercial models. According to the 2023 Pulse Survey conducted by HFS Research, 44% of enterprises also want to renegotiate contracts with their BPO service providers (see Exhibit 4).

Capgemini's vision for specific processes is to implement a model where a fee is charged to cover only the costs, but the margin could be generated through business outcomes. In the future, this could be an ideal strategic partnership model that many might adopt.

Exhibit 4: Most organizations want to renegotiate their contracts with service providers

Is your firm seeking to renegotiate contracts with your service providers?
Percentage of respondents

Legend: ■ Yes ■ No ■ Don't know ■ Not applicable

	Yes	No	Don't know	Not applicable
Software and SaaS vendors	54%	33%	10%	3%
IT service providers	47%	42%	8%	3%
Business process outsourcing (BPO) service providers	44%	50%	4%	2%

Sample: 600 survey participants
Source: HFS Research, 2023

A further example demonstrates how Capgemini helped to reduce bad debts for a leading US logistics business by transforming it through cash collections, reconciliations, and resolution of adjustments (Case study 3).

Driving sustainable outcomes requires efficient and effective carbon management

During a recent HFS sustainability panel in London, enterprise leaders confirmed HFS Research's view on sustainability opportunities. Business impacts integrated into sustainability demands and an ecosystem approach will be critical in the future. The three-dimensional approach enterprises must execute starts with internal sustainability, where organizations need to internally align their actions and plans, followed by everything related to customer engagements in a global context.

At the same time, organizations with the greatest influence must move to help align policy, the public, and businesses with the global context (see Exhibit 5). There is a disconnect between leadership priorities and organization-level roadmaps at an organizational level. Future leadership must be aligned and clear on addressing sustainability internally, for clients, and across the ecosystems.

Case study 3
Reducing bad debts for a US logistics company

**Challenges:** There was a significant outstanding balance aging over 180 days.

Outcomes: Effective resolution across collections, cash applications, and disputes, via a fully outcome-driven model, leading to

✓ More than $20 million in bad debt unlocked through cash collections, reconciliations, and resolution of adjustments

✓ Improved working capital

✓ Reduced risk

✓ Enhanced customer experience

Source: Capgemini, 2023

Exhibit 5: The three core spheres of addressing sustainability

Three spheres of sustainability influence

- Systems influence
- Customer engagement
- Internal sustainability
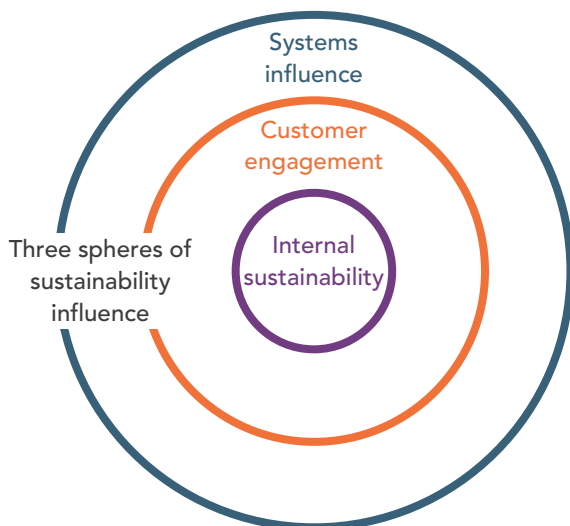
Systems influence
Organizations and coalitions with the greatest influence must move first and help align policy, the public, and businesses with the global sustainability context.

Customer engagement
Organizations must position their products, services, and everything else related to their customer engagements under the global sustainability context.

Internal sustainability
Organizations must address their internal sustainability by aligning their actions and plans to the global sustainability context.

Source: HFS Research, 2023

As a part of Capgemini's Supply Chain Foundation, which drives circularity from product design to reverse logistics, Capgemini's Business Services' carbon management offering aligns with its engineering capabilities. It fuses carbon accounting skills with life cycle assessments to drive regulatory compliance and reduce emissions for clients, improving activity design and complying with environmental regulations. The offering provides a strong foundation for achieving net-zero goals with the required diligence and discipline.

Indeed, as an example, Capgemini leveraged its demand and supply planning to identify new revenue generation opportunities while reducing electronic waste by refurbishing returned products for a multinational tobacco company. It contextualized data to operations and opportunities while optimizing its processes to drive a sustainable impact.

Capgemini is consciously investing in the entire spectrum of sustainability services, from strategy to operations, playing a vital role in environmental stewardship and regulatory compliance. It has a solid grounding in delivering sustainable and digital transformation through solutions impacting the end customer, employee, and ecosystem.

Capgemini is driving employee engagement and experience to nurture its people ambition

Capgemini's focus on human experience and an ambition to become a talent and leader magnet has led to a carefully planned strategy in which its managers not only support and encourage people in performing their roles but also nurture and help facilitate their career ambitions. Capgemini's talent strategy strengthens the employee value proposition of "Learn, Grow, and Succeed." Putting the right foot forward, Capgemini's Business Services hires for attitude and trains for skill.

An always-available database of passive job seekers with existing and new technology skills helps Capgemini cast a wider net for available talent. It also has an experienced recruitment

team adapted to client requirements to build a ready talent pool for the required skills. To distinguish the employee value proposition on human experience, Capgemini consistently shares candidate stories, case studies, and employee experience blogs.

Capgemini believes in the ideology that employee retention is the new talent acquisition. To emerge as a leader in the talent war, Capgemini has various initiatives to develop a skills-based learning culture across teams and engagement. Its WILL program (Women in Leadership Levels) celebrates top talent retention by gender parity, and its GETSUCCESS performance management framework nurtures a culture of simple, strategic, and sustainable outcomes.

Capgemini is driving shared goals and values to engage the ecosystem

At a Group level, Capgemini created Capgemini Ventures in 2019, which manages investments in promising startups and local-to-global partner models. At a corporate level, Capgemini's Business Services collaborates with global Group-level partners to build industry-leading offerings.

Additionally, Capgemini's Business Services created a partner alliance organization with key players such as UiPath, BlackLine, and more. Its vision is to build a lean digital core that supports enterprises with the best processes and the right technology stack, creating a data ecosystem and driving continuous innovation. Its automation and analytics ambition is supported by a desire to increase platform-based revenue in the coming years.

To facilitate this, the organization has put in place a new KPI on the revenue generated based on the deployment of partner platforms. It has a strong dynamic setup where Capgemini Business Services constantly scans and identifies new technology players to add to its partner list. This ecosystem principle echoes well with the HFS OneEcosystem framework.

The Bottom Line: Enterprises embarking on a digital transformation journey will have to build partnerships with a shared vision for success toward a sustainable business operating model focused on value realization.

Capgemini's Business Services is on a mission to impact its clients where it matters the most today: driving more sustainable, connected, and data-driven operations that deliver tangible outcomes.

Capgemini has grown substantially over the past 20 years, and the Altran acquisition has repositioned the company with world-leading engineering and operational technology capabilities. It is well-placed to partner with clients and has the ecosystem to deliver complex global IT and business transformations. It holds a strong conviction that successful transformation starts with reviewing and redesigning the operating and delivery model, target processes, and technology that should be chosen to support the full value realization.

Capgemini's Business Services' vision of designing and running intelligent processing and its commitment to extracting value by combining the data layer is key to driving value. Its aim is the seamless transformation of processes that impact the top and bottom line and enhance the customer and employee experience.

The vision also reflects the focused approach Capgemini's Business Services has taken in its five transformational offerings that bring together the expertise and capabilities from Capgemini's global teams to seal long transformational deals across geographies.

Today, Capgemini is engaging with clients to **rethink their strategic intent** with the implementation of the Connected Enterprise, helping them navigate transformation toward a fully digitized and sustainable world.

HFS Research authors

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Saurabh Gupta is President, Research and Advisory Services at HFS. He sets the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research. He oversees HFS' global research function, managing the global team of analysts and operations across the US, Europe, and Asia.

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Nandini Tare
Associate Practice Leader

Nandini is our Associate Practice Lead, driving our research around sustainability, engineering services, and Industry 4.0 in the manufacturing sector.

She has more than 15 years of experience in research and consulting with a focus on automotive, industrial manufacturing, and technology sectors.

About Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of 350,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2022 global revenues of €22 billion.

About HFS

Insight. Inspiration. Impact.

HFS is a leading global research and analysis firm trusted at the highest levels of executive leadership. Our mission is to help our clients tackle challenges, make bold moves, and bring big ideas to life by arming them with accurate, visionary, and thought-provoking insight into issues that impact their business.

Our analysts and strategists have deep, real-world experience in the subjects they cover. They're respected for their independent, no-nonsense perspectives based on thorough research, demand-side data, and personal engagements with industry leaders.

We have one goal above all others: to propel you to success.