ANNUAL REPORT 2017





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The **Annual Report** highlights our ambition and strategy, features the main activities of the year, and provides interviews and key updates across areas of business.



The **Integrated Report** describes how the Group's strategy, governance, and organization create lasting value for Capgemini and its stakeholders.



The **Registration Document** supplies financial analysts, institutional investors and individual shareholders with complete legal, business, financial, and accounting information.

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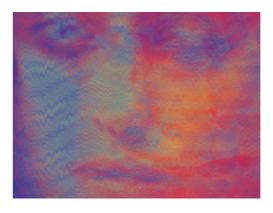


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A LEADER FOR LEADERS



Capgemini delivers the most demanding projects to the world's most demanding companies. We develop innovative services to meet their digital transformation needs and help them gain in competitiveness.

A leader in tech

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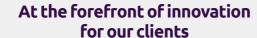
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— Capgemini People matter, results count.

Driven by the conviction that the business value of technology comes from and through people

Global, entrepreneurial and multicultural





200,000 employees in

40+
countries from

120+
nationalities



We provide unparalleled opportunities to spur innovation through our **Applied Innovation Exchange**, a network of 16 centers located throughout the world.



We leverage a **global ecosystem of partners**, including high-profile technology players and specialized startups.



We publish industry-recognized studies on the latest digital trends, notably through our **Digital Transformation Institute**, a network of dedicated research centers in India, the UK, and the US.



We share and discuss our business insights with industry peers through **Expert Connect**, our online community with more than 1,200 active Capgemini members.

-----> 7 founding values <------

Honesty

Boldness



Freedom

Trust



Fun



Modesty



Team spirit



at the **heart** of **everything** we do



Enabling clients to realize their business ambitions through an array of services from strategy to operations

Leading expertise in consulting, technology services and digital transformation

Key service offers

- Digital Strategy, Innovation & Transformation Consulting
 - Digital Manufacturing •
- Digital Customer Experience •
- Insights & Data Engineering Services •
- Cloud Choice Infrastructure Services •
- Application Development & Maintenance
 - Testing Automation •
 - Business & Platform Services
 - Cybersecurity

-----> Strong sectorial expertise <-----with dedicated offers

- Consumer Products & Retail, Distribution & Transportation
 - Energy, Utilities & Chemicals
 - Financial Services •
- Manufacturing, Automotive & Life Sciences
 - Public Sector •
- Telecommunications, Media & Entertainment •

Delivering solid and sustainable performance

2017 full year

€12.8bn

11.7% operating margin

€1.1bn

Free cash flow

Architects <-of Positive Futures

• Diversity •

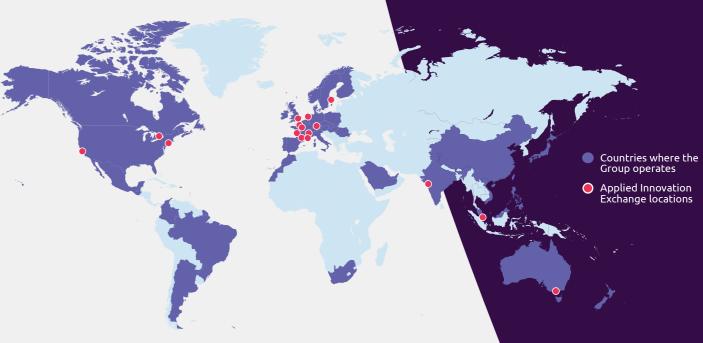
Building an inclusive workplace, attracting and retaining a diverse workforce

• Digital inclusion •

Using our skills to help societies address the impact of the digital and automation revolution

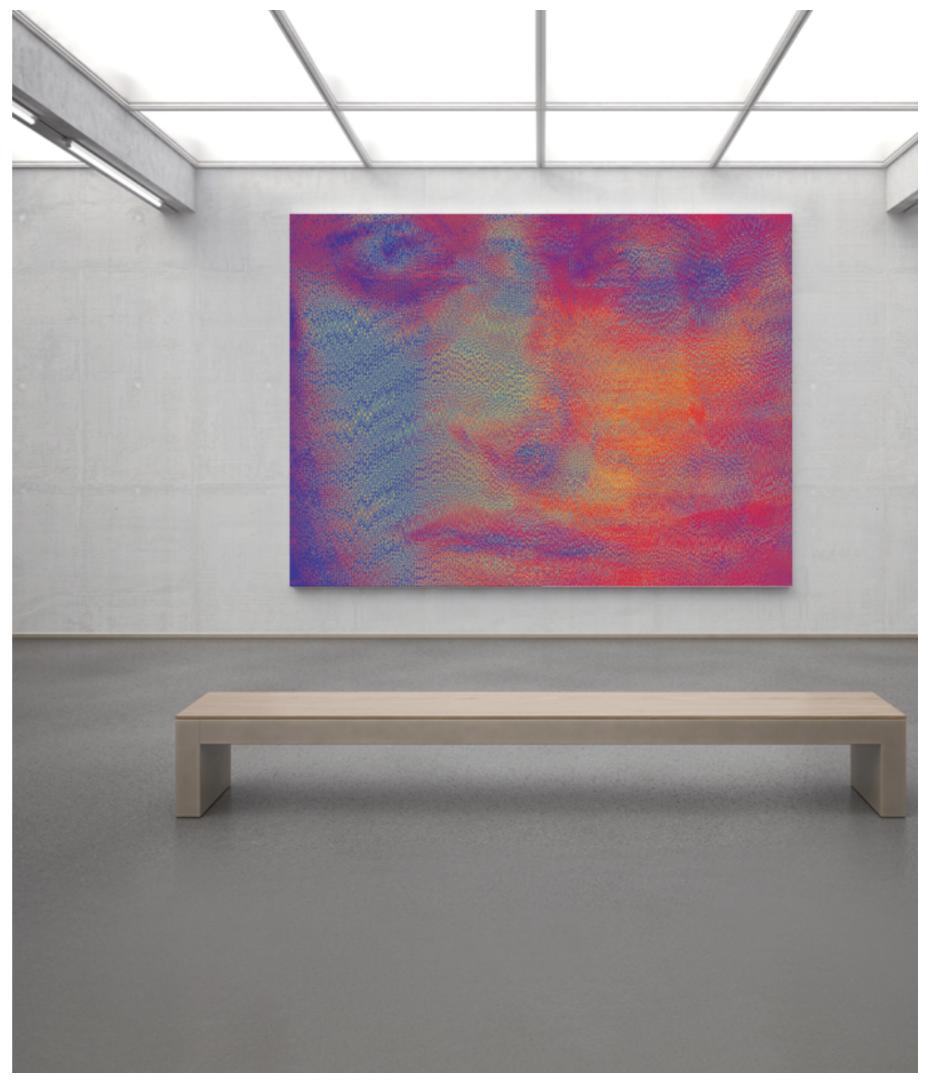
• Environmental sustainability •

Minimizing our environmental impacts, building business resilience against climate change, and supporting clients with their sustainability challenges



— 2017 was an excellent year for Capgemini. We witnessed strong growth driven by an increased demand in cloud and digital services, while continuing to offer our clients solutions to drive their competitiveness.

Strategy & results



— LETTER FROM PAUL HERMELIN



"Our ambition is to make
Capgemini a Leader for Leaders,
a company with the capacity
to deliver the most demanding
projects for the most demanding
clients, all while attracting
and retaining the most
talented people."

he year 2017 will go down, for me, as memorable for many reasons. One year after the passing of our founder, Serge Kampf, we decided to mobilize the employees of Capgemini and its clients to celebrate the Group's 50th anniversary and commemorate the entrepreneurial spirit that presided over Capgemini's creation in October 1967. This celebration took a variety of forms, notably a challenge that saw our 200,000 employees raise money for humanitarian causes, as well as a startup competition to recognize entrepreneurship and innovation.

At the same time, our management team kicked off an in-depth reflection to prepare for our future and to determine the best ways to seize the opportunities tied to the spectacular demand for technology.

This is why I invited our top 500 managers to attend the aptly named "Rencontres" (Meetings) near Grenoble, a yearly tradition first initiated by Serge that has always set the pace for our Group. This year's event enabled us to tackle two strategic priorities: rethink and enrich our passion for clients, and develop a more agile management of our portfolio of services.

Over the last five years we have been reorganizing the Group to focus on becoming a "strategic supplier" to our leading clients, who are themselves leaders in their own industries. So, it was all about directly applying those lessons to what I would call the Group's business DNA.

As far as our offers are concerned, Capgemini counts as one of the first service providers that has successfully made the shift into what is now called "digital", which I would define as the massive rollout of information technologies to modernize or revolutionize business. With such an ambition, we must continuously renew our expertise and develop our partnerships on a permanent basis, so we can anticipate every innovation and ultimately gain in agility.

We came to realize that the factors that enabled Capgemini to grow from a small startup in Grenoble to become today one of the forerunners of its industry were the same factors that will help us meet the challenges ahead. These include excelling in the service business, mobilizing all technological expertise, assembling men and women around shared values, and cultivating entrepreneurial energy.

We must resist the temptation for a group of our size to get tied up in internal discussions. On the contrary, we must stay open and passionate about innovations coming from the outside world, including all the startups driving today's technology. To that end, our Applied Innovation Exchange (AIE) network is an undeniable source of strength, as are all our colleagues and their insatiable curiosity. It is thanks to this that we are set to rack up successes in the most advanced fields: artificial intelligence, the Internet of Things, and blockchain.

To help our clients in their constant quest for productivity, Capgemini has also positioned itself on the frontlines of automation, again, I must say, with the resolute support of our talented employees. For them, this requires a demanding effort since it calls into question the way they work and sometimes even certain job posts. But they understand that it is our competitiveness that is the guarantor of their future.

All these efforts have most probably contributed to making 2017 a *grand cruy*ear. We fulfilled all our commitments, first to our clients, then to our employees, notably by spectacularly accelerating our training efforts, and finally to our shareholders. We were thus able to see a steady rise in our growth, a rapid evolution of our portfolio to digital and cloud services—which now represent 40% of our revenues—improved margin, and a record cash flow. It was a productive and successful year that enabled us once again to increase the dividend paid to our shareholders.

And all of this while also investing in our future, which is why I have put in place two COOs, both of whom have been with the Group for a long time, respected, experienced, and promising leaders – Aiman Ezzat and Thierry Delaporte. Each of them is respectively in charge of our two strategic priorities: the strengthening of our client intimacy and the acceleration of the transformation of our portfolio of offers. With this new governance, we have the strength to prepare for the upcoming management transition and to form a unified and reinforced team, focused on our ambition. That ambition is to make Capgeminia Leader for Leaders, a company with the capacity to deliver the most demanding projects for the most demanding clients, all while attracting and retaining the most talented people!

Paul Hermelin Chairman and CEO

— CONVERSATION WITH LEADERSHIP

Chairman and Chief Executive Officer Paul Hermelin, Chief Operating Officer Thierry Delaporte, and Chief Operating Officer and Chief Financial Officer Aiman Ezzat met at Capgemini's headquarters in Paris to discuss how the Group's major milestones in 2017 have set a foundation for future success.

Last year's performance, with a record cash flow and revenue levels, marks a new landmark in the Group's progress. How does this position the company for the years ahead?

P.H. > 2017 proved to be solid. We continued to create value for customers, notably by capturing the demand fueled by their digital agendas.

We met all our objectives. We witnessed a 4% revenue growth, which was higher than projected, and closed the year with strong momentum, particularly in North America, our largest market. We achieved €12.8 billion in revenue – our largest ever—and our operating margin rate continued to increase to 11.7%, up 20 basis points year-on-year. In addition, we managed a record-breaking cash flow collection of €1.1 billion. This excellent overall performance confirms our progression towards our longer-term ambition to be a "Leader for Leaders", partnering with the most demanding companies to help them deliver their technology agendas.



Digital and cloud services have been two major drivers of your success in recent years. Where do you see potential for growth?

A.E. Geographically speaking, we continue to see overall strong demand for our services in both North America and continental Europe. The market has been very active, and addressing the digital challenge is no longer the sole remit of IT departments but a top priority for all C-level executives.

But, more to your point, many environments and ecosystems are being disrupted by the "new", leading to strong growth in demand for digital- and cloud-related services. This demand acceleration will continue to drive growth across Capgemini's offering portfolio, with these white-hot areas already accounting for €5 billion in sales last year. They represent in 2017 close to 40% of total Group revenues, which is remarkable when one thinks that these activities represented just 23% of revenue only three years ago. We expect them to account for 50% of our sales in the coming years.

How are you preparing for this increased demand in cloud and digital?

T.D. We continue to usher in the "new", notably through investments in our Applied Innovation Exchange, our global platform that helps clients discover, experiment, and deploy innovation in such cutting-edge areas as artificial intelligence,

Paul Hermelin, Thierry Delaporte, and Aiman Ezzat met at Capgemini's headquarters in Paris to share their views on 2017 and their vision for the years to come. Their conversation was filmed and can be found on the Annual Report website, at:

"2017 proved to be solid.
We continued to create value for customers, notably by capturing the demand fueled by their digital agendas."

Paul Hermelin,

Chairman and Chief Executive Officer

the Internet of Things, and blockchain, to name a few. Last year, we opened three new facilities, including our new flagship location in the heart of New York City's Silicon Alley (NB: see page 39).

Most importantly, we also continuously adapt our entire portfolio of offers to better meet the needs of our clients and stay ahead of our competitors. This is the way for us to effectively support our clients in their digital journeys, help them to define and deliver their business and technology transformation agendas, and achieve their sustainable competitive advantage.

Speaking of competitive advantage, Capgemini partners with demanding clients on demanding projects. Any emblematic successes from 2017 to share?

A.E. Definitely, we had quite a few stellar wins last year! The first that comes to mind is our deal with McDonald's to support their digital transformation at scale, including the roll-out of their new restaurant touchscreen kiosks across more than 37,000 locations worldwide (NB: see page 44). Another great example is our groundbreaking project with the leading French telecom Orange, where we helped them launch their innovative mobile banking service, Orange Bank. Thanks to this fruitful collaboration, Orange has built a foundation that enables them to disrupt the banking industry (NB: see page 47). Finally, I would mention our partnership with Zurich Insurance Group —

representing three decades of trust – as an exciting example of the automation project, probably one of the largest undertaken by an insurance company in Germany (NB: see page 50).

These major wins reflect an elevated level of engagement and sense of trust with our strategic clients who are themselves leaders in their own industries. Importantly, our revenues from large accounts are growing faster than the Group average, which confirms the success of our renewed efforts on client centricity. It underscores our ability to develop large and long lasting strategic client relationships.

In a market of such fast-evolving client needs, how do you manage to have the right talent available to manage complex projects?

T.D. Indeed, the pace of change means we must recruit constantly, as the battle for the best talent is intense. To tackle this challenge, we also actively manage our strategy of external growth through a series of key, bolt-on acquisitions to accelerate this transformation. In just a 12-month period, we are happy to have welcomed five new firms to the Capgemini family, including Idean, TCube Solutions, Itelios, Lyons Consulting Group, and just this February, LiquidHub (NB: see page 62). We already see how these acquisitions have quickly enriched our company culture. They've infused



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Capgemini with a range of new skills, notably in the more creative areas of user-design and the customer experience. The addition of Lyons Consulting Group and Itelios alone has strengthened our leadership in digital commerce, which now positions Capgemini as a leading provider of Salesforce Commerce Cloud throughout Europe and North America. Taken as a whole, we are in a strong position to continue our trajectory as a world leader in the delivery of end-toend digital transformation.

I'd like to highlight as well that India is at the heart of our competitiveness and our deepest reservoir of talent in digital, cloud and artificial intelligence. As we're driving innovation in fast growing segments, at scale.

P.H. • Let me say that, thanks to these assets, we are amongst the few players in our industry able to execute on sizable digital transformation programs. Of course, our main client successes wouldn't have been possible without the dedication

"Addressing the digital challenge is no longer the sole remit of IT departments but a top priority for all C-level executives."

Aiman Ezzat, Chief Operating Officer and Chief Financial Officer



and entrepreneurialism of our stellar teams around the world. Every single win is supported by strong interpersonal relationships built on trust and collaboration. It's something for which we can all be

Paul Hermelin, you recently highlighted a renewed focus on CSR. What does this mean for a company like Capgemini?

P.H. • Corporate social responsibility may be a buzzword in many organizations, but I view CSR as crucial to unifying our 200,000 colleagues around a shared vision of positive change. With that in mind, this year we completely re-engineered our our teams in India are fueling our growth engine CSR architecture with our Board of Directors. You will, of course, see some areas of focus that you would expect from a people-first company – diversity and environmental sustainability, for example – but the newest component is the fight for digital inclusion. As a global leader of consulting and IT services, I feel personally a special responsibility to address the digital divide, especially for the most disadvantaged populations who do not yet have access to the digital revolution. As an ethically conscious organization, Capgemini will redirect most of its humanitarian efforts to specifically address this topic in the years to come.

> I am constantly impressed by the passion of our people, and I'm excited to see how they will take up the challenge. The level of commitment our employees demonstrated during last year's MoveFifty internal engagement to raise money for educationfocused charities was remarkable. By walking, biking, running, and more, our teams covered over 415,000 kilometers – the equivalent of crossing the globe 10 times over! This level of commitment is a core strength in a people-business like our own.

> 2017 saw an update to the brand identity, as well. Why the change?

> **A.E.** We last refreshed our logo 13 years ago. A lot has changed since then. We are not just talking about the size, the shape, or the scope of our business – the entire market has shifted. In 2017, a landmark 50th anniversary year, we decided to look to the future with a new brand identity.

T.D. The nice thing is that our updated logo reflects the unique character and strengths of Capgemini – dynamism, precision, and people. I believe it is a fundamental expression of our humanity and commitments. It's very satisfying to see how positively our colleagues and clients have received it.

Where is the Group headed?

P.H. In terms of performance, we will build on the strong foundation that 2017 has provided and continue to progress toward our midterm objectives. This, of course, includes the ongoing work to accelerate our portfolio toward digital and cloud, which as you know, are the most promising segments of growth. More broadly, it is also about injecting innovation in everything we do – from consulting to applications, through infrastructure and managed services. In this way we aim to be a partner of choice for all business transformations, helping our clients to achieve greater efficiencies, productivity, and ultimately, competitiveness.

We expect our investments to continue to bear fruit in the years to come, and remain committed to growth acceleration in 2018 of 6-7% at constant currency. Second, we forecast a continued improvement of our margin, and third, another year of good cash collection of over €1 billion. I'm keen to count on the support of Aiman and Thierry to bring the Group forward in these areas.

"We continuously adapt our entire portfolio of offers to better meet the needs of our clients and stay ahead of our competitors."

Thierry Delaporte, Chief Operating Officer

We will also strengthen our relationships with senior business decision-makers – or what we call the C-suite – in addition to the IT directors whom we already know very well. And we will certainly reinforce and deepen our industrial expertise, something that truly sets us apart in our industry. With these efforts, we aim to burnish our reputation as a long-term, committed partner, able to support every stage of our clients' digital transformation journey.

Finally, we will focus more than ever on our most important asset – our people, who make this company great. We will continue to empower our employees at every stage of their career development by providing the training, mentorship, skills, and motivation to become the leaders of tomorrow.

If we achieve all of that, we will be well on our way toward achieving our new ambition as a Leader for



Watch the conversation: reports.capgemini.com/2017

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—BOARD OF DIRECTORS

— The Board of Directors determines the strategic direction of Capgemini. It appoints the corporate executive officers in charge of its implementation, approves the financial statements, convenes the general shareholders' meeting, and proposes the annual dividend. It makes major decisions regarding effective operations and the future of Capgemini to create sustainable value for the benefit of all its shareholders and other stakeholders.

As of March 1, 2018, the Capgemini Board of Directors has 16 members, including 14 members elected at the shareholders' meeting and two members appointed in accordance with the employee representation system; 62% are independent directors and 43% women.

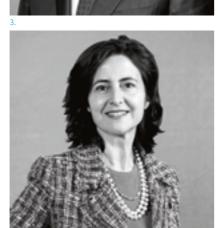
16 members

- 1. Paul Hermelin Chairman and CEO
- 2. Anne Bouverot
- 3. Daniel Bernard Vice-Chairman
- 4. Caroline Watteeuw-Carlisle
- 5. Xavier Musca
- 6. Lucia Sinapi-Thomas
- 7. Kevin Masters































- 8. Siân Herbert-Jones
- Pierre Pringuet Lead Independent Director
- 10. Phil Laskawy
- 11. Robert Fretel
- 12. Laurence Dors
- 13. Yann Delabrière
- 14. Carole Ferrand
- 15. Bruno Roger
- 16. Patrick Pouyanné





- **2** statutory auditors
- 17. Françoise Garnier (PwC)18. Frédéric Quélin (KPMG)

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— EXECUTIVE COMMITTEE —



- Olivier Sevillia
 Application Services Two*, Business
 Services and Global Accounts Program
 Management
- 2. Aiman Ezzat
 Chief Operating Officer and
 Chief Financial Officer
- 3. Paul Hermelin Chairman and CEO
- 4. Thierry Delaporte
 Chief Operating Officer



As of March 1st 2018, the Group Executive Committee comprises 22 members, including the 7 members of the Group Executive Board listed in blue.



COMMITTEE

- 5. Cyril Garcia
 Capgemini Consulting and
 Digital Services
- 6. Srinivas Kandula India
- 7. Luc-François Salvador Application Services Asia Pacific
- 8. **Virginie Régis**Marketing and Communications
- 9. **Hubert Giraud**People Management and Transformation

CAPGEMINI

- 10. **Jean Coumaros**Transformation
- 11. Christine Hodgson
 Corporate Social Responsibility
- 12. **Jean-Baptiste Massignon** General Secretary



- 13. Anirban Bose
 Financial Services
- 14. **Aruna Jayanthi**Business Services
- 15. Hans van Waayenburg Sogeti



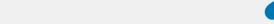
— The Chairman and CEO and six members of the Group Executive Committee make up the Group Executive Board, which is in charge of ensuring the collective management of the Group on an operational level.

The Group Executive Committee helps define Capgemini's main strategies. It sets the strategic priorities and the resulting action plans. It ensures that these plans are properly and effectively implemented at the operational level.



- 16. John Mullen
 Application Services
 North America
 17. Jean-Philippe Bol
- Cloud Infrastructure Services
- 18. Patrick Nicolet Chief Technology Officer
- 19. Rosemary Stark Sales 20. André Cichowlas
- Quality and Delivery
- 21. Pierre-Yves Cros Strategy and Development
- 22. Lanny Cohen Chief Innovation Officer

*Application Services Two: United Kingdom, France, Benelux, Nordic countries, Germany, Central Europe, and Southern Europe



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- MANAGERIAL TEAM -- MANAGERIAL TEAM -



Anil Agarwal **IKEA Account**



Fernando Alvarez **Group Partnerships** and Strategic Initiatives



Nivedita Bhagat Cloud Infrastructure Services - Northern Europe



Shobha Meera Financial Services -Sales



Eric Michel Group Control and Reporting



Michael Mittlestadt **Application Services** - MALS* - North America



Christophe Bonnard Business Coordination - France



John Brahim Insights & Data



Timothy Bridges Consumer Products, Retail and Distribution Services



Maurizio Mondani Brazil

Jean-Pierre Petit

Digital Manufacturing



Maria Pernas Group General Counsel

Oliver Pfeil

Application Services - Continental Europe - Operations



Catherine Perronet Group Executive Committee Secretary

Isabelle Roux-Chenu

Group Contract

Management





Philippe Christelle Internal Audit, Ethics, and Compliance



Thierry Daumas Cloud Infrastructure Services, Cloud, and Cybersecurity



Stefan Ek Sogeti - Operations



Sanjay Salunke **Engineering Services**

Lucia Sinapi-Thomas

Business Services

and Capgemini

Prosodie



Michael Schulte **Business** Coordination - Germany



Jérôme Siméon **Application Services** - France



Andrea Falleni Application Services - Italy



Pierre-Yves Gléver Digital Customer Experience



Navin Goel Business Coordination - USA



Bradley Little Coordination of Package-based Global Solutions



Leendert Venema **Application Services** - Nordics

Cliff Yu

- China

Application Services

Jeroen Versteeg

Shinichi Tonomura

Financial Services

- Japan



Volkmar Varnhagen Consulting Services - Germany and Netherlands



Franck Greverie Group Portfolio of Strategic Global Offers



Lalitkumar Khandelwal General Electric Account



Paul Margetts Application Services - United Kingdom



Application Services - Continental Europe Sales



Ashwin Yardi Group Industrialization - India Operations

* Manufacturing,



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Alain de Marcellus **Group Finance**



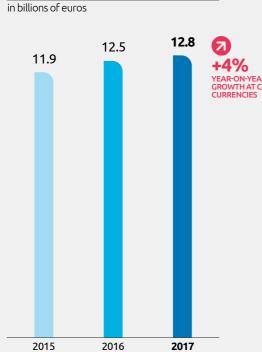




—2017 IN FIGURES

Capgemini recorded an excellent performance in 2017, with growth acceleration fueled by Digital and Cloud.

Revenues

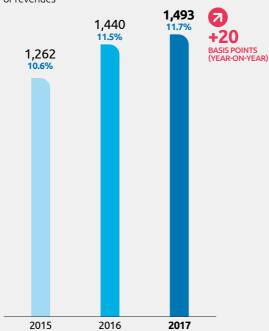


— The Group generated revenues of €12,792 million in 2017, up 2.0% compared with 2016. Growth is 4.0% at constant exchange rates, above the 3.0% target set at the beginning of the year. Organic growth (i.e. excluding the impact of currency fluctuations and changes in Group scope) is 3.6%.

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Operating margin*

in millions of euros and as a percentage of revenues

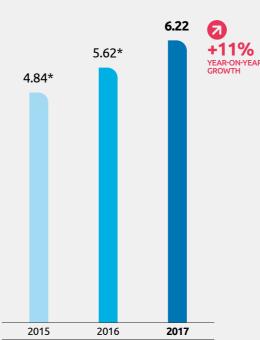


— Operating margin amounted to €1,493 million, or 11.7% of revenues, an increase of 20 basis points yearon-year, in line with annual objectives. Profitability continued to improve, reflecting the Group's ability to pursue industrialization while rapidly expanding its innovation businesses.

* Operating margin is one of the Group's key performance indicators. It is defined as the difference between revenues and operating expenses and it is calculated before "Other operating income and expenses".

Normalized earnings per share

in euros



— Normalized earnings per share stood at €6.22, representing an increase of 11% year-on-year, highlighting the growth in earnings and the decrease in the number of shares. Normalized earnings per share is defined as basic earnings per share adjusted for the items recognized in "Other operating income and expenses", net of tax calculated using the effective tax rate.

* Adjusted for a one-off tax income of €476 million in 2015 and €180 mil-

Free cash flow

in millions of euros



— Organic free cash flow reached €1,080 million in 2017, exceeding the €950 million objective set at the beginning of the year.

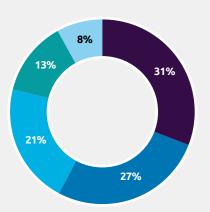
— 2017 IN FIGURES —

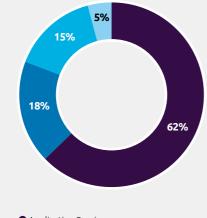
Revenue breakdown

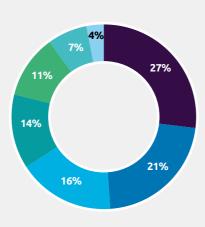
By region

By business

By sector





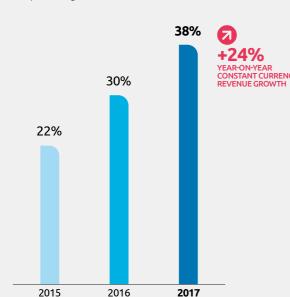




- Application Services Other Managed Services Technology and Engineering Services Consulting Services
- Financial Services Manufacturing, Automotive and Life Sciences
- Oconsumer Products, Retail, Distribution and Transportation Public Sector
- Energy, Utilities and Chemicals
- Telecommunications, Media and Entertainment Others

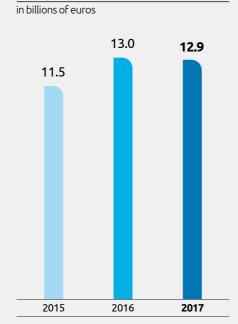
Digital and Cloud offerings

as a percentage of revenues



— Digital and Cloud revenues continued to expand, growing 24% at constant exchange rates to reach €4.9 billion, representing 38% of 2017 revenues.

Bookings



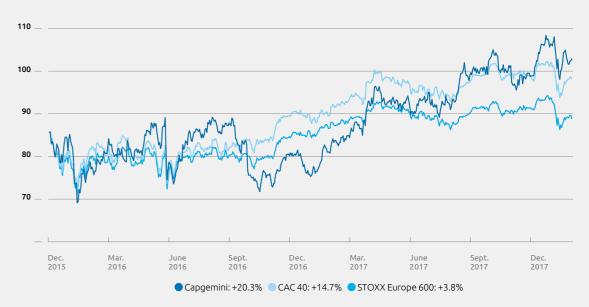
— Bookings totaled €12,890 million during the year, up slightly (+1% at constant exchange rates) compared to €13,027 million in 2016.

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— 2017 IN FIGURES —

Capgemini share price

in euros, compared to CAC 40 and STOXX Europe 600 indexes, from December 31, 2015 to February 28, 2018



Shareholder structure

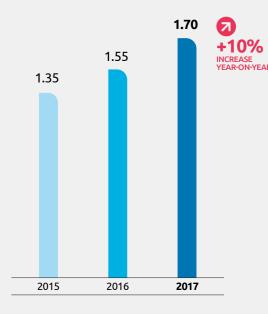
at the end of December 2017 (based on a shareholder survey)

Treasury shares



Dividend per share

in euros



— The Group has an established dividend distribution policy that ensures a balance between the investments required for its development and the distribution of profits to shareholders. In 2017, Capgemini paid a dividend of €262 million and devoted €176 million to the multi-year share buyback program.

Shareholder information

—For ongoing information about the Group, shareholders can refer to Capgemini's investors website (investors.capgemini.com) or contact the investor relations team at actionnaires@capgemini.com.

Clients discuss the latest innovations at the new AIE flagship in New York, US

—KEY HIGHLIGHTS

Capgemini experienced a remarkable 2017. As a Group, we celebrated our 50th anniversary and launched a stylish new brand identity. Concerning our clients, demand in digital and cloud services continued to grow, cementing our status as a leading partner of digital transformation.

ADMnext

PATHS TO



A strategic partner to the world's most demanding companies

y offering competitive and innovative solutions, Capgemini is becoming more and more a strategic partner to the world's largest companies. For example, in August 2017, McDonald's chose Capgemini as a strategic provider for the development, deployment and maintenance of its restaurant and digital technologies. The multi-year agreement will support McDonald's customer centric strategy to evolve the restaurant experience across more than 37,000 locations worldwide. Large accounts like McDonald's are growing at two percentage points above the Group average, demonstrating our ability to develop strong and lasting client relationships.

X



OFFERS NEW

AGILITY More than just a way to increase efficiency and reduce costs, IT applications are critical to business success. As a result, Capgemini announced its new Application Development and Maintenance (ADMnext) offer to help its clients increase business agility in the face of automation, big data, and other disruptive technologies. ADMnext offers a comprehensive portfolio that empowers organizations to: excel by addressing the challenges around operational effectiveness; enhance the core to create a culture of continuous improvement; and foster innovation using applications as the catalyst for accelerating business initiatives and time-to-market.

One of the world's most ethical companies

or the sixth year running. Capgemini has been recognized as one of the "World's Most Ethical Companies" by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices. We are one of only three honorees in the consulting services industry recognized by the award, which celebrates our commitment to leading with integrity and prioritizing ethical business practices by committing to transparency, diversity, and inclusion. The world's most ethical companies don't just lead through integrity, eithercommitment to corporate standards also has an impact on the bottom line. Research has found that those selected in the ranking outperformed the US Large Cap Index over five years by 10.72%, or what Ethisphere refers to as the "Ethics Premium".



+24% n early 2018, Capgemini acquired Lyons Consulting Group, an award-winning digital and global commerce service

Colleagues at the design firm Idean

brainstorm around creating a digital

user experience

Strengthened

commerce

leadership in digital

provider with deep expertise in

Salesforce Commerce Cloud. The

dynamic company is helping to

accelerate Capgemini's growth

strategy focused on digital, notably

in North America. Along with the

acquisition of Itelios, a prominent

European Salesforce Commerce

the digital customer experience

Cloud solutions provider, these new

additions enable Capgemini to meet

needs of its clients around the world,

and position the Group as a global

leader for Salesforce Commerce

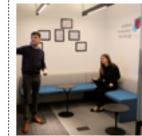
GROWTH IN DIGITAL AND **CLOUD SERVICES** Capgemini recorded an

excellent performance in 2017, reflecting its ability to create value for its clients and capture the demand fueled by their digital transformation. The strong acceleration in digital and cloud continues to drive growth across Capgemini. Revenues in these exciting areas reached close to €5 billion in 2017 and now account for 38% of total Group revenue, representing a +24% year-on-year growth.



New York AIE flagship drives digital innovation

he Applied Innovation Exchange (AIE) continues to excel as our global platform to help clients discover relevant innovations; contextualize and experiment with them in their specific industries; and to deploy them globally. In October 2017, Capgemini opened a new AIE location in the heart of New York City's Silicon Alley to expand its digital transformation capabilities. The new facility at 79 Fifth Avenue also houses our innovation consultancy Fahrenheit 212 to offer our clients end-to-end business and IT services under one roof. The AIE network continued its expansion in 2017 with two other openings in Singapore and Mumbai, for a total of 16 innovation locations worldwide.



Capgemini colleagues share ideas in the new AIE flagship location in New York, US

Cloud solutions.

Colleagues from Itelios, a leading provider of Salesforce Commerce Cloud services in Europe

CAPGEMINI **ANNUAL REPORT 2017** 26 27 - 2017 KEY HIGHLIGHTS -- 2017 KEY HIGHLIGHTS -



50 years of innovation



apgemini employees celebrated the Group's 50th anniversary through **MoveFifty**, a global movement to raise money for education-focused charitable organizations. Over the course of five months, employees covered over 415,000 kilometers by walking, running, biking, or swimming to support a donation to be shared among three charities - Ciudad Quetzal (Guatemala), Enlight (India), and Cap Sur Le Code (France). Their combined distance was equivalent to circumnavigating the globe over 10 times! The excitement was palpable. Motivated team members spread the word on social media using the 50th anniversary hashtag #Capgemini50, resulting in close to 300,000 total social engagements across Facebook, Twitter, Instagram, and Yammer.

 \times

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2017 marked the Group's 50th anniversary and a time to look back at half a century of passion, entrepreneurship, and success. In 1967, Serge Kampf founded Capgemini in a two-room apartment in Grenoble, France. Since then, Capgemini has gone from startup to global leader in consulting, technology services, and digital transformation. Today, almost 200,000 team members in 40 countries serve over 6,000 clients across all sectors. By "living the future since 1967" - the Group's 50th anniversary motto – Capgemini has been on hand to help prepare clients for major business and technological disruptions. We owe our forwardthinking ethos in large part to the extraordinary personality of our founder, whose honesty, boldness, trust, freedom, team spirit, modesty, and thirst for fun continue to live on in our Group DNA.



Rewarding early-stage startups with InnovatorsRace50

special edition A special edicion InnovatorsRace50 was held in 2017 to celebrate the 50th anniversary of Capgemini's founding as a startup in its own right. The competition gave startups from across the globe a platform to pitch their ideas and accelerate their business by engaging with a panel of industry and technology experts. Over 1,000 early-stage startups applied across five different award categories. Following a rigorous selection process, 10 finalists were invited to pitch their ground-breaking products to a select jury at the Viva Technology conference held in Paris in June 2017. Five winners were awarded the "Serge Kampf Entrepreneurship and Innovation Award," with each receiving \$50,000 in equity-free funding, as well as the chance to access industry experts and join the Capgemini partner network. Congratulations!

CAPGEMINI



his new multiyear partnership is a continuation of Capgemini's longterm support for the sport of Rugby over the last 25 years, reflecting the Group's strong heritage and international presence. An Olympic discipline since 2016, this international competition includes 10 men's tournaments and five women's tournaments each year. As an Innovation Partner, Capgemini will put its expertise and passion for technology at the service of Rugby Sevens and its fans. Spectators will have greater access to deeper insights into the game and its players, including data and infographics to augment the tournament experience in stadiums, on television and social media. In this way, a likeminded partner, Capgemini will help World Rugby to grow Rugby Sevens' global footprint.





Capgemini unveils its new logo at its headquarters in Paris. France

Forward-looking with a new brand identity

o celebrate and build on its 50-year heritage, Capgemini unveiled a new brand identity. It reflects the unique character and strengths of the Group: dynamism, precision, and people. A handwritten script inspired by Group Founder Serge Kampf is now our unique and human company signature, encapsulating the belief that technology is nothing without the people behind it. Traditionally the highest value in a card game, the ace of spades is redesigned for greater fluidity and dynamism. It reflects the Group's ability to adapt in a constantly changing technological environment. Brand Finance, a leading independent brand valuation consulting firm, estimated that in 2017 Capgemini's brand increased in value by 10%.

Rugby players on the field at the 2018 World Rugby Sevens tournament in Hong Kong





— ARCHITECTS OF **POSITIVE FUTURES**

To keep pace with our clients' demands and stay relevant in the market, we strive to embed sustainability, both social and environmental, into the heart of our business.

> irmly grounded on our values, Capgemini's commitment to Corporate Social Responsibility (CSR) has been both a guiding principle in our work and an area for continuous renewal as we grow. As we are a leading provider of consultancy, technology and digital services, our CSR policies address areas where we believe our activity can have a clear and direct impact. This includes creating a diverse and inclusive work environment that enables our people to fully develop professionally; reducing our impact on the environment and helping our clients to reduce theirs; and using our expertise

to contribute to the development of the societies in which we operate.

A RENEWED AMBITION LEVERAGING **THREE PILLARS**

- Our renewed goal of being "Architects of Positive Futures" captures our social responsibility ambition: to be recognized worldwide as a leading responsible company, using our expertise for positive impact. We have defined three key objectives, with appropriate targets for 2020:
- Diversity: attracting, retaining and building a diverse and inclusive workforce to enable both Capgemini and our employees to thrive;
- **Digital inclusion:** using our skills to help societies address the impact of the digital and automation
- > Environmental sustainability: minimizing our environmental impacts, building business resilience against climate change, and supporting clients with their sustainability challenges.

TARGET 2020

25%

30

of executive leadership teams to be women

34%

of our total workforce to be women

80%

of our social impact initiatives to focus on digital inclusion

20%

reduction in carbon emissions per employee compared to 2015

— ARCHITECTS OF POSITIVE FUTURES —

Greenovation, the winning team of the 2017 Capgemini carbon hackathon



— Key engagements in 2017

OUTFront FOR DIVERSITY AND INCLUSION

- In 2017, the OUTfront LGBTQA+ (lesbian, gay, bisexual, transgender, queer, allies, and others) network continued their efforts to foster diversity and inclusion in the workplace. In 2017, India joined the network, representing a significant milestone in our Group's commitment to create a safe, discrimination-free and welcoming space for all our colleagues, regardless of sexual orientation.

EMPOWERING DIGITAL LITERACY IN INDIA

— We aim to maximize our social impact through a streamlined focus on digital inclusion, leveraging our specific skills and capabilities, especially for the most disadvantaged populations. In 2017, we partnered with the Digital Empowerment Foundation to empower underserved Indian communities with internet connectivity and digital literacy. Together with the support of the local Indian administration, we established e-learning centers in 10 primary and junior schools throughout the Gautam Buddha Nagar district of Uttar Pradesh. The program digitally empowers over 900 students and staff alike by



Digital workshops being held in Uttar Pradesh, India, to build and enhance the IT skills of teachers

900

Students in India received digital literacy training in 2017 through our partnership with the Digital Empowerment Foundation

15% Reduction in carbon emissions achieved per employee since 2015

providing digital literacy support, laptops, and wifi

connectivity. Digital workshops were also provided to build and enhance the IT skills of teachers across the participating schools. Over the course of two days, teachers were trained – many of them for the first time – to use software to create text files, compile data, and apply mathematic formulas.

HARNESSING OUR COLLECTIVE **CREATIVITY TO CUT CARBON EMISSIONS**

— In 2017, thanks to Group-wide efforts to reduce energy use, business travel, waste and water, we have achieved a 15% reduction in carbon emissions per employee since 2015. The creativity and skills of our people are crucial to this effort and 2017 saw us harness this talent through our first ever global carbon hackathon. Over 200 employees from 11 countries joined the two-week virtual challenge to come up with creative solutions for visualizing carbon data or mobile apps that would inspire change. The winning team, Greenovation, combined a set of stunning data visualizations on our flight patterns with an idea for an employee app which will help Capgemini teams to collectively track and reduce their travel impact.

Capgemini colleagues in Canada celebrate Pride weekend





— Capgemini serves the most demanding companies. Our clients, themselves leaders in their respective industries, are constantly pushing us to expand our range of innovative products and services. We are able to meet their evolving expectations and support their digital transformation, all while driving their overall competitiveness.

A Leader for Leaders

— A LEADER IN TECH

34

The world of tech moves fast. To help organizations cope with a paradigm that demands continuous innovation, Capgemini scans the horizon for the latest business applications of new and emerging technology.



— Al as an augmenter

Recent technological advances have multiplied the computing power and increased the speeds of data networks. The result is a renewed interest in the indispensable capabilities of artificial intelligence.

ollowing the explosion of data in the digital economy, artificial intelligence (AI) encompasses a range of technologies that learn over time as they are exposed to more and more data. The ability of systems to learn from large volumes of historical, realtime and prospective trend data – continuously improving as even more data becomes available – creates the opportunity for spectacular developments. And this, in areas as diverse as image and voice recognition, natural language processing, video analysis, conversational commerce, robotics, smart process automation, predictive analytics, machine and deep learning, and more.

LEAVE TIME FOR CREATIVITY

— Artificial intelligence will be a key enabler for the transformation and the disruption of entire industries in the years to come. It not only drives the radical automation of what we used to consider typically human tasks, it also augments our traditional cognitive capabilities (interact, watch, remember, think, act). Our research* has shown that AI as an "augmenter" can have profound business implications for organizations large and small – 74% of firms implementing AI technology as part of their strategy saw gains in sales of more than 10%, and 78% of firms saw gains in operational efficiency of 10% or more over the same time period. Another

FIGHTING CANCER WITH COGNITIVE TECH

Capgemini implemented IBM Watson Explorer tools for Ahus, one of Norway's leading university hospitals, to classify and quantify radiology reports of patients in different stages of cancer. The setup provides Ahus with significant insights that improve the quality of cancer pathways and empower the hospital to continue to deliver high-quality patient care.

excellent example of AI in action is the work of a major aviation company who combined analytics on maintenance and design data to enable an instant 20% increase in efficiency.

To be clear, the role of AI is not to replace humans but to augment humans. It is about helping us do what we do better. Absorbing intimidating amounts of fine-grained data in a complex network of information about customers, processes, data, and regulations to find unseen correlations, anomalies, patterns, and efficiencies – this is where AI can go that humans cannot.

AI-FIRST

— Becoming an "Al-first" company promises formidable opportunities for large-scale change, including productivity, quality, speed, mass personalization, and re-imagined products, services and new business models. Succeeding will take a strong vision and a determined digital strategy, but equally so it's about getting hands-on with the crucial new technologies as soon as possible, and learning while doing. This involves the upskilling or reskilling of a workforce to take advantage of these new tech challenges, while reassuring employees of the mutual benefits that they can bring. To discover new ways to turn automation into an engine for business growth, read more about our Automation Drive offer (see page 66).

74% of firms surveyed saw

of firms surveyed saw a 10% increase in sales after implementing AI* **78%**

of firms surveyed saw at least a 10% increase in operational efficiency after implementing AI*

CAPGEMINI ANNUAL REPORT 2017



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 $^{{\}it *Turning Al into concrete value: the successful implementers' toolkit, Capgemini, 2017.}\\$

— The industrial **Internet of Things**

The manufacturing sector is witnessing a radical shift. Recent breakthroughs in cloud and edge computing are paving the way for the industrial Internet of Things.

efined as the collection of physical **objects** able to communicate with each other and the outside world, the Internet of Things (IoT) is being powered by two recent infrastructure breakthroughs: cloud and edge computing. At its simplest, cloud computing is the practice of using a network of remote servers, storage, memory, and tools available over the internet to store, manage, and process data. While edge computing can be described as the use of servers that sit on the "edge" of local internet access points to perform activities closer to the operations side, thus removing latency from the constant transfer of large amounts of data.

Thanks to this new computing power, the manufacturing sector is witnessing a radical shift in its operations as the IoT is becoming industrialized. Today's smart factory can now collect and analyze anywhere from 80-90% of production parameters in near real-time to constantly monitor critical assets to prevent failure; to detect process drifts before they result in quality or compliance issues; and to constantly optimize flows across the entire factory or supply chain. According to Capgemini research, manufacturers expect that smart factory investments like these will drive a 27% increase

REAL-TIME PLANT MONITORING A major player in the

global automotive industry, the Faurecia Group selected Capgemini to support its digital strategy to optimize plant production through real-time monitoring. After connecting its plants to the cloud, big data now enables predictive maintenance by identifying specific variations that might lead to the breakdown of machines. As a result. the Group has avoided multi-hour production stoppages several times.

in manufacturing efficiency over the next five years, contributing \$500 billion in annual added value to the global economy. To helps its clients secure these benefits, Cappemini offers a Digital Manufacturing service line that improves efficiencies and productivity through smart, connected services (see page 60).

WHAT'S NEXT FOR SMART FACTORIES?

— After years of automating physical operations, investments are now shifting to optimize managerial operations. Just as robots have released manual work, algorithms will progressively displace production supervisors, the next generation of which will rely on robust data versus intuition. Most factories will evolve to "lights out" operations, with people focusing on improving versus running them. Engineers will also be able to generate and simulate the manufacturing sequence of a new product as it is being designed, learning from the data collected when manufacturing the previous generation. This simulation will take place in a "digital twin" of the actual factory, helping to anticipate the required adaptations and radically reduce the time to ramp up the plant.

AND THE "TRADITIONAL" IOT FIELD?

— Unlike the earlier internet wave, which was largely driven by software updates, this one involves the upgrading of physical objects to ensure better connectivity. As a result, these inherently longer iterations will result in differing adoption rates according to each sector. But make no mistake, IoT is going mainstream – and with a promise for more scalability, security, and reliability.

80-90%

of production parameters can now be monitored in near real-time thanks to smartfactory investments*

*Smart factories: how can manufacturers realize the potential of digital industrial revolution, Capgemini, 2017.

\$500 billion

is the annual added value to the global economy over the next five years thanks to smart factory investments*

— Blockchain technology and new business models

It began with Bitcoin, but now it has spread. Blockchain technology has the potential to radically transform the way industries do business.

istributed ledger technology **(DLT)**, also commonly referred to as "blockchain technology," has been making headlines for several years. Although initially popularized in the financial services industry, there is now a flurry of experimentation across both government and industry. Why is so much effort spent on these shared ledger systems? Their primary purpose is to help create more reliable views on our business interactions and agreements. That's certainly important in the financial industry with its millions of transactions sent each day, as it could bring a number of substantial benefits, such as lowered reconciliation costs, more efficient business processes, and better management of regulatory frameworks. In a broader sense, these shared ledger systems are also important because they can be used to build B2B platforms, a business

MUCH MORE THAN FINANCIAL SERVICES

megatrend that is expected to unlock trillions of

dollars of value in the next decade.

— DLT has great potential to benefit all companies across the global supply chain – not just banks. Applications extend beyond digital currencies and money transfers to include electronic voting, digitally-recorded property

DLT ON THE RISE

Starting in early 2017, Capgemini has been working with a group of leading Italian brokers and insurers to leverage distributed ledger technology for the creation of an efficient, transparent, secure, and easy-touse platform for negotiations on commercial property and insurance.

assets, and even patient health records management. Indeed, some of the most advanced use cases in supply chain, trade finance, and food traceability will likely make their way to production by the end of 2018.

NEW COLLABORATIVE BUSINESS MODELS

— Because of the fundamental collaborative nature of DLT, many new solutions will take the form of shared marketplaces, or distributed platforms relying on new decentralized architecture. Although most business cases have so far relied on operational efficiencies and cost savings, the long-term value of these distributed platforms is expected to be derived from new business models and new value propositions. Success will therefore require the functional expertise to redesign business processes and promote collaboration between stakeholders – and even competitors.

Capgemini has identified this emerging technology as strategic, as it typically touches the full spectrum of our technological, digital and crosssectoral leadership. Leveraging a global team of experts, we are partnering with our most strategic clients on a number of DLT use cases heading to production – including on cash management, asset management, and insurance – where we aim to orchestrate the design, build, and operation of a number of distributed platforms. We are at the dawn of a fascinating journey.

\$15-20 billion

in projected savings for the banking sector by 2022 thanks to blockchain technology*

*Smart Contracts in Financial Services: Getting from Hype to Reality, Capgemini, 2017.



— Culture is key to transformation

Becoming an innovative organization takes a lot more than opening an innovation center in an innovation hotspot. It requires a disciplined approach on a number of fronts.

rganizations are constantly on the lookout for breakout technologies to build new offers, upgrade existing ones, or improve business efficiency. But how to make the right choice? What is the best way to identify new technologies, to ensure they are compliant with regulations, and most importantly, to make sure they deliver the expected business value?

At Capgemini, we often observe that many companies struggle to engage with the wider ecosystem – including technology partners, startups, and vendors – often due to proprietary processes and technology that discourages co-development and other forms of cooperation. The result is a lack of alignment with the wider ecosystem that leads inevitably to innovation stagnation. And that stagnation is often caused by company culture, which we find to be the major hurdle not only to digital transformation but also technological innovation.

INTERNALIZING INNOVATION

— Attaining maturity in digital culture across any enterprise is a challenge – it takes shrewd leadership to adapt organizations and instill the required change of mindset. This only becomes more complicated the larger a company is, and the more complex its make-up. What's required is

the direct support of senior leadership, with a line to the board of directors adding legitimacy and urgency to the task at hand. Along with this, clear alignment is required with the company's larger strategy and stated objectives.

Innovation doesn't operate on an island. It should be an integral part of an organization's ambition, otherwise innovation units risk being sidelined or outmuscled by more traditional business units. These key connections are essential to ensure that an established process exists for managing an idea from conception to implementation.

CAPGEMINI AS A CATALYST

— At Capgemini, our role as a technology service provider in today's constantly changing business environment draws on our industrial expertise and market-leading technological know-how. Along with our Applied Innovation Exchange (see page 39), we offer pragmatic tools and insights that encourage continuous learning and work alongside our clients to encourage collaboration. Together, these help our clients address the key challenges of building an innovative, digital culture throughout their entire organization.

62%

of organizations consider company culture as the main hurdle to digital transformation*

*The Digital Culture Challenge: Closing the Employee-Leadership Gap, Capgemini, 2017.

CAPGEMINI

— Applying innovation at speed and scale

To help organizations stay ahead in an era of unprecedented digital transformation, Capgemini offers the discipline and global platform of its Applied Innovation Exchange.

t's clear that technologies like artificial intelligence (AI), blockchain, and the Internet of Things (IoT) are redefining how businesses will operate and innovate in the years to come. The challenge today is to integrate these new technologies in a secure and sustainable manner at the right speed and scale.

That's why we developed the Applied Innovation Exchange (AIE), our global platform that helps organizations discover relevant innovations; contextualize and experiment with them in their specific industry; and to deploy and sustain them globally. Founded on collaboration, the AIE draws upon a network of 16 exchange locations around the world and a carefully curated ecosystem of partners to help its clients proactively plan for shifts in tech and business.

INNOVATION AS A PROCESS

— Innovation efficiency is measured by the ability of companies to transform ideas into commercially viable initiatives and then expose them to the market quickly. To help, AIE's tried-and-tested framework provides the necessary discipline and rigor of "innovation as a process". This applied innovation framework enables clients to discover, devise, deploy, and sustain new ideas, insights, solutions, and value by leveraging the latest tools and methods. These

AIE EXPANDS FURTHER

The AIE network continued its global expansion in 2017, resulting in three new facility openings in New York, Singapore, and Mumbai. include internal and external accelerators, design-thinking methodologies, and rapid prototyping, all of which are underpinned by a robust governance model.

SECTORIAL EXPERTISE TO MAXIMIZE VALUE

— Experience has shown that as an enterprise's innovation footprint matures, it will typically evolve from leveraging new developments in its own sector to leveraging those in adjacent and, later, ever more remote sectors. Capgemini's unique value lies in the breadth and depth of its industrial expertise, which reinforces this natural progression, ensuring the best solutions are sourced, adapted, and applied.

At the same time, we expect that the AIE platform will continue to disrupt our own managed services delivery processes through the introduction of automation and other emerging technologies. This will ensure we continue to offer our clients the most up-to-date innovative practices to secure their business value moving forward.



AIE locations worldwide to support the innovation journeys of our clients 1,300+
total AIE client engagement in 2017













Mathieu Merlet Briand, Google Carrara Marble, column fragment 1, 2016.

— TACKLING **INDUSTRY CHALLENGES**

Capgemini offers a wide spectrum of expertise to its clients. Intimate knowledge of their industry, current challenges and future positioning is a hallmark of this strength.

> he digital transformation is disrupting nearly every industry, and Capgemini works closely with its clients to help them rethink their business models and customer journeys to stay one step ahead. To do so, we capitalize on the complementary nature of our diverse, end-to-end business capabilities (consulting, design, engineering, application development, business services, and infrastructure) to develop digital transformation solutions for our clients through a targeted, sector-based approach. This depth of industrial expertise characterizes our capabilities.

The leading clients we serve rely on our deep industry, business and technological expertise delivered by our 200,000 experts around the world. We cultivate expertise across six major sector groupings:

- > Consumer Products, Retail, Distribution & **Transportation:** As consumer expectations are quickly evolving, many companies are witnessing revolutionary changes in how their brands interact with their customers. Capgemini acts as their guide to navigate the changing consumer technology landscape and identify and implement solutions that can transform their business;
- > Energy, Utilities & Chemicals: We help companies in these sectors to transform their business while meeting the challenges of evolving regulatory policies, increasingly stringent environmental standards, and landmark technology disruptions;

- > Financial Services (Insurance & Banking): We support the rationalization and simplification of financial institutions' applications and
- infrastructure, notably in the fields of mobility, intelligent data management, client experience improvement, and regulation compliance;
- Manufacturing, Automotive & Life Sciences: While this sector may be fertile ground for innovation, improving competitiveness remains a constant challenge. To that end, Capgemini enables its clients to achieve significant savings in their business technology, as well as to transform and reshape their industries;
- **Public Sector:** Capgemini assists administrations, companies and public agencies, as well as major local authorities, to implement programs and plans for modernization, with an ever-growing focus on digital;
- > Telecommunications, Media &

Entertainment: Operators in this sector are often faced with challenges resulting from digital disruption, including competition from emergent actors and the saturation of networks due to the explosion of content. With deep experience in this sector, Capgemini offers access to talented thought leaders who provide a rich knowledge of telecommunications, digital content, and delivery expertise.

Silver photo print laminated on aluminum • 97 x 40 x 40 cm.

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— TACKLING INDUSTRY CHALLENGES —

16% of Capgemini revenues in 2017 from consumer products, retail, distribution, and

transportation sector



Consumer expectations are evolving, and companies are witnessing revolutionary shifts in customer interactions. Capgemini partners with clients to transform the world's leading brands, uncover their business vision for the future and make it a reality today.

Consumer

products, retail, distribution &

transportation



27 of 30of the world's largest consumer product and retail companies served by Capgemini

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CLIENT STORY

McDonald's

CREATING THE EXPERIENCE OF THE FUTURE

In August 2017, the McDonald's Corporation engaged Capgemini as a global IT strategic provider for its restaurant and digital capabilities. The multi-year agreement will support McDonald's customer-centric strategy to evolve the restaurant experience across more than 37,000 locations worldwide.

— Develop, deploy, and maintain McDonald's digital tech

Jim Sappington, Executive Vice President of Operations, Digital and Technology at McDonald's, shares how the iconic food company is combining its industry-leading talent with Cappemini's digital expertise to transform the restaurant experience of its customers around the world.

Can you tell us about McDonald's vision to reimagine the restaurant experience?

J.S. The success of McDonald's has always been founded on providing the best customer experience possible. Ever since the 1960s, decades before it became a global mantra, our founder Ray Kroc encouraged employees to "put the customer first." Today, thanks to the power of digital, we can offer our customers even greater convenience and personalization.

How did these new plans come about?

J.S. It all started as we were looking at what we call our "Velocity Growth Plan" for McDonald's. We knew that we were going to accelerate several key areas – digital, delivery, the experience of the future – and wondered what it would take to bring that to life at McDonald's. Part of that answer was found in the wonderful talent that we had within, as well as our restaurant technology, but we also identified the need to look externally to truly maximize the impact of our digital initiative.

"We're grateful for the opportunity to put our brand behind McDonald's to set the bar together for customer experience in the industry for many years to come."

Tim Bridges, Capgemini Head of Global Consumer Products, Retail, and Distribution Services

Why did you decide to engage Capgemini?

J.S. We selected Capgemini for a couple of key reasons. To begin with, we were impressed with their intimate understanding of not only McDonald's business environment but also the broader restaurant and hospitality industry. Second, we looked at talent – a key aspect of our selection process – both from a leadership as well as a technological standpoint. Finally, scalability and a large global footprint were extremely important. With locations in

A NEW GLOBAL DIGITAL RETAIL CENTER

As a direct result of this renewed engagement, Capgemini plans to open a new Global Digital Retail Center in Chicago to support this relationship, develop and showcase its industry-applied business innovation, and attract talent to its growing North American operations.

over 100 countries, McDonald's needs to be able to effectively scale its digital solutions and Capgemini has proven its ability to do just that.

How will this new arrangement transform McDonald's customer experience?

J.S. The strategic agreement with Capgemini will allow us to further transform the customer experience at McDonald's with much greater speed, scalability, and disruptive innovation.

Capgemini will develop, deploy, and maintain digital, e-commerce, and restaurant technology solutions that help keep the customer at the center of our business, including things such as kiosk ordering, mobile ordering and payment, and home delivery.

So, how's it going so far?

As one of the control of the control

Interview conducted in September, 2017



"The strategic agreement with Capgemini will allow us to further transform the customer experience at McDonald's with much greater speed, scalability, and disruptive innovation."

Jim Sappington, Executive Vice President of Operations, Digital & Technology for McDonald's Corporation



CAPGEMINI

4

— TACKLING INDUSTRY CHALLENGES —

Financial services

27%of Capgemini revenues in 2017 from financial services sector

Digital disruption has profoundly changed the financial services sector and its business models. Capgemini provides the freedom to lead and transform businesses with proven consulting and technology solutions in banking, insurance and capital markets.

of the world's largest financial services institutions served by Capgemini

25+
years delivering global services
to financial services clients



In an industry populated by emerging startups and established banks expanding their digital services, a new player has emerged in the mobile payment space: Orange Bank. With a platform built in partnership with Capgemini, Orange Bank has big goals—and its experience abroad, trusted reputation, and network of stores across France make it a serious contender.

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From project start to public launch, Orange Bank hit the market in less than

the agility and innovation capabilities needed for a digital disruptor.

18 months. The scope was particularly rich in comparison with neo banks, as it included not only a current account and a debit card but also features such as mobile payment,

peer-to-peer payment, virtual assistance with AI, and a savings offering. Capgemini succeeded by mobilizing a team of more than 100 digital banking experts, as well as the integration of more than 40 technology partners (solutions, FinTechs, and service

providers). Capgemini provided the boldness of an industrial technology partner and

— With Capgemini's expert support, Orange enters the French banking space

Orange CEO and Chairman Stéphane Richard reflects on the November 2017 home-market launch of its mobile banking service, and how close cooperation with Capgemini built a foundation that is set to disrupt the banking industry.

You just launched Orange Bank in France -

S.R. This story started in Africa 10 years ago, when we launched a mobile banking service. It has been a tremendous success, with over 30 million users in Africa today. And we thought – a lot of competitors here, from startups to traditional banks. But we believe that the knowledge company when it comes to banking services, are key factors for success.

in four months' time, which is a very good result

when compared to online banks or even traditional banks entering the digital business. So, we are happy with this. The mid-term objective of Orange Bank is to recruit two million customers, so we're only at the beginning of the story – but we are very confident in the future.

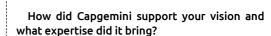
In such a crowded market, is innovation the key to differentiating yourself from other players?

S.R. It's a combination of innovation and also providing trust to users. Today, you have a lot of FinTechs, a lot of new banks, that are trying to disrupt this market. But they remain startups, offering limited guarantees. We think that combining innovation – providing the best range of services and the best possible user experience – with the size of Orange, its brand, and its capacity to provide secure operations, will raise confidence in the product.

It could be the best of both worlds, in fact. Innovation, but also the security provided by a great company. And we must not forget to emphasize Orange Bank's "phygital" model – based on a digital experience but supported by retail outlets. We now have 200 outlets in France where you can find Orange employees who provide advice on the bank service.

"We promote a 'phygital' model – based on, of course, a digital experience but also shops.'

> Stéphane Richard Chairman and Chief Executive Officer.

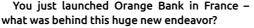


S.R. Capgemini was a key partner for us. As you can imagine such a project requires a lot of skills, especially on the development side. Capgemini provided teams that were very dedicated, very professional, and very flexible – all crucial qualities to adapt to the sort of unpredictable events that can occur with a launch of this size and importance. At the end of the day, we were very happy with this close cooperation, which really contributed to the successful launch of Orange Bank.

Watch the interview: reports.capgemini.com/2017



100,000 accounts opened in four months' time. The mid-term objective is to recruit two million customers.



based on our assets as a telco – we could penetrate this business. Of course, the situation in Europe is very different from the one in Africa, as we have of our users' needs and experience, our physical distribution, and the trust in the brand and in the

Orange Bank was extensively covered in the press, and with glowing reviews. In your point of view, how did the launch work out?

S.R. I think we can say that the launch was a success. 100,000 accounts were opened

Stéphane Richard

Chairman and Chief Executive Officer,

CAPGEMINI **ANNUAL REPORT 2017**

Zurich Insurance Group



For three decades, Zurich Insurance Group has worked **closely with Capgemini** on worldwide projects, including recent overhauls of automated claim submissions in Mexico, and a successful project to optimize straight-through claims for customers in Germany.

— Streamlining business through automation

Dr. Daniel Englberger, Group Chief Transformation Officer of Zurich Insurance Group, gives an inside look into the company's use of technology to simplify solutions for its business and customers.

> **D.E.** Yurich's strategy is based on three pillars: customer focus, simplification, and innovation. We want to deliver great services to our customers and brokers. Automation is one of the key levers enabling us to interact with them faster and more accurately, while at the same time

Automation also helps us to simplify internally, freeing up more time for value-added services and work. Last but not least, in terms of innovation, automation helps us to re-examine our business models through a totally different lens. This has helped us to generate new propositions for our customers, in cooperation with digital leaders outside of our industry.

mation - what drove that decision?

D.E. • We chose Capgemini for three reasons. First of all, we have a long-standing, successful relationship. It's our 30th year of partnership now, and the account leadership hasn't changed

"In terms of innovation, automation helps us to re-examine our business models through a totally different lens."

Automation is disrupting the world. How is it transforming Zurich's business?

delivering great services and propositions.

You chose Capgemini to support the transfor-

Dr. Daniel Englberger, Zurich Insurance Group Chief Transformation Officer





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— TACKLING INDUSTRY CHALLENGES —

for eight years – so we have a very strong relationship built on trust.

Second, Capgemini not only understands the business but also the technology, which is key to running automation programs. Finally, we are a global business, a global company, and we need someone who can follow our geographies. And that's where Capgemini is able to play.

Can you share any recent collaboration?

D.E. > We've had many successful programs with Capgemini throughout our long-lasting relationship. I would like to highlight two from the very recent past.

The first is a completely revamped claims experience in Mexico. Thanks to a new app that Capgemini helped us to implement, a motorist can now file an insurance claim on site by simply taking a photo and typing in some identifying information from the convenience of their smartphone. A claims adjuster is then immediately notified and makes their way to the claimant within one hour. Through the app, the claimant can follow the claims adjuster in real-time and can contact them at any moment along the way with similar functionality to a taxi- or car-hailing app. Finally, once the claims adjuster is on site, he or she can immediately settle the claim – making the overall process much quicker and more convenient.

The second example is from Germany, in the non-motor personal lines space (for example home insurance), where our aim has been to interact with our customers faster and more accurately. We knew we wanted to leverage automation, but also knew we needed to first take a critical look at our existing product structure and processes. One of the main challenges was how to provide quick customer service in a complex market with 230 products, 800 tariffs, and more than 1,000 bes-

Watch the interview: reports.capgemini.com/2017

AUTOMATE FOR IMPACT

Capgemini and Zurich share the same passion for technology, which helps explain our three-decade long partnership as well as this recent automation win. We both believe that successful automation means taking a fresh look of operations in order to design for automation, not just automating old processes or as we call it, "automating at the edge." It is an end-toend process that needs to trigger a specific business outcome, and ideally should be data-driven rather than process-centric.

poke arrangements. So, the first thing we did was to re-architect our product propositions in order to provide the same variety but with far less internal administration effort. Then, with Cappemini's support, we built a front-to-back-end straight-through processing solution.

We set the bold ambition of reaching a 90% straight-through processing rate – much higher than our initial 20% – and were thrilled to overachieve it! That means we are responding more quickly to our customers at a lower cost, which is a win all round.

The digital transformation is ongoing, so what does the future hold?

D.E. The rise of technology has led to an age of customer empowerment. This will continue, and the industry will change and be disrupted. At Zurich, we want to be at the forefront of this disruption, anticipating and meeting customers' evolving needs. Therefore, we are transforming our core and also developing new offerings and propositions. We invest in technologies like blockchain, IoT, and very recently launched Zurich Insurance Mobile Solutions, which will focus on state-of-the-art mobile-enabled insurance services.



Dr. Daniel Englberger,Zurich Insurance Group Chief Transformation Officer

Other sectors

14% f Capgemini revenues in 2017 from public sector

2196
of Capgemini revenues in 2017
from manufacturing, automotive,
and life sciences sector

of Capgemini revenues in 2017 from energy, utilities, and chemicals sector

of Capgemini revenues in 2017 from telecommunications, media, and entertainment sector

Digital transformation is disrupting nearly every industry, and Capgemini works closely with its clients to help them rethink their business models and customer journeys to stay one step ahead.

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ENERGY, UTILITIES & CHEMICALS Transforming finance and accounting processes

Bharat Petroleum Corporation Limited

s the leading oil and gas company in **India,** Bharat Petroleum Corporation Limited (BPCL) manages the endto-end energy value chain in India. The company offers a range of petroleum and subsidiary products which power vehicles on the roads, cater to the fuel requirements of 8,000 industries, and meet the energy requirements of millions of Indians. Similar to the challenges faced by oil and gas companies across the globe, BPCL is tasked with addressing the growing challenges of rapidly depleting natural resources, increased regulations, and heightened public scrutiny. To meet these challenges, BPCL is investing heavily in digital technologies across the manufacturing and distribution supply chain.

Capgemini was chosen as a key partner to assist BPCL in setting up a Shared Services Center (SSC) and to support in the digitization and maintenance of key finance and accounting processes, including in areas such as robotics, automation, cognitive analytics, and machine learning. One of the first initiatives was to digitalize the vendor invoice management (VIM) process within a record time of five months. The transformation was remarkable: after just six months in place, the company has markedly improved operational efficiency, resulting in significant savings. Moving forward, the vision is to digitize every finance and accounting process and move towards a paperless future.

Automation for better public services

UK Cabinet Office

idely seen as a major enabler of public sector transformation, Robotic Process Automation (RPA) is a process in which software is programmed to autonomously carry out basic tasks across applications, thus reducing the burden of simple and repetitive tasks on employees. For government departments, RPA can automate tasks such as drawing information from different databases to verify a request for a service, grant, or benefit. RPA is highly cost effective, can be developed and deployed in a matter of weeks, and often demonstrates return on investment within a few months. It has been known to dramatically improve the speed and accuracy of processing, resulting in a quicker and higher quality service for the public.

In 2017, Capgemini created an RPA Center of Excellence (CoE) to support the UK Cabinet Office with its plans to automate some of its clerical processes, and thus fulfil its mandate to further the effective running of government and ensure value for money to the taxpayer. The RPA-focused CoE accelerates the up-take of RPA across central government by bringing together a team of experts at the forefront of this technology, from both the public and private sector. It serves as a showcase for RPA activities by providing education and demonstrations, helping departments to identify potential RPA initiatives and conduct detailed analysis of potential benefits before deciding on implementation.

Esaote employees, a major manufacturer of medical diagnostic systems

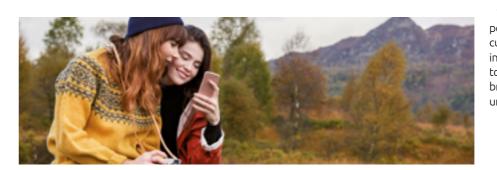
manufacturing, automotive & Life sciences Industry 4.0 for real-time results

Esaote

saote, one of the world's leading manufacturers of medical diagnostic systems, recently chose Capgemini to digitally transform its production infrastructure into a smart factory model. The company needed to harmonize its production processes to gain efficiencies and reduce costs through leaner cycles. It also wanted to achieve less production defects to enable scrap-and-rework cost reductions, and correct plant maintenance strategies to improve overall component traceability.

To address these challenges Capgemini devised a full transformation aimed at harmonizing and simplifying Esaote's technological architecture. Capgemini integrated the existing infrastructure with SAP solutions by leveraging its "Fast Digital 4 Discrete Industries" (FD4DI) offering. FD4DI is a Capgemini and SAP joint initiative to help clients in discrete manufacturing industries to apply the latest innovations in the areas of Industrial Internet of Things, cloud, big data, and smart automation.

Esaote's production performance is now monitored in real-time with KPIs and analytics thanks to real-time integration with machines, faster data processing, and a new quality control framework. The platform optimizes and manages a fully integrated and scalable production process within a comprehensive network of suppliers, customers, and post-sales services. The solution produced measurable results after only 10 months, with an increase in efficiency of approximately 15% and a reduction in production lead time, quality cost and production waste of approximately 10%.





TELECOMMUNICATIONS, MEDIA & ENTERTAINMENT Cloud-based business insights

Telenor Connexion

uilding on more than 15 years of experience, Telenor Connexion designs and operates Internet of Things (IoT) solutions to provide its clients with connected services worldwide. Already established on the market as a global provider of high-quality mobile connectivity, the company recently turned to Capgemini to untap the hidden value of its business data.

Capgemini built the Advanced Real-time
Troubleshooting ToolSet (ARTS), based on the
Amazon AWS platform, to help Telenor Connexion
secure insights into the network performance and
geographical device distribution of its systems.
ARTS measures the quality of service on a global
level and, using high-level data analytics, predicts
issues in the networks and automatically prescribes
solutions. The cloud-based technology reduces
issue resolution times from hours to minutes,
enabling fast troubleshooting and problem
solving with low maintenance and cost-effective
infrastructure.

Telenor Connexion is now in a unique pioneering position to provide big data analytics to its global customers across a number of industries. The new insights will further enhance the company's ability to connect its clients to the Internet of Things – bringing people, places, and things together in unprecedented ways.

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Mathieu Merlet Briand Google Iceberg, 2016. 6 printed canvases • each canvas 145 x 290 cm • installation ± 700 x 230 cm.

—INVESTING IN THE FUTURE

To support our clients with their future challenges, we are investing in our cloud and digital expertise, strengthening our ecosystem of partners, and enriching our offerings through targeted acquisitions.

ur clients are seizing the new **business opportunities** brought about by digital technology. These digital leaders are working with Capgemini to invent new products and services to better serve their customers and reshape their business models to further generate high value. Our clients partner with us because we work at the intersection of business strategy, creative design, customer experience, and new technology. Our global portfolio contains five core digital offers: digital customer experience, cloud, insights and data, cybersecurity, and digital manufacturing.

DIGITAL CUSTOMER EXPERIENCE (DCX)

— Digital proliferation has radically altered consumer behavior and expectations. Anywhere, anytime, easy-to-use, efficient, personalized, and anticipated are the "new normal". For organizations, it's no longer enough to rely on products as the critical differentiator; what counts nowadays is the ability to stand out through a compelling, connected, and engaging customer experience. Capgemini is a globally recognized leader at helping its clients understand their business challenges and goals while meeting and exceeding their customers' expectations in a way that delivers value at speed. Our DCX portfolio addresses clients' end-to-end needs – from defining a customer experience

UNDERSTANDING **CUSTOMER NEEDS** In 2017, Capgemini

published "The Disconnected Customer", a report based on a survey of more than 450 executives and 3,300 of their customers. The findings reveal that while 75% of organizations believe themselves to be customer-centric. only 30% of their customers agreed. Another report, "Loyalty Deciphered", demonstrates how consumers' emotions play a critical role in determining brand loyalty.

strategy, to selecting the most appropriate platforms, to setting up the right governance. In 2017 and early 2018, this expertise was reinforced further thanks to key acquisitions of the digital firms of Idean, Itelios, and Lyons Consulting Group – the latter two making Capgemini a world leader in Salesforce Commerce Cloud.

Recent DCX projects have included partnering with Cox. the American telecommunications pioneer, to enable next-generation machine learning to unlock revenue potential, protect against churn, and maximize the customer experience. This included the introduction of a call center app to deliver a personalized experience across the customer lifecycle. Another recent success was building a digital "always-on" lending branch for the leading Nordic-Baltic banking group Swedbank. The project increased cost efficiency and customer value, speeding-up service requests from several days to 15 minutes. Capgemini also supported the Build-A-Bear group with an innovative new website to help the toy retailer adapt to a digitized retail environment. The new Build-A-Bear digital experience, designed by Lyons Consulting Group, features a fully integrated, interactive application that guides visitors through the process of creating customized bears from the comfort of their own home.

Capgemini was recognized as a 2017 "Leader" in Gartner's Magic Quadrant for CRM and Customer Experience Implementation Services due to its above-average market growth and focus on solutions for large or complex projects.

"Capgemini has been a good partner to work with. They brought the right resources with the right talent to the engagements. We're very satisfied with their performance."

Pavan Surapaneni, Senior Manager, Cox Communications

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CLOUD SERVICES

— In the cloud computing paradigm, resources ranging from commodity storage to highly specialized applications are provided on-demand, often with consumption-based or pay-as-yougo pricing models. CIOs have long recognized the potential of cloud computing to drive cost efficiency, while also improving the agility, scalability and elasticity of their infrastructure. Today though, the entire C-suite is waking up to the cloud as an enabler of digital innovation, business agility, and top-line revenue growth.

In particular, cloud-native applications – applications born in the cloud, typically with a microservices architecture and developed using agile or DevOps practices – enable new business ideas to be put into production rapidly, and at low risk. Those enterprises that know how to harness their potential stand to outpace and outperform their competitors.

Capgemini supports clients in all stages of their journey to becoming cloud-first enterprises, aided by a world-class ecosystem of partners including Amazon Web Services, Microsoft Azure, Google, Salesforce, SAP, MuleSoft, Dell EMC, IBM, Oracle, and HP. We focus on three types of transformation:

• Migrating applications to the public cloud and modernizing the on-premises data center;

CLOUD NATIVE COMES OF AGE

In May 2017,

Capgemini published "Cloud Native Comes of Age", a report based on a survey of over 900 business and IT leaders worldwide. The findings reveal that the proportion of new enterprise apps that are cloud-native is set to double by 2020. Additionally, in the Cloud Choice podcast series, Capgemini experts explore how cloud-native development is changing the dynamics of business, interviewing thought leaders from Pivotal, AWS, Forrester, Uber, and Cloud Foundry Foundation.

Modernizing the applications portfolio with Software as a Service (SaaS) and pre-built solutions on the public cloud;

• Leveraging cloud-native development, cloud integration and APIs to enable rapid innovation and new services.

Our cloud expertise has secured multiple projects, including with Enexis Groep (the energy network provider in the Netherlands) to transform more than 200 enterprise applications to a public cloud environment; and with Schlumberger in North America (the world's leading provider of technology for reservoir characterization, drilling, production, and processing in the oil and gas industry) to secure a cloud and migration project to Google Cloud Platform and Microsoft Azure.

INSIGHTS & DATA (I&D)

— Companies are swimming in a sea of data — more than they could have imagined — and the potential is ripe for turning that data into insights. At Capgemini, we help our clients discover this value by combining technological excellence, data science, and business expertise. This in turn allows them to precisely define which insights can best improve performance and lend a competitive edge. Then, we generate business insights through leveraging three powerful drivers: analytics, augmented intelligence, and automation.

By putting data at the very heart of the digital journey, companies are able to harness its power to unleash transformation. For example, Capgemini helped solve a century old problem at a leading European water utility – reduce

100-150%

improvement in customer engagement and reach for CPRD clients through a Capgemini I&D solution*

*Becoming an Insight-driven Business – Think Big, Start Small, Scale Fast, Cappemini, 2017.

GDPR: AN UNAVOIDABLE BUSINESS OPPORTUNITY

The protection of personal data is a growing concern of citizens, companies, and governments worldwide. Capgemini supports organizations on their journey toward GDPR compliance, while also helping them benefit from the opportunities it offers in terms of greater trust and competitiveness. One key area of focus is privacy-by-design, which embeds privacy as a core functionality during the entire data lifecycle – from the definition and scope of data processing until the secure destruction of data.

and stop leakages – by using seven years of industrial data and associated network and leakage data to predict water leakage and improve maintenance.

Adding next generation artificial intelligence (AI) to our Insights & Data services helps further boost the potential of data to transform business. A recent example includes helping a European forestry agency to monitor growth of newly planted trees by applying machine learning to satellite data. Another example is the creation of a metadata-driven framework for a major global bank to eliminate manual importing of business data, thereby empowering self-service from business end-users.

In early 2018, Capgemini was recognized as a Worldwide Leader in Gartner's Magic Quadrant for Data and Analytics Service Providers thanks to its unwavering commitment to business innovation through insights from data.

88%

of cloud-native leaders say cloud-native applications have improved the agility of their organization*

70%

of enterprises say they face a skills challenge in becoming cloud native*

CAPGEMINI

*Cloud Native Comes of Age, Capgemini, 2017.

79%

of organizations implementing Al generate new insights and better analysis*

*Turning AI into concrete value: the successful implementers' toolkit, Capgemini, 2017.

10%

cost reduction delivered for utility sector clients through a Capgemini I&D solution*

*Transformation of intelligent utilities with analytics, big data, and Internet of Things, Capgemini, 2017.





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Digital manufacturers are now able to monitor plant performance from mobile

CYBERSECURITY

— The privacy of data and the need to safeguard critical business systems is a top priority for many CEOs. Powered by the best technology providers and delivered by a team of experts, Capgemini's cybersecurity services are designed to do just that: help our clients digitally and securely transform their assets while pursuing their digital transformation journey. Our portfolio covers advisory, protection, and monitoring services, backed by a global network of managed security operations centers.

Capgemini has recently delivered numerous large client projects in the areas of hybrid cloud protection and General Data Protection Regulation (GDPR). Wins of the year include several major players in the automotive industry, one of the largest professional services network of accounting and consulting member firms, a major energy provider, and a major Dutch bank. In 2017, the Group was recognized as an overall "leader" by NelsonHall for our managed security services, as well as in the categories of advanced security, app security, and network security.

DIGITAL MANUFACTURING

— Digital – and more particularly the Internet of Things (IoT) – is changing the game for manufacturers. The exciting new field is replete with smart and connected products, assets, and operations offering the potential for productivity gains, cost savings, and increased revenue.

While the rapid acceleration of product and technology innovation cycles is testing traditional manufacturing, new advances in IoT and cloudbased analytics offer the potential of delivering



BETTER VISIBILITY Baker Hughes, a

General Electric company (BHGE), was concerned about incomplete visibility on plant assets, leading to the under-utilization of critical resources. Capgemini implemented SmartShop, an IOT GE-based solution, for end-to-end transparency across multiple plants. BHGE now benefits from greater control of machine performance, resulting in significant improvement of overall equipment efficiency within a few months.

truly integrated and intelligent processes that can cope with these challenges. Digital engineering, for example, now allows manufacturers to accelerate time-to-market based on a seamless data flow all the way from requirements to services and maintenance. "Digital continuity" then allows manufacturers to use data captured from product usage to inform and improve the design of the future versions. Finally, digital operations can leverage the data generated by manufacturing assets to constantly optimize assets utilization, overall process effectiveness, and the quality of increasingly complex products.

As a provider of both technological and consulting expertise, Capgemini is one of the few players able to bring together both operations technology (OT) and information technology (IT) systems to allow for an integrated and flexible supervision of the entire manufacturing process. This includes the full optimization of industrial operations management (remote management, preventive and proactive maintenance, etc.) and the configuration of intelligent production processes, factories, and infrastructure.

20%

average performance improvement thanks to digital manufacturing*

\$500 billion

in annual added value to the global economy over the next five years thanks to digital manufacturing*

CAPGEMINI

*Smart factories: how can manufacturers realize the potential of digital industrial revolution, Capgemini, 2017.

— Innovation and business value through partnerships

Capgemini forges partnerships with prominent tech and business players, as well as specialized startups, to offer our clients access to the latest state-of-the-art business solutions.

GOOD IS NO

LONGER GOOD

An established leader

in high-performance

building solutions, LP

Building Products

recently partnered

with Capgemini to

migrating their SAP

workloads to Amazon

benefits went beyond

the added scalability,

operational efficiency

performance and

initially sought. The migration allowed for

business agility and

speed to market, both

differentiators crucial

to stay ahead of the

Web Services' cloud

achieve top-tier

performance by

platform. The

an increase in

significant

curve.



o flourish in a rapidly changing and challenging environment our clients need to continuously challenge themselves, reassess their operations, and scan the horizon for emerging opportunities. At Capgemini, we have carefully curated a global ecosystem of leading tech and business players and startups to provide our clients with access to the latest thinking, technologies, and experiences across all sectors of activity. This core network unleashes the synergy necessary to solve the toughest challenges of our clients, including the creation of new business models, the implementation of automation processes to meet new performance levels, or progression into new global markets. For each client, we adopt an independent posture to identify, on a case-by-case basis, those partners that offer the best response to each business challenge.

AHEAD OF THE CURVE THANKS TO TECHNOLOGY

— In the last few years, digital customer experience, big data, smart processes, and cloud-based operations have all emerged as key investment priorities for many CxOs. To address

these priorities and stay relevant in the market, Capgemini aggressively expands its partner network to keep pace in this unprecedented era of transformation. In 2017, for example, we drove several joint initiatives with five of our highestprofile partners to help our clients accelerate their digital journey, including:

- "Cloud migration" with Amazon Web Services (AWS): a range of solutions that focuses on a cloud-first strategy for faster time-to-value, greater efficiency, and increased automation and simplification;
- "Cognitive IoT" with IBM: in line with the market shift towards cloud and digital, this suite addresses the growing need to conduct smart analytics on the explosive amounts of big data generated by connected devices (see page 35);
- "Applications modernization" with Microsoft: an integrated solution that helps clients to migrate existing applications to the cloud as well as build new applications directly in the cloud for more agile software at startup speeds;
- "Field Service Lightning Accelerator" with Salesforce: an offer that enhances and extends the Field Service Lightning mobile solution with robust functionality to address complex capital assets that require on-site, timely, corrective repair;
- "Fast Digital 4 Discrete Industries" with SAP: a suite of solutions that combines SAP's marketleading digital solutions with Capgemini's highly successful Digital Transformation Framework, tailored for the discrete manufacturing industry.



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— Acquisitions to boost transformation

Through a series of bolt-on acquisitions, <u>Capgemini has accelerated its portfolio rotation and strengthened its leading-edge capabilities.</u>

ollowing on the 2016 acquisitions of Fahrenheit 212 (innovation consultancy) and oinio (cloud-based CRM and digital marketing), the Group gained momentum in 2017 and early 2018 through the acquisition of five additional firms, each providing a unique set of technology expertise, sector experience, and client understanding. The following is a list of acquisitions in chronological order:

IDEAN

— Founded in 1999, in Helsinki, Idean leverages its Scandinavian design roots and Silicon Valley mindset to work with a wide array of US and European clients across three main areas: envisioning strategic opportunities, designing and building digital experiences, and driving cultural change through new ways of working and design thinking methodologies. Their clients include LG, Mercedes-Benz, Sony, Volkswagen, Airbus, Ericsson, IBM, and Intel, to name a few. The Palo Alto-based company reinforces Capgemini's user-centered and digital-first experience design and strategy services, particularly in North America.

TCUBE SOLUTIONS, INC.

— TCube Solutions is an insurance IT services firm and the largest independent service provider of Duck Creek Technologies, the best-in-class

insurance software provider. Founded in 2007, TCube Solutions meets the complex systems integration and customer experience needs of its insurance clients across North America and the UK. Its market-leading services and skillsets open new possibilities for Capgemini to address the needs of the insurance industry and its strategic client base worldwide.

ITELIOS

— Founded in 2003, Itelios is a leading provider of Salesforce Commerce Cloud services in Europe. Its experts are focused on designing, developing, and implementing unified customer journeys for ecommerce projects across digital, social, mobile, and in-store experiences. Its clients include Lancôme, Lacoste, Kenzo, and Picard, to name a few. Itelios' team culture and management values are not only key assets to the company but have been recognized for enabling high commitment, performance, and long-term customer satisfaction.

"These acquisitions help our clients uncover new ways to engage with their customers, supported by robust digital expertise and a strong track record in complex technology execution."

Paul Hermelin, Capgemini Chairman and CEO 5G

Collaboration drives success at the design firm Idean

A human-controlled robot on display at the Mobile World Congress (Itelios)

LYONS CONSULTING GROUP

— Lyons Consulting Group (LYONSCG) is an award-winning digital and global commerce service provider with an established expertise in Salesforce Commerce Cloud throughout North America. Combined with the recent acquisition of Itelios, the new addition ensures Capgemini will be able to fully meet the digital customer experience needs of its international client base. Headquartered in Chicago and founded in 2003, LYONSCG works with a variety of leading retail and B2B brands including Claire's, GoPro, Timex, Vince, and Bayou Steel. The company has received multiple client-satisfaction awards for outstanding dedication to key partners. In 2017, LYONSCG was named "Salesforce Commerce Cloud Global Delivery Partner of the Year."

LIQUIDHUB

— LiquidHub is a recognized leader in digital customer engagement. Founded in 2000 and headquartered in Philadelphia, the firm designs and delivers solutions across the entire customer lifecycle, including marketing, sales, commerce, and services. The company culture is powered by a team of over 2,400 digital natives, including design thinkers, experience designers, digital architects, and platform and data specialists.

LiquidHub has built a set of scalable platform-as-a-service tools for clients, including one dedicated to the pharmaceutical industry which ensures a seamless experience for patients, healthcare providers, and other channel partners. The company boasts remarkable client accounts at the CxO level across the healthcare and financial services sectors, in particular in asset management, which finely complements Capgemini's own portfolio. Recent clients include Independence Health Group, Amgen, Wells Fargo, Microsoft, and Chase, to name a few. The acquisition reinforces Capgemini's growth plans in digital and cloud, and will serve as the Group's platform for all digital businesses in North America.





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Mathieu Merlet Briand, Google Green Marble, fragment, 2017. Printing on thermoformed plexiglass • 110 x 65 x 10 cm.

— DRIVING COMPETITIVENESS

At Capgemini, we believe the key to helping our clients stay competitive is to stay competitive ourselves. This means continuously striving to deliver best-in-class practices, tools, and methodologies to better serve our clients. By embedding these into our clients' mission-critical services and processes, new levels of competitiveness are achieved.

taying competitive is harder than ever.
When the speed of change is throwing traditional business methods into question and shrinking delivery deadlines, business as usual is simply not enough. Success belongs to companies who can seamlessly transform, without compromising performance, by combining speed and agility to stay on top and ensure quality.

Capgemini addresses this need for speed through a portfolio of strategic tools, methodologies, and services designed to ensure seamless and efficient delivery across the company. Our competitiveness suite establishes the next generation of global delivery models to address the needs of our clients, while also increasing the quality and performance of our services. These include automation, agile development, and our next generation of offerings in application development and maintenance (ADM).

MATCHING TALENT TO CLIENTS' NEEDS

— At Capgemini, we are driven by the conviction that the business value of technology comes from and through people. To that end we rely on a talent pool of close to 200,000 international employees who provide the cutting-edge expertise required to meet clients' needs worldwide. Our workforce

PEOPLE ANALYTICS

Capgemini and IBM have developed an innovative HR solution, based on IBM Watson and BigInsights, to support companies of all sizes in the optimal management of challenges like recruitment, internal mobility, and career development. Natural language processing, machine learning, predictive analytics, and data visualization all combine to match people to assignments, streamline HR processes, save time, and reduce costs.

is mobile, digital, and global – able to be sourced and deployed instantly – a key asset in a digital era when deployment can be measured in weeks rather than months.

We believe in empowering our employees by providing access to short- and long-term projects that best match their career ambitions and personal interests. This equally ensures that we provide our clients with a global talent pool of motivated, driven experts – a key differentiator when deciding to partner with us.

With this in mind, in 2017 we rolled out a new global resource management tool that more closely aligns project resource requirements to available resources. Each employee profile is now associated with their key expertise according to nomenclature common to the entire Group. To date, the tool covers more than 80% of Capgemini's employees.

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ENSURING COLLABORATIVE DELIVERY

- In 2017, Capgemini also deployed a nextgeneration delivery suite to further promote an efficient and collaborative environment into its client engagements. Our collaborative delivery model works by amplifying the competitive business results achieved by one team anytime, anywhere. The suite improves quality control, consistency, and compliance through two core components:
- a distributed digitized delivery suite that provides us with complete visibility to monitor and manage engagement portfolios;
- and our e-quality management set of tools that measure how we operate for improved consistency and compliance.

These new tools help to build synergies across all business units, enhancing productivity and reducing the cost of maintenance – ensuring our prices remain competitive.

In addition to matching the right people with the right projects, competitiveness is also impacting our service offers.

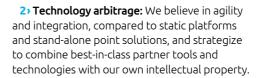
AUTOMATION DRIVE: MACHINE-POWERED, BUSINESS REIMAGINED

— The amount of data generated in the business world is growing exponentially, and organizations need tools to help them leverage this key asset for gains in speed and agility. Automation represents a paradigm shift, able to help transfer repetitive functional and cognitive processes to machines that can solve complex business problems with a new pace and power. We believe that intelligent automation can be deployed to help achieve more with less, but it takes creativity to do things differently.

Capgemini's Automation Drive offer represents our consolidated approach to find new ways to turn automation into an engine for business growth and value. Our approach spans the full spectra of services from design, build and run, and is based on three guiding principles:

1> Automation first: We believe in identifying, designing and building solutions with a design-for-automation mindset.

CAPGEMINI



3) Knowledge centricity: We believe that knowledge is the currency of AI and must be generated through seamless corporate knowledge management tools that foster improved, intuitive interactions and learning experiences.

ADMnext: EXCEL, ENHANCE, AND INNOVATE

— Applications are often overlooked but they drive more than operational efficiency and cost containment – they lay the foundation for business agility. This is especially the case during times of transformation, when legacy systems and services need to continuously operate at peak performance.

At Capgemini, we offer a unique and comprehensive approach to application development and maintenance (ADM) – an approach that starts with business outcomes and takes into account the needs of IT as well as the business. ADMnext empowers organizations to: excel at the fundamentals of ADM by directly addressing the challenges around operational effectiveness; enhance the core to create a culture of continuous improvement; and foster

innovation using applications as the catalyst for accelerating business initiatives. Using our approach, developers spend more time innovating on new features and tools, and IT departments act more like a nimble startup than an innovation roadblock.

Our portfolio of ADM solutions improves development speed and quality of major IT projects. Not only do we deliver operational excellence and a reduction in costs but there is a tangible benefit to our client's businesses. For example, we recently partnered with TenneT, a leading European electricity transmission system operator, to deliver application services for TenneT's generic IT landscape, including application development, maintenance, and innovation. With our highly skilled and multicultural teams, TenneT can focus on their core activities to ensure a secure supply of electricity to its 41 million end-users.

We also have leading capabilities in SAP HANA to improve the key processes and functions of our clients. These are complemented by our proven methodologies, assets, and our deep industry expertise – especially for successful migration. Competitiveness is achieved by enabling businesses to run in real time without disruptions. For example, Capgemini assisted Ashok Leyland to re-engineer their data warehouse migration. Founded in 1948, Ashok Leyland is India's secondlargest manufacturer of commercial vehicles, such as trucks and buses, as well as emergency and military vehicles. To manage its extensive network of suppliers and distributors, Ashok Leyland decided to upgrade from its existing SAP BW system to SAP BW on HANA platforms. The Capgemini teams ensured a smooth migration to the new platform, with all the objectives met to help the company to deliver products faster to its customers, drive strategic decisions quicker, and create a seamless supply chain.



ANNUAL REPORT 2017

"Capgemini deployed a sector insights-rich automation 'bot' which resolved thousands of inventory issues that had adversely impacted our operations and led to dissatisfied end users. It's a game changer."

Pierre Jouclard,ERP & Service Entity Manager, Michelin



- ENHANCING A CULTURE OF LEADERSHIP



Becoming a "Leader for Leaders" requires continuous investment in our biggest asset: our people. They come from all over the world and all kinds of backgrounds. They are Capgemini's first enabler to take on new challenges and deliver world-class results.

apgemini's business of technology-led transformation is people-enabled. Our clients and their competition are constantly evolving, rendering methods and technologies obsolete faster than most can cope with. The only way to foresee the challenges that lay ahead is to attract and develop an extensive pool of cross-sector and multi-expertise talent, blending them together to connect the dots in new ways.

Our 200,000 employees in 40+ countries work on exciting and fast-paced projects with industry-leading clients, peering with expert colleagues across multiple fields. They guide these global actors throughout their digital and transformational changes, leading them towards greater innovation and competitiveness. With technologies – from AI to IoT to blockchain – evolving so quickly, we build our people's readiness for tomorrow's challenges through extensive, personalized, adapted, and continuous learning.

DIVERSITY DELIVERS BETTER RESULTS

— We rely on a diverse, experienced workforce to better understand and respond to client needs. Our clients come from all over the globe and so do our employees. Our holistic definition of

STARTING CONVERSATIONS More than 1,200

Capgemini employees actively share and discuss their business insights with industry peers, clients, prospects, and influencers through the Expert Connect online community. With a follower-base of over 2.3 million worldwide, the network launched more than 1.7 million conversations in 2017. To support these exchanges, Capgemini offers training to both its subject matter experts and sales executives on how to build and nurture an engaged online community.

diversity extends beyond gender, gender identity, sexual orientation, disability, ethnicity, race, age, and religion. Our aim is to promote ideas that challenge the status quo, drive innovation, and encourage agile and flexible thinking to stay ready for the future.

In recognition of our practices, we were awarded as a Top 10 Recruiter in Diversity by the Mozaik Foundation and the French Ministry of the Economy, and certified EDGE (Economic Dividends for Gender Equality) at different levels in Brazil, France, India, the UK and the US.

MANAGERS AS CATALYSTS

— Capgemini relies on each and every one of our people to provide the knowledge base necessary to answer the call and provide best-in-class solutions to our clients. We empower our employees at every stage of their career development by providing the training, mentorship, skills and motivation to become the leaders of tomorrow.

200,000Capgemini employees made up of 120+ nationalities

70% of Capgemini's diverse workforce is composed of millennials

CAPGEMINI ANNUAL REPORT 2017

Attracting and developing talent

Talent drives our business and at Capgemini we strive to ensure that we offer not only extensive career opportunities in an international environment, but also the right conditions for our people to continuously learn, grow, and flourish.

ur Group Human Resources (HR) priority is to attract and develop the talent needed to design and deliver the technology-enabled solutions that respond to our clients' most strategic needs. As business requirements become more and more complex, our teams must combine deep sector expertise and the right digital know-how that offers the perfect mix for each client challenge. We must ensure that we provide all employees with the means to develop their capabilities, with training and certification essential to the most relevant and sustainable business performance.

RECRUITING THE BEST AND BRIGHTEST

— Capgemini hires the best talent, and then empowers them with opportunities for continuous learning, international mobility, and real chances to lead. This attractive mix has seen Capgemini grow over the past 50 years, as we now employ nearly 200,000 people, with over 50,000 recruitments taking place each year. In 2017, the leading company ratings website Glassdoor recognized Capgemini as among the best places to work.

SOCIAL MEDIA WINS THE DAY

Capgemini adapts to current recruitment practices and is present across a host of digital channels, such as LinkedIn (1.2 million followers as of April 2018). Our social media presence is an important factor in our brand image and our ability to attract talent in job markets around the world.

We hire from the best universities, offering world-leading graduate schemes for engineers like the Train & Hire Program in India. This initiative identifies in-demand technologies and then offers training courses for newly recruited graduates. Elsewhere, we focus on continuing education and reskilling programs, notably through a partnership with the French national unemployment agency which focuses on training and hiring women. Indeed, we have received several awards for our commitment to a genderinclusive workforce, including being named one of the top 50 employers for women in Canada and the UK (according to The Times), and one of the top 100 companies for women in India. In addition to graduates, we have specific programs for apprentices and veteran hiring schemes, further widening the net for attracting top-level recruits.

INTERNATIONAL MOBILITY

— As a global company, Capgemini is committed to offering exciting international career opportunities to its employees and to serve our clients by assembling multi-national and multi-disciplinary teams. Last year, 22,000 employees went to work abroad in more than 100 countries around the world.





University students meet with Capgemini experts and test out new technologies during a workshop in France

ON-DEMAND TECHNOLOGY LEARNING

Capgemini has

partnered with Pluralsight, a technology learning content provider, to offer the most relevant and in-depth online training by industry experts in a variety of fields including software development, IT ops, data, and security. Pluralsight's course library consists of over 6,700 courses and can be accessed anytime, anywhere by all Capgemini employees.

and needs evolution. This ensures they can continually design and deliver the client business solutions mix needed to meet the most complex challenges. Reflecting our multicultural values and diversity-inspired approach, we have principle campuses at our Serge Kampf Les Fontaines site (Chantilly, France) and in Pune (India), in addition to regional campuses across the globe. In 2017, more than 198,000 active employees – nearly the entire Capgemini workforce – participated in learning programs for a total of 3.8 million hours of classroom learning, and millions of hours in self-learning through our digital platforms.

CERTIFICATIONS BOOST CONTINUOUS LEARNING

— We also encourage our employees to pursue internal and external certifications, which build strong bonds among professional interest groups while creating a competitive edge for our company. To ensure their success, we provide support to our employees through online and face-to-face mentoring programs.

A key priority for 2017 was setting up our Automation Academy and, by year's end, almost 5,500 engagement managers had obtained or reconfirmed their certification. The Integrated Architecture Framework (IAF), in use by Capgemini and our clients, now has more than 350 certified architects, with another 1.500 architects certified in the framework-agnostic certification launched in 2016. We also received a series of industryacclaimed Brandon Hall Group Awards in 2017 for the strength of our innovative learning programs, including in the areas of digital age learning. In 2018, we plan to implement a digital practices certification for our VP and Director level population to further accelerate a digital-first mindset and culture.

CAREER-LONG TRAINING

— With technology advancing faster than ever before, the idea that an outstanding graduate or even an experienced employee can rely on their existing skills as they move forward in their careers is now obsolete. Continuous, career-long learning and certification are the new musts. At Capgemini, we combine internal learning via our L&D and University programs, with external certification modules and digital platforms, thereby making upskilling a life-long affair.

CAPGEMINI UNIVERSITY

— Capgemini University is recognized as a best-in-class learning organization built on a rich legacy of innovation. Through its learning paths, Capgemini offers competency- and capabilitydevelopment matching our employees' careers

52,000+Capgemini recruitments in 2017

22,000+
Capgemini employees traveled abroad for work in 2017

96%

of Capgemini employees participated in learning programs in 2017 5,000+

engagement managers obtained or reconfirmed their Automation Academy certification in 2017 3.8 million
hours of global classroom learning

took place in 2017

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— THOUGHT LEADERSHIP

Find a full list of reports at: capgemini.com/research

Capgemini produces research to help its clients anticipate challenges, analyze trends, and understand new technologies. Its Digital Transformation Institute – recently commended by Source Global Research* for the excellence of its research – focuses on innovation, disruption, and all things digital.

Digital manufacturing

Smart factories could add \$500 billion to \$1.5 trillion in value to the global economy in five years







Digital customer experience















40% of consumers will use a voice assistant instead of a mobile app or a website by 2021

Talent and people



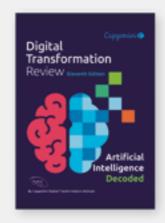






Cloud

Artificial intelligence and automation







78% of organizations implementing Al increase operational efficiency by more than 10%

Innovation





Capgenini





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* Source Global Research analyzes and ranks consulting and technology firms' research

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— ACROSS THE WORLD

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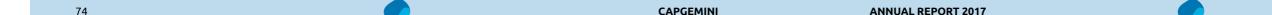
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Serge Kampf Les Fontaines Campus

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Mathieu Merlet Briand

— Mathieu Merlet Briand is a young French artist whose work offers a pertinent response to the new challenges of the post-digital era.

> fter learning how to write code, Mathieu Merlet Briand worked with engineers to develop his own programming tools in the form of algorithms. He condenses massive volumes of data collected from the web by using keywords to create image compilations, or "abstractions". Through his work, he explores the way we use the internet, big data, and the cloud in today's society – themes that align perfectly with the challenges tackled by Capgemini.

His work questions our relationship to technology and digital practices, as well as the human role in these new interactions. Mathieu is a millennial, which is another meaningful detail for Capgemini, many of whose employees belong to this generation. By showcasing Mathieu's work in the Annual Report, Capgemini is sending a strong, positive message to this generation, which will work together with previous generations to build the Group's future. The fact that Mathieu is both an artist and developer is especially important for the Group, as it reinvents its businesses every day and diversifies its workforce to meet the challenges of the digital transformation.

Mathieu has participated in numerous solo and collective exhibitions in France and abroad, including: the Moscow Biennale of Contemporary Art at the New Tretyakov Gallery; the artgenève fair in Geneva; the YIA Art Fair at the Musée des Arts et Métiers in Paris; the New Media Art Fair at the Cité Internationale des Arts in Paris; and the Alexandra de Viveiros gallery in Brussels.



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