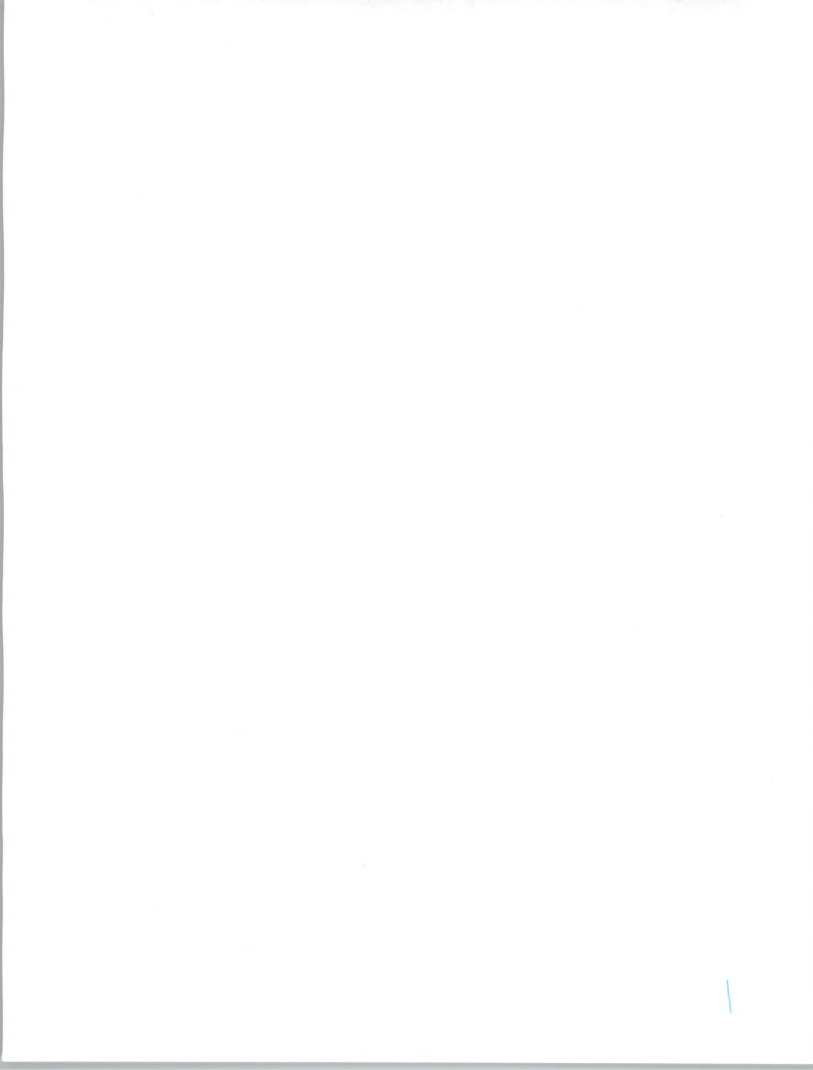


**Outsourcing:
A European Perspective**

19 October 1993

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Outsourcing: A European Perspective

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Outsourcing Market—France

	Spend (FF Bn)	93-98 Growth (%)
Total IT	324.0	1
Software and Services	105.0	7
Outsourcing	4.2	21

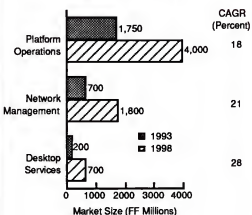
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Infrastructure Management Market—France

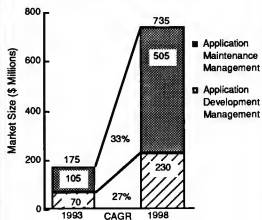


ES-02P-26 2

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Application Management Forecast, Europe



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Key Opportunities Outsourcing Europe

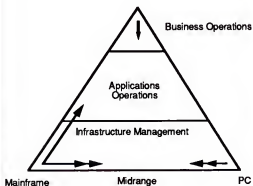
- Infrastructure not data centre management
- Business benefit not cost saving

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Evolution of European Outsourcing



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E-CO-42

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Notes

High Growth Sectors Outsourcing

- Distribution
- Transportation
- Government?

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Major Outsourcing Contracts 1992-1993

Client	Vendor	Contract Value (\$ M)	Number of Years
Kooperativa Forbundet (KF)	EDS	1,000	10
East Midlands Electricity	Perot Systems	400	12
Europcar	Perot Systems	600	10
BHS	CSC	200	11

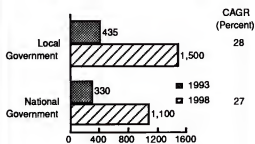
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Government IS Outsourcing by Sector—Europe, 1993-1998

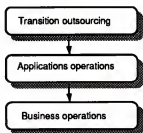


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Opportunities in Local Government



ES-GSP-29

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Notes

Threat from New Entrants

- Equipment vendors - do they subsidize equipment
- U.S. professional services vendors - the application of leading edge technology
- Large organization data centres - the threat of marginal pricing

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Vendor Positioning

Business
Benefits

Cost
Savings

Data Centre
Management

Infrastructure
Management

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Notes

Client Satisfaction

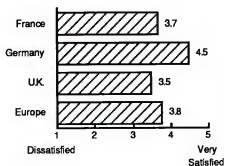
- Opinions strongly polarised (satisfied/dissatisfied)
- Declines over time
- Traditional services favoured/new services weak

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Overall Satisfaction



Sample of 47 users of outsourcing services

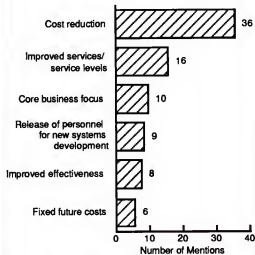
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Notes

Principal Benefits Sought Europe



Sample of 47 outsourcing clients

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Degree of Achievement of Benefits Sought—Europe

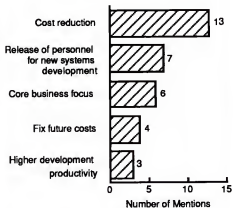


Sample of 47 outsourcing clients

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Notes

Principal Benefits Sought—France

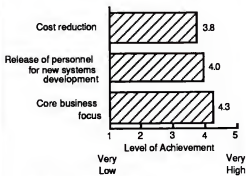


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Degree of Achievement of Benefits Sought—France



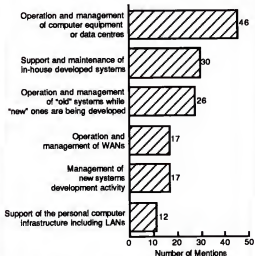
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Outsourcing by Service Category—Europe



Sample of 47 European outsourcing clients

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Service Improvement Challenges

- Vendor/client procedures and communication
- Proactive account development
- Understand client's applications and business needs

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17

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- Information Services Markets
 - Worldwide and country data
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- IT Outsourcing Opportunities
- Information Services Vendor Profiles and Analysis
- EDI/Electronic Commerce
- U.S. Federal Government IT Markets
- IT Customer Services Directions
- Interactive Communications Services
- Multimedia Opportunities

SERVICE FEATURES

Research-based reports on trends, etc.
(Over 100 in-depth reports a year)
Frequent bulletins on events, issues, etc.
5-year market forecasts
Competitive analysis
Access to experienced consultants
Immediate answers to questions

DATA BASES

- Software and Services Market Forecasts
- Software and Services Vendors
- U.S. Federal Government
 - Procurement Plans (PAR)
 - Forecasts
 - Awards (FAIT)
- Commercial Application LEADS

CUSTOM PROJECTS

For Vendors—analyze:

- Market strategies
- Product/service opportunities
- Customer satisfaction levels
- Competitive position
- Acquisition targets

For Buyers—evaluate:

- Specific vendors
- Outsourcing options
- Market opportunities
- Systems plans
- Peer position

OTHER SERVICES

Presentations to user groups, planning meetings, etc.

Acquisition/partnership searches

Newsletters

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Sudetenstraße 9
D-35428 Langgöns-
Niederkleen
Germany
Tel. +49 (0) 6447-7229
Fax +49 (0) 6447-7327

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17 Hill Street
London W1X 7FB
England
Tel. +44 (0) 71 493-9335
Fax +44 (0) 71 629-0179

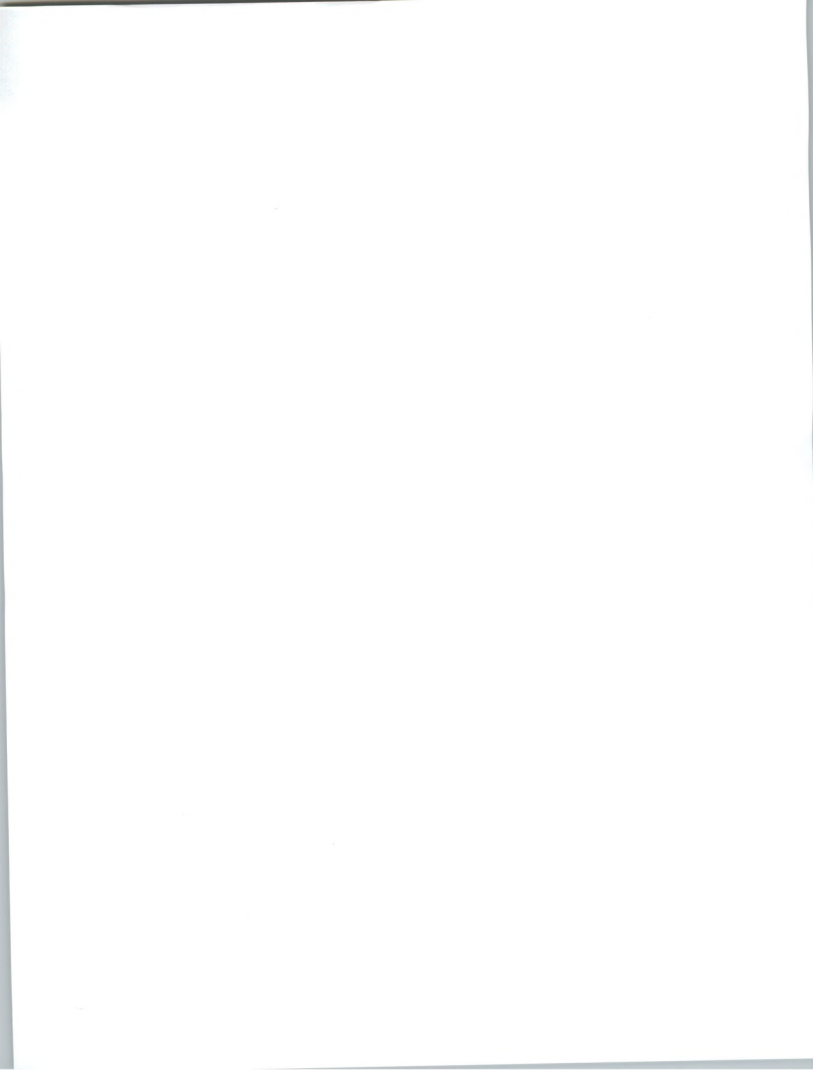
New York
400 Frank W. Burr Blvd.
Teaneck, NJ 07666
U.S.A.
Tel. 1 (201) 801-0050
Fax 1 (201) 801-0441

Paris
24, avenue du Recteur
Poincaré
75016 Paris
France
Tel. +33 (1) 46 47 65 65
Fax +33 (1) 46 47 69 50

San Francisco
1881 Landings Drive
Mountain View
CA 94043-0848
U.S.A.
Tel. 1 (415) 961-3300
Fax 1 (415) 961-3966

Tokyo
Saida Building, 4-6,
Kanda Sakuma-cho
Chiyoda-ku, Tokyo 101
Japan
Tel. +81 3 3864-0531
Fax +81 3 3864-4114

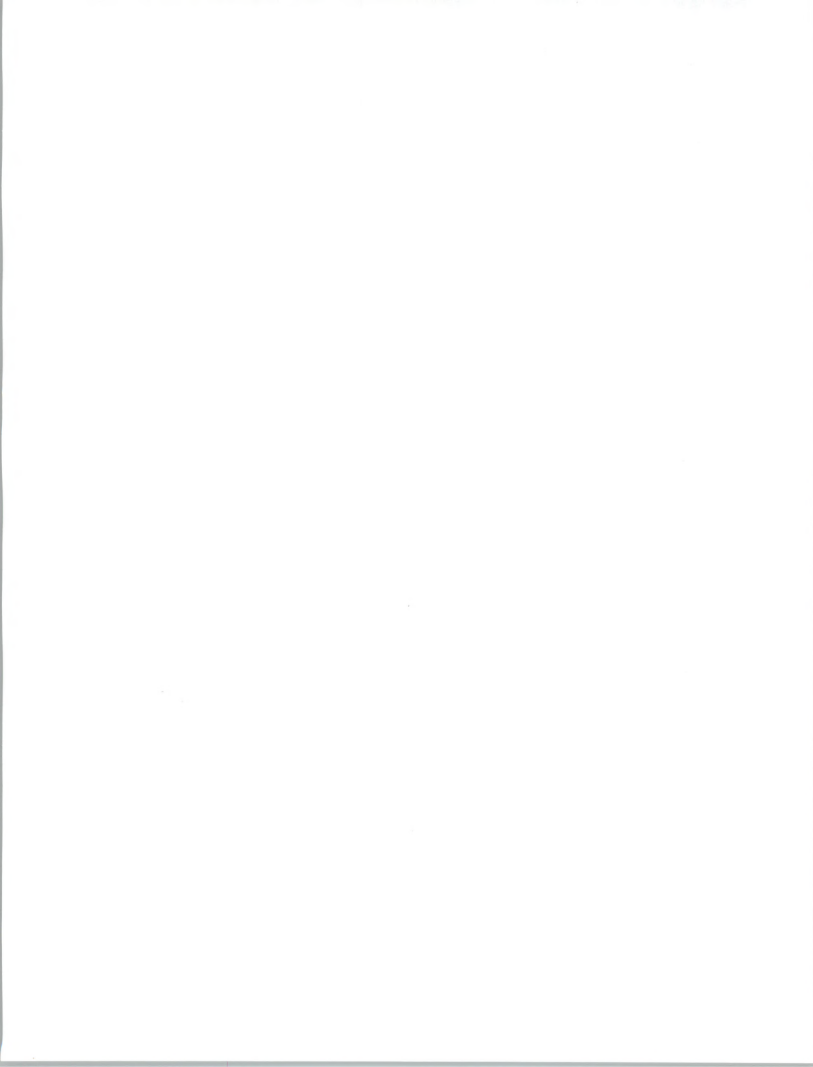
Washington, D.C.
1953 Gallows Road
Suite 560
Vienna, VA 22182
U.S.A.
Tel. 1 (703) 847-6870
Fax 1 (703) 847-6872



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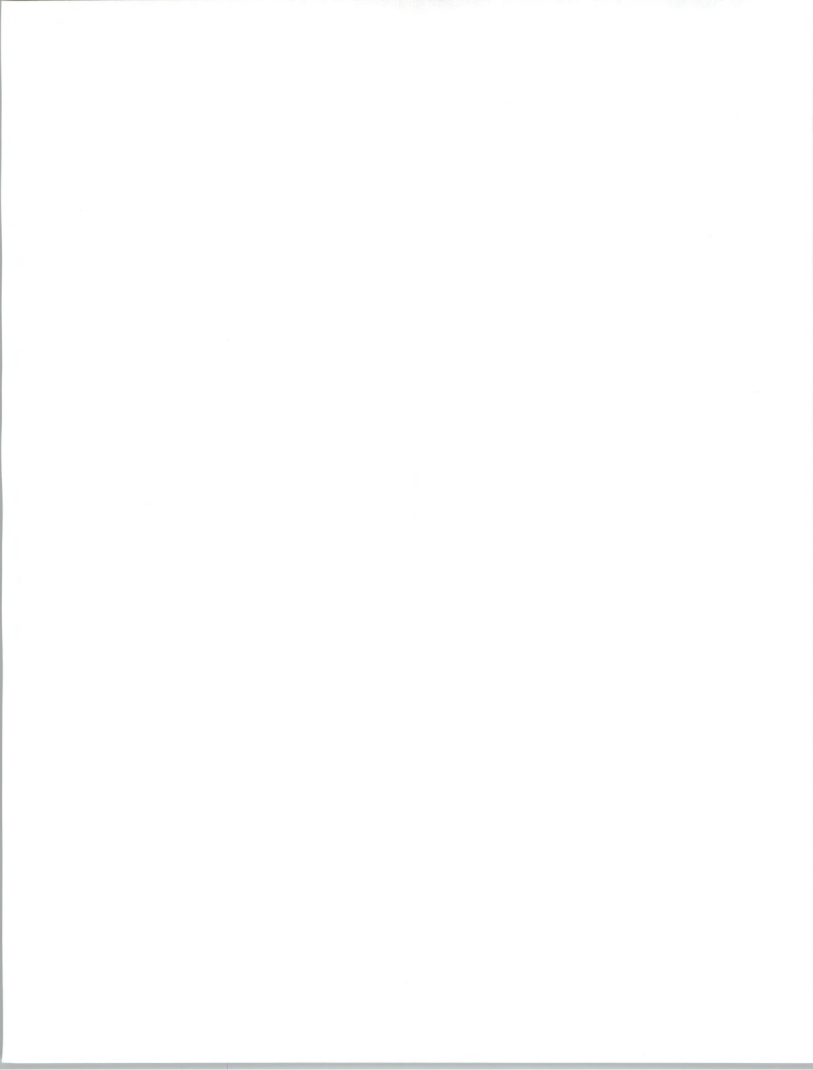
Outsourcing: A European Perspective

19 October 1993



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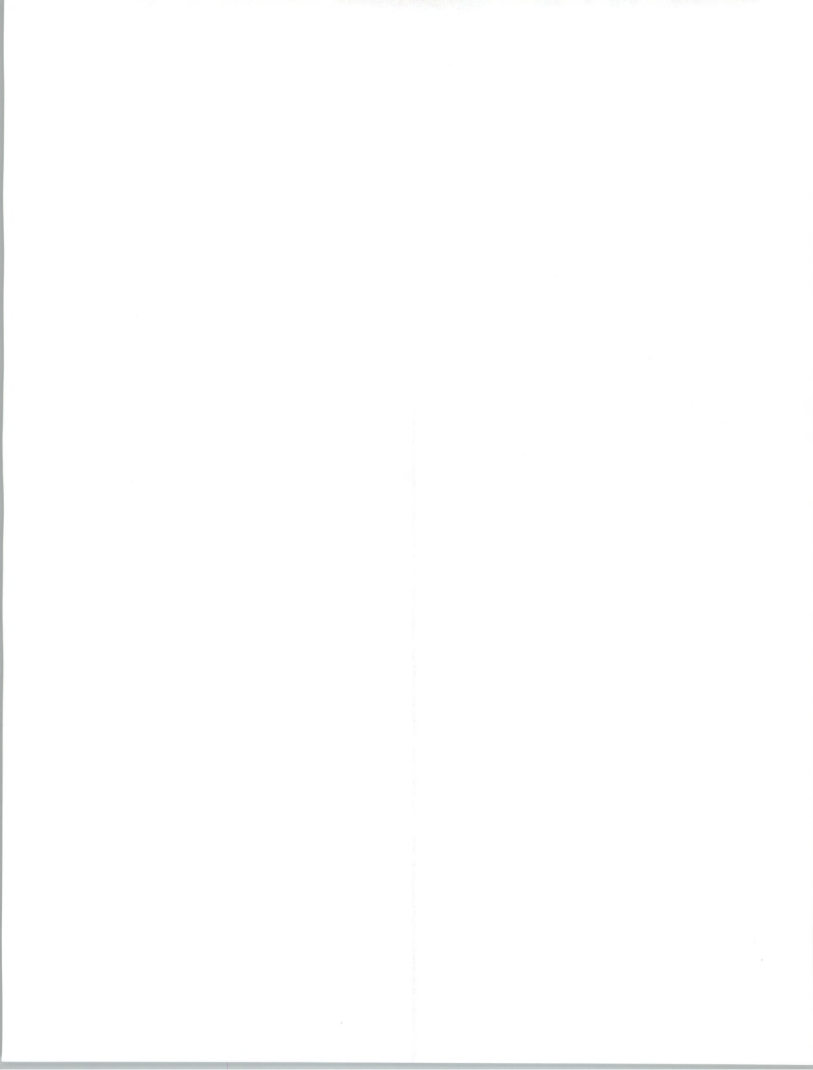
The Computer Industry in the 1990s

Technology Revolutions
+
Organizational Evolutions
=
All the rules have changed

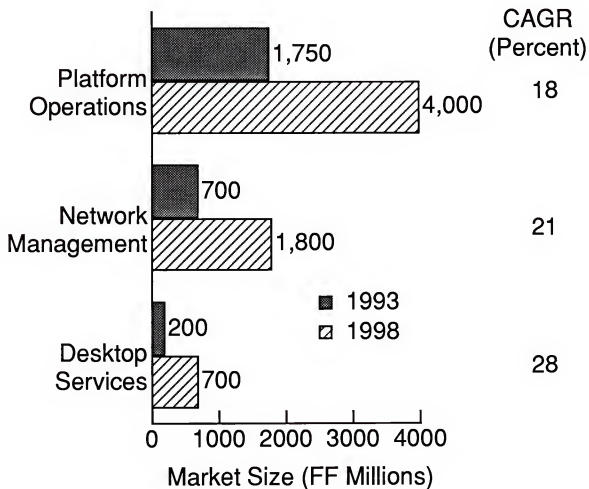


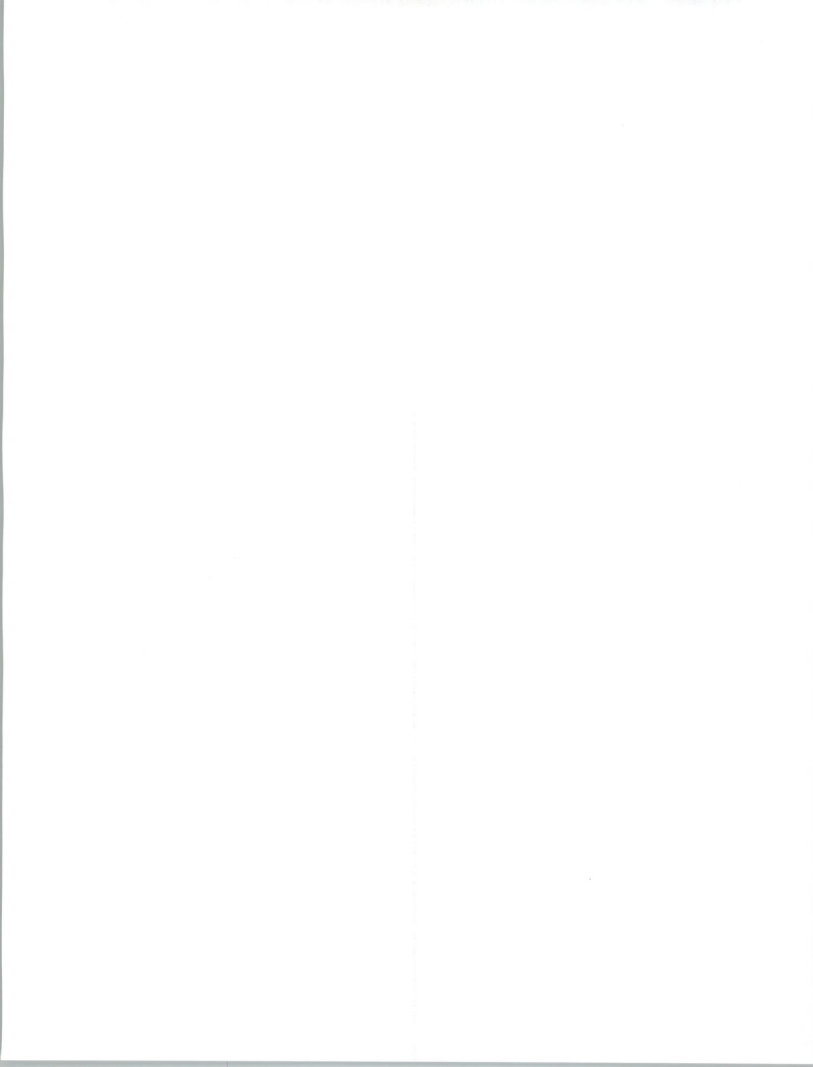
IS Environment

"Traditional"	"Downsized"
Mainframe	Client/server
Shared	Dedicated
Remote	Local
IS operated	User operated

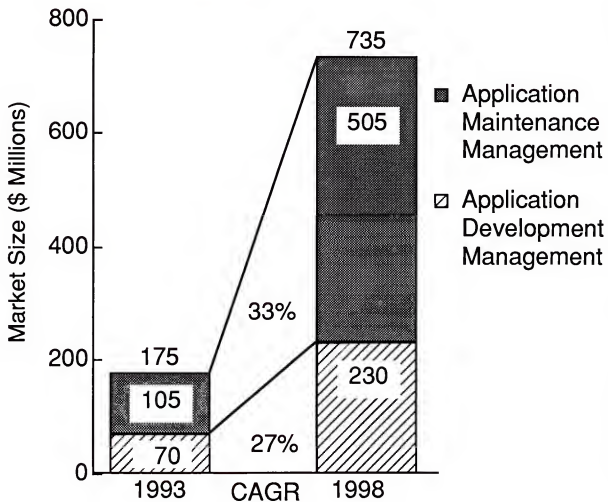


Infrastructure Management Market—France





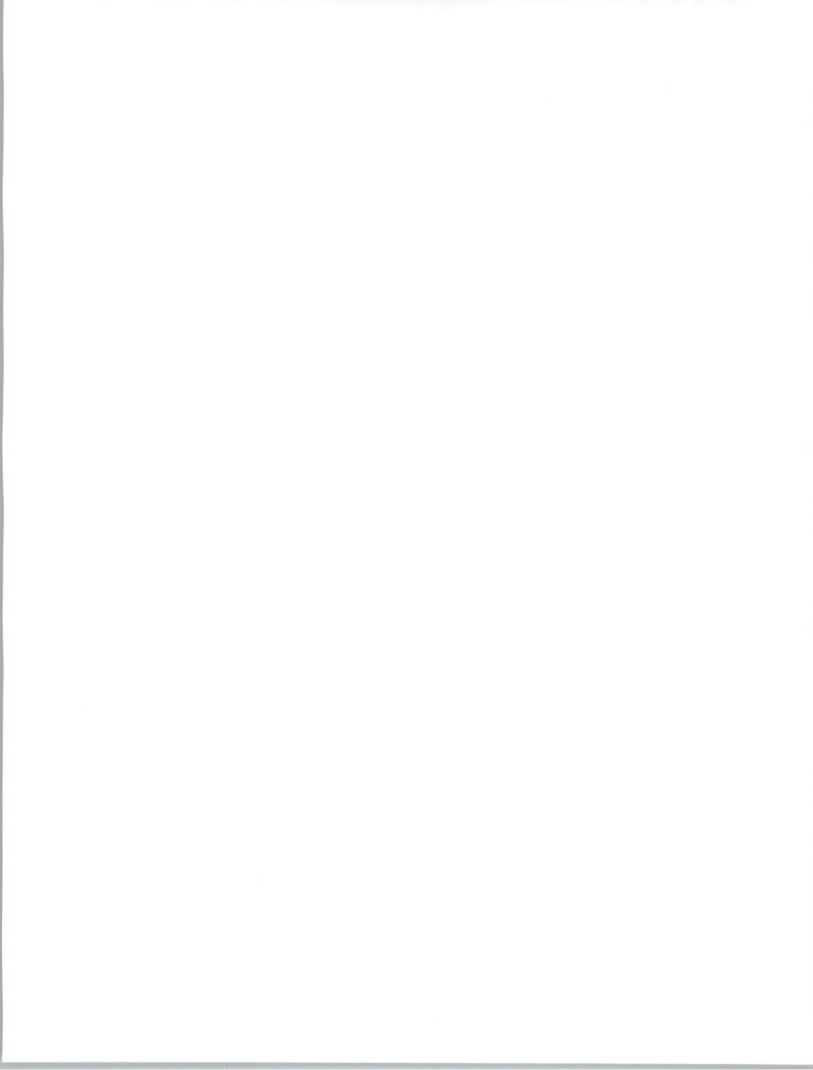
Application Management Forecast, Europe



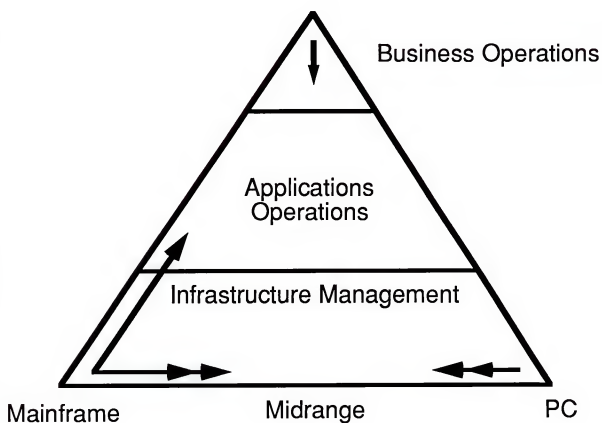


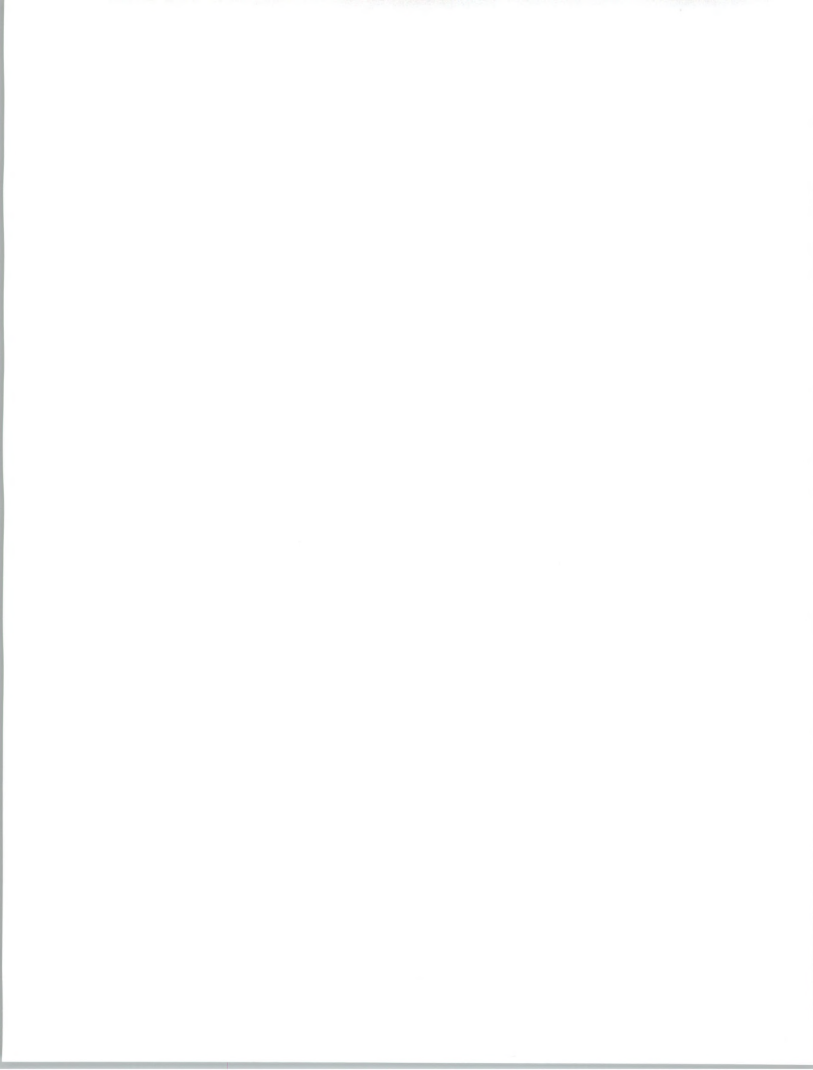
Key Opportunities Outsourcing Europe

- Infrastructure not data centre management
- Business benefit not cost saving



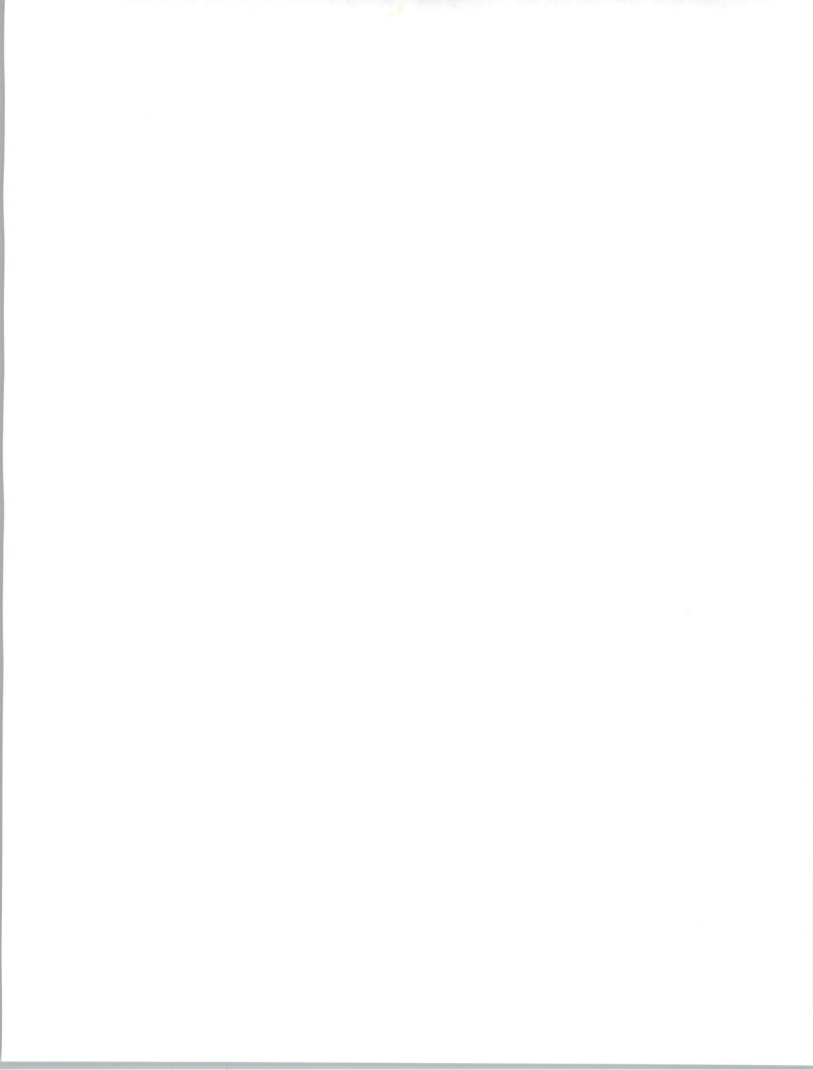
Evolution of European Outsourcing





High Growth Sectors Outsourcing

- Distribution
- Transportation
- Government?

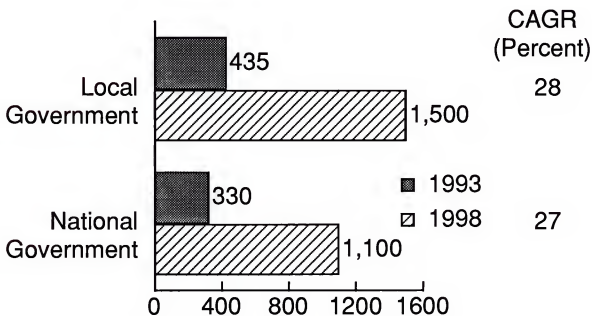


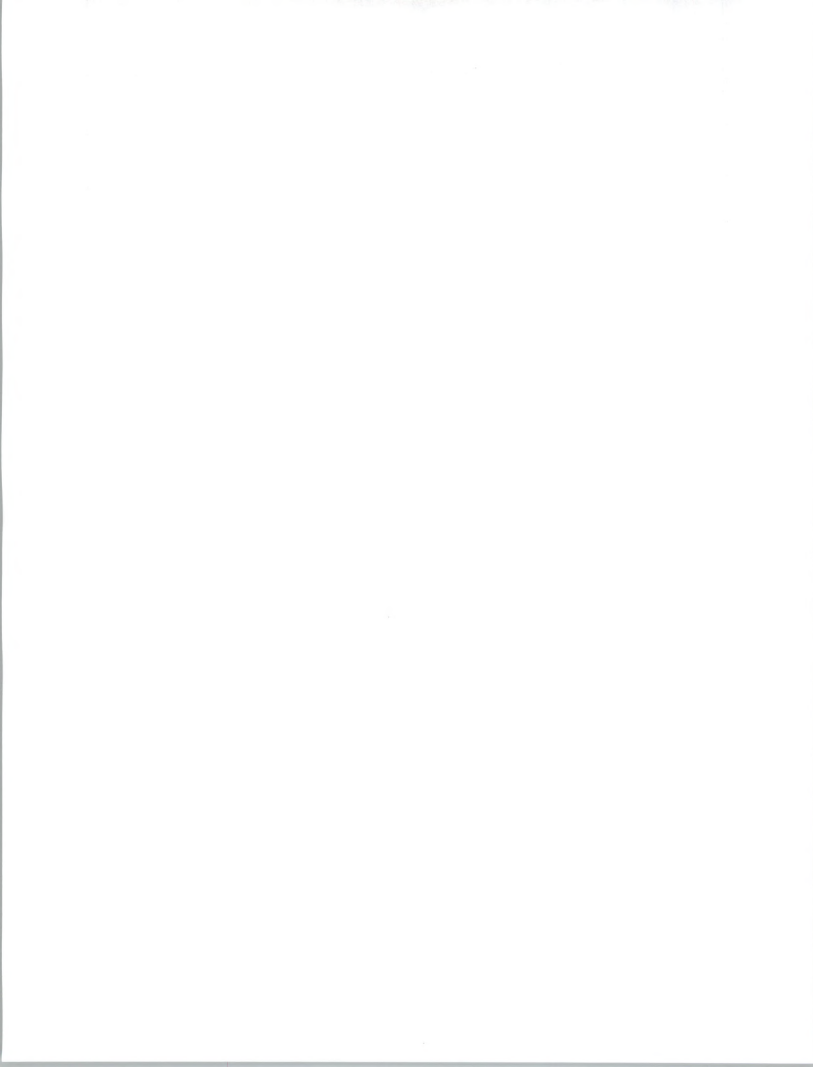
Major Outsourcing Contracts 1992-1993

Client	Vendor	Contract Value (\$ M)	Number of Years
Kooperativa Forbundet (KF)	EDS	1,000	10
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Europcar	Perot Systems	600	10
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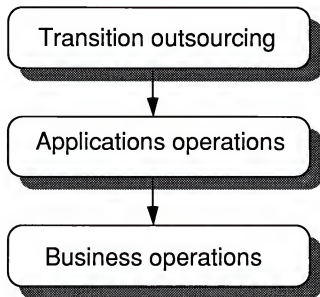


Government IS Outsourcing by Sector—Europe, 1993-1998





Opportunities in Local Government





Threat from New Entrants

- Equipment vendors - do they subsidize equipment
- U.S. professional services vendors - the application of leading edge technology
- Large organization data centres - the threat of marginal pricing



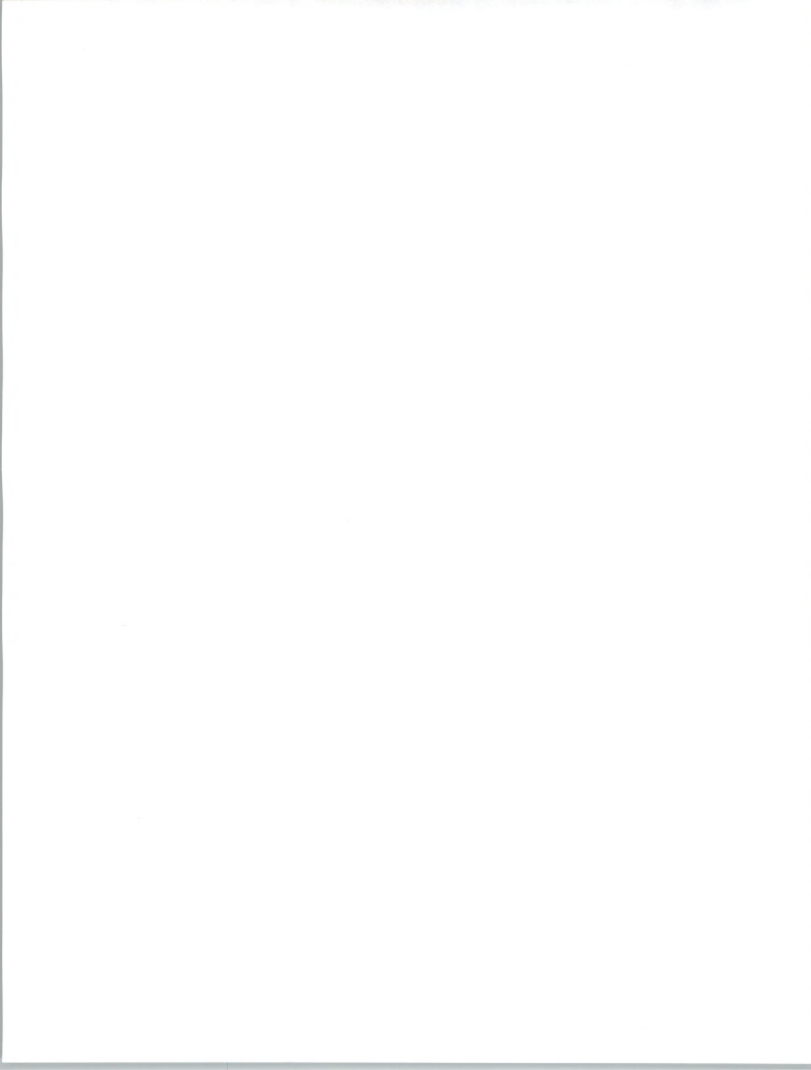
Vendor Positioning

Business
Benefits

Cost
Savings

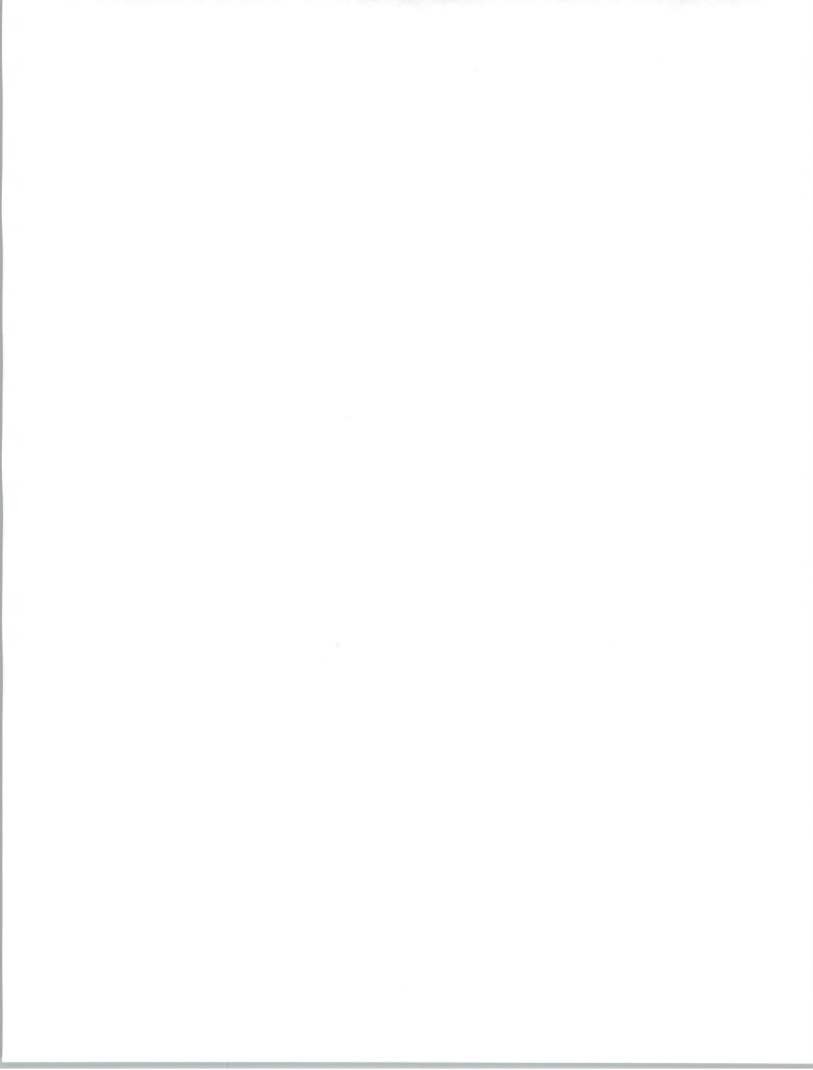
Data Centre
Management

Infrastructure
Management

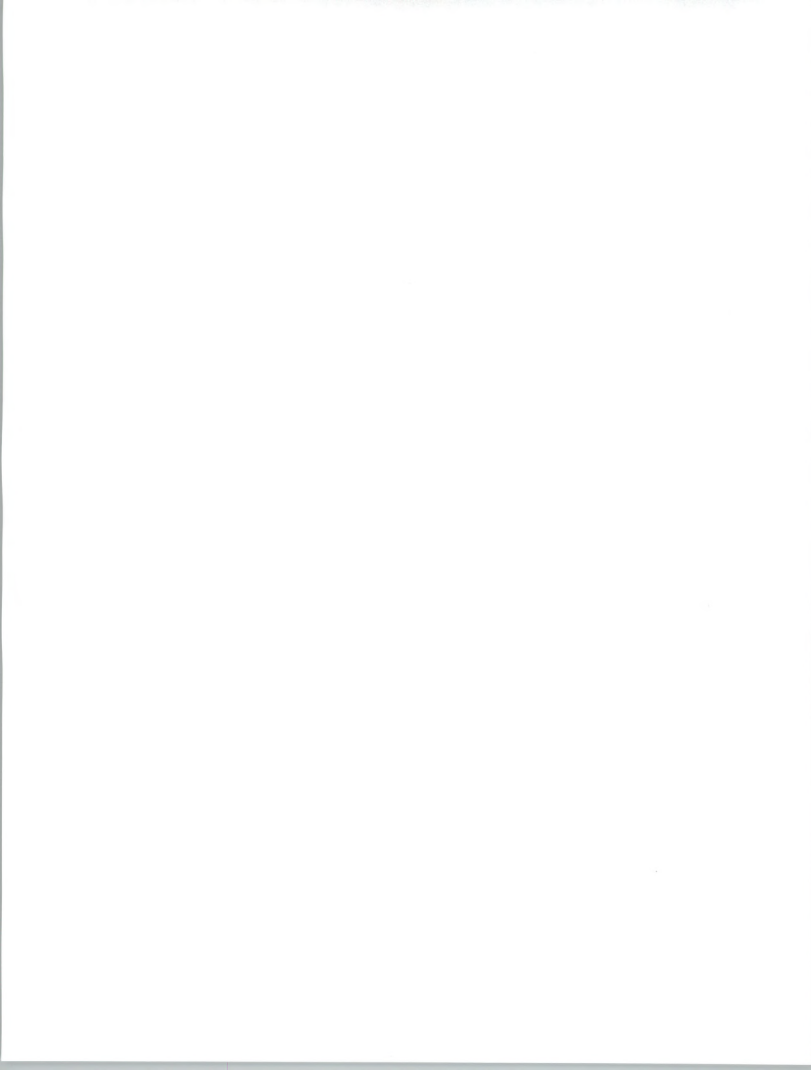


'Octopus' Strategy

Extend arms as far as possible around clients.

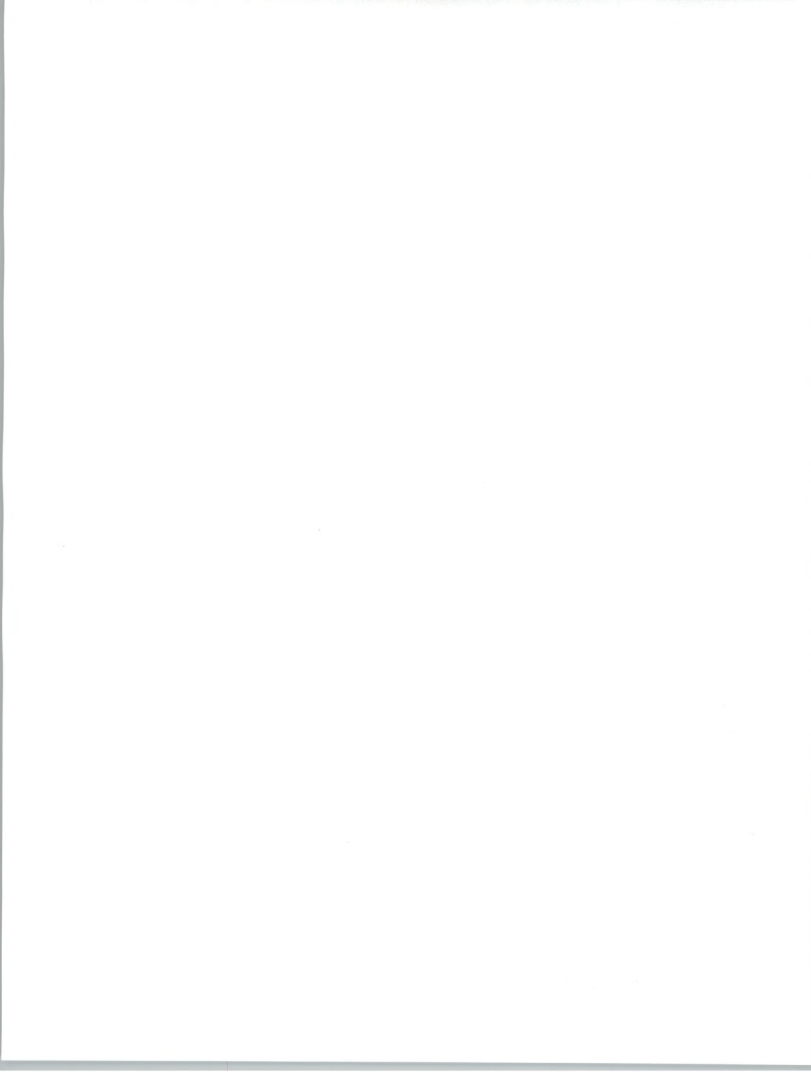


Outsourcing Client Satisfaction



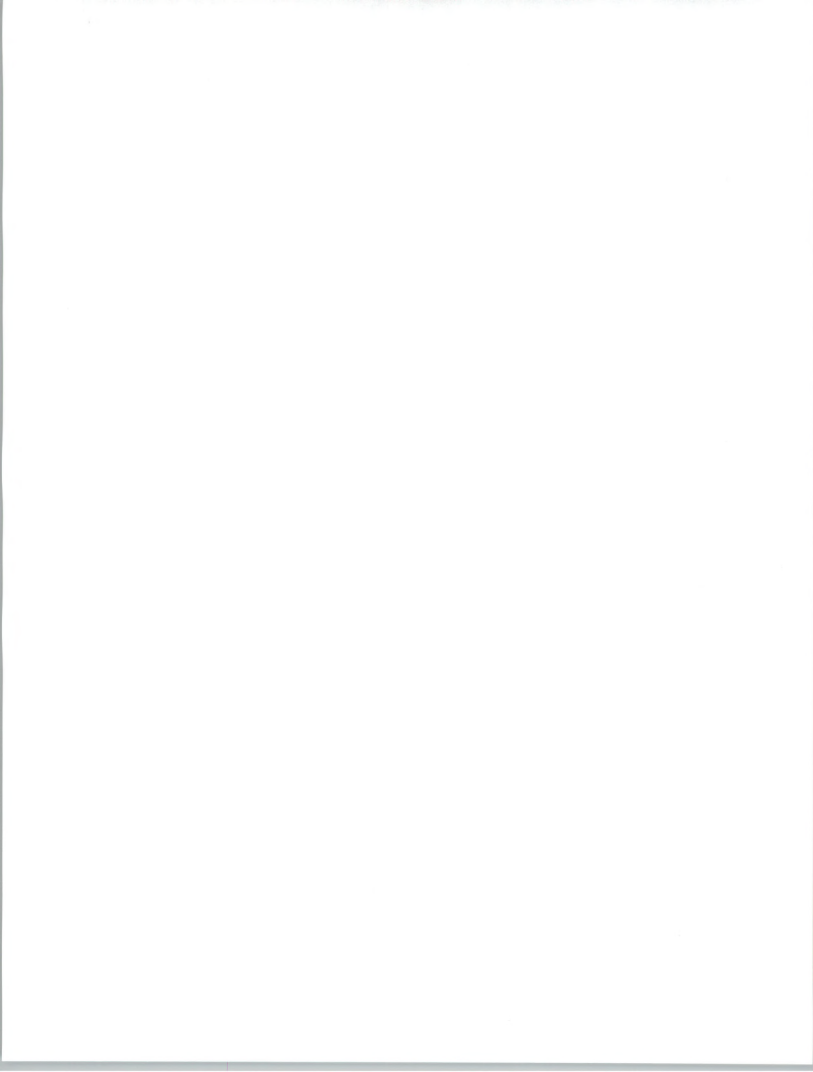
Survey Objectives

- Identify satisfaction ratings
 - Overall
 - By service type
- Identify benefits sought and levels of achievement
- Identify areas for improvement
- Identify future service requirements



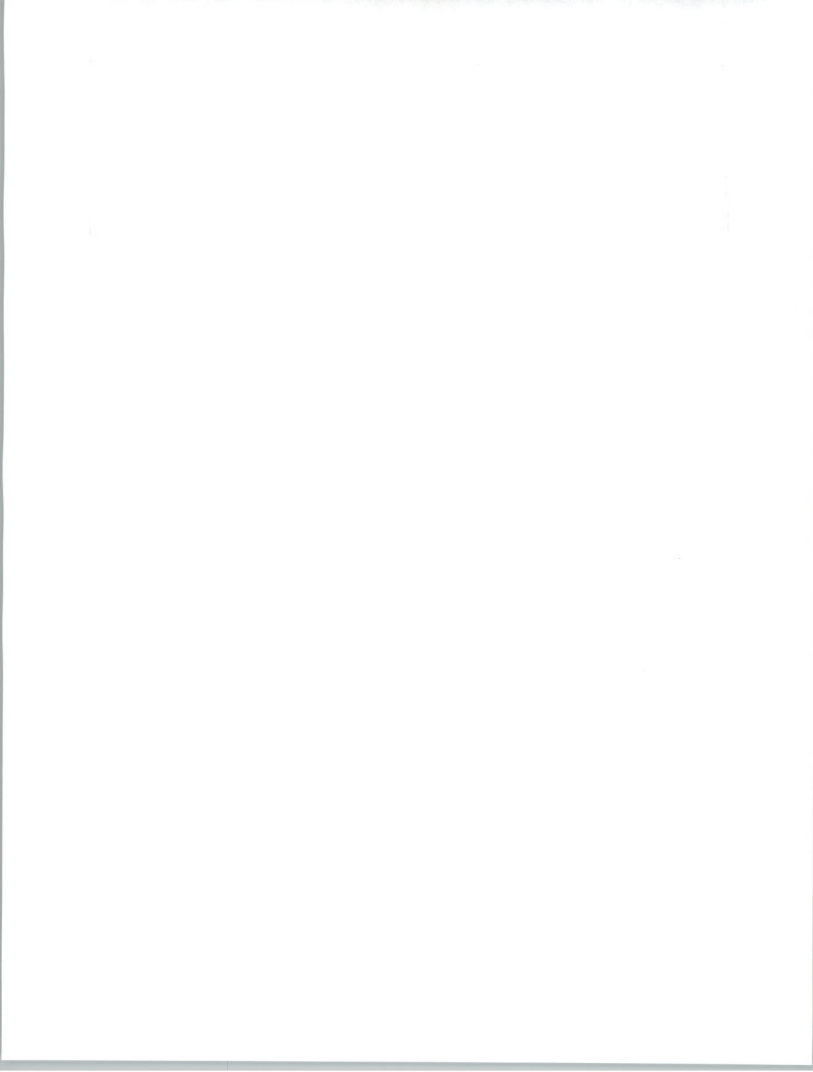
Survey Methodology

- Primarily managing directors and finance directors
- 47 Interviews
 - 20 United Kingdom
 - 17 France
 - 10 Germany



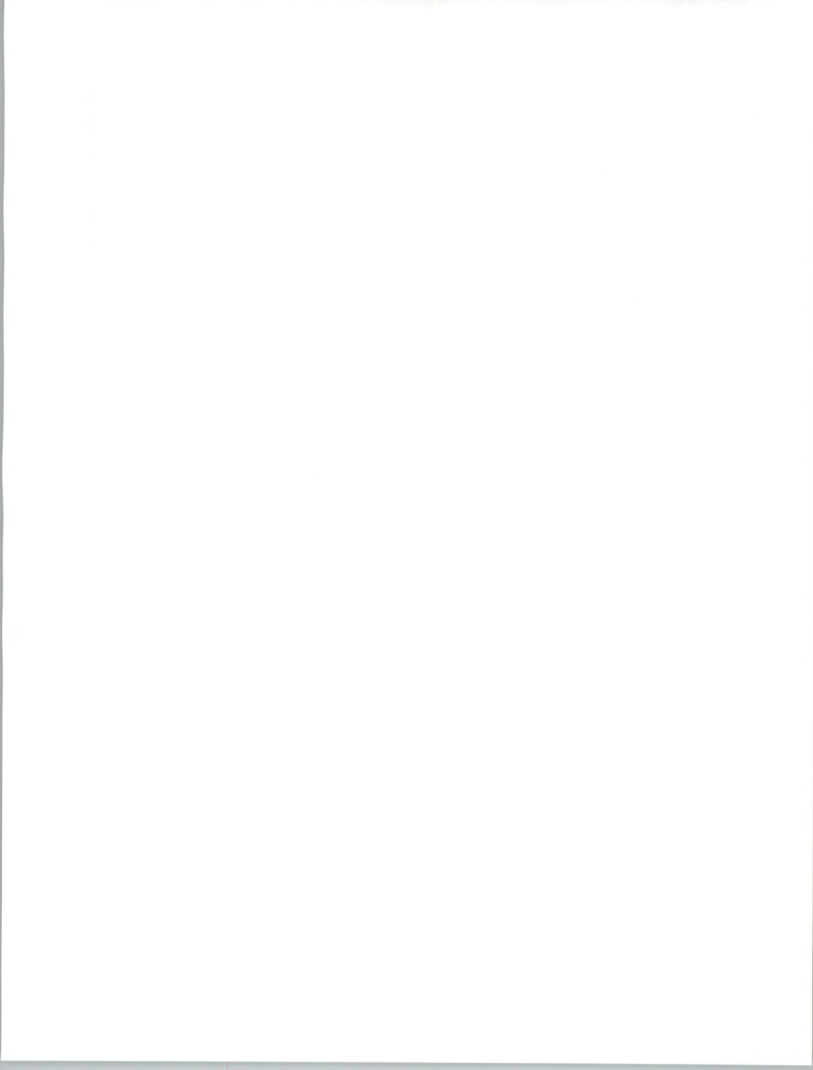
Increasing Client Need for Outsourcing

- Client satisfaction
- Service improvement challenges
- Outsourcing business development

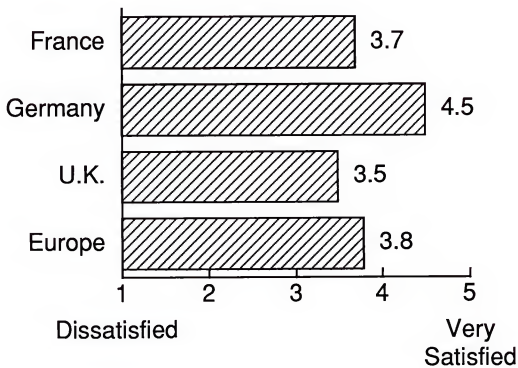


Client Satisfaction

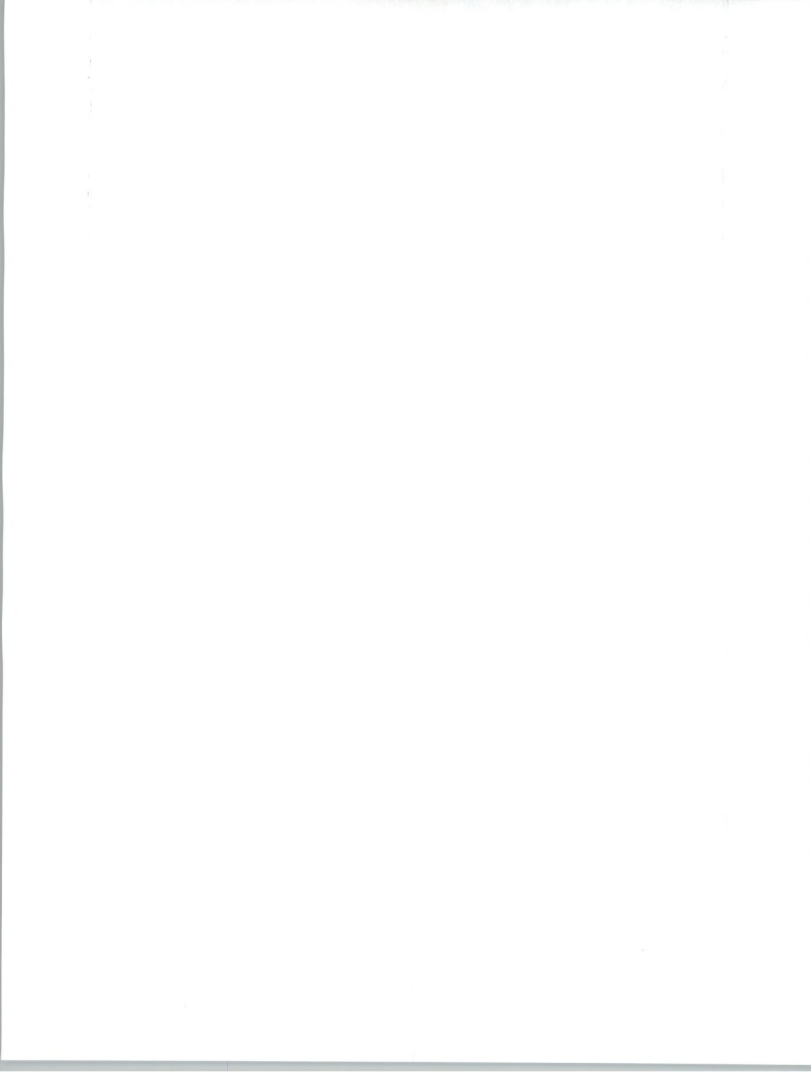
- Opinions strongly polarised (satisfied/dissatisfied)
- Declines over time
- Traditional services favoured/new services weak



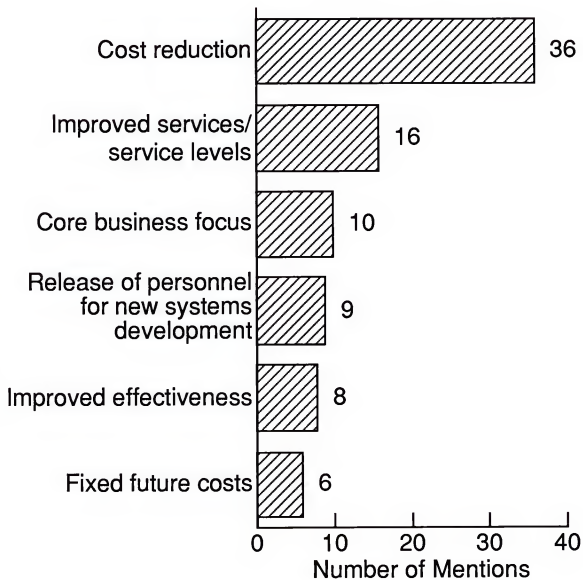
Overall Satisfaction



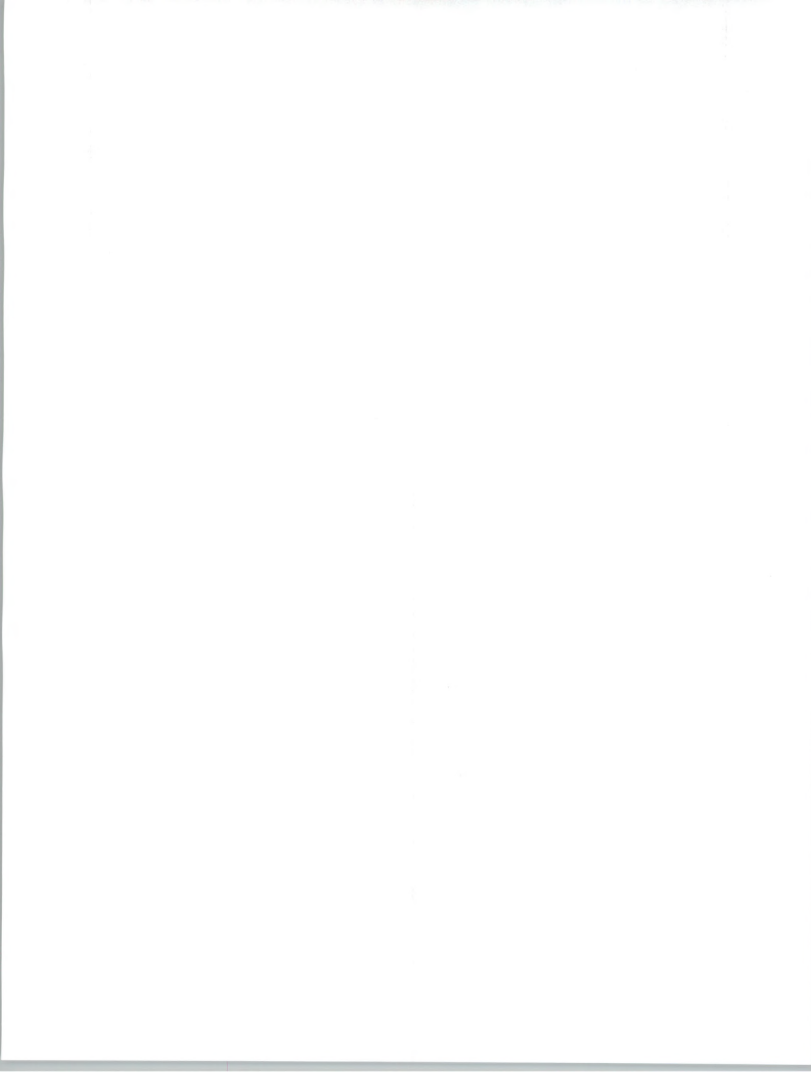
Sample of 47 users of outsourcing services



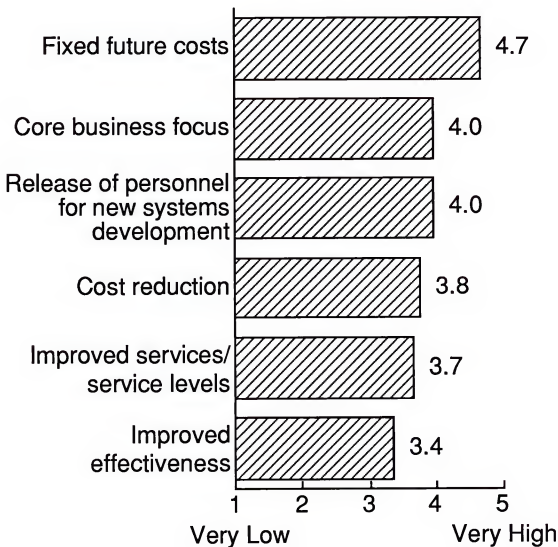
Principal Benefits Sought Europe



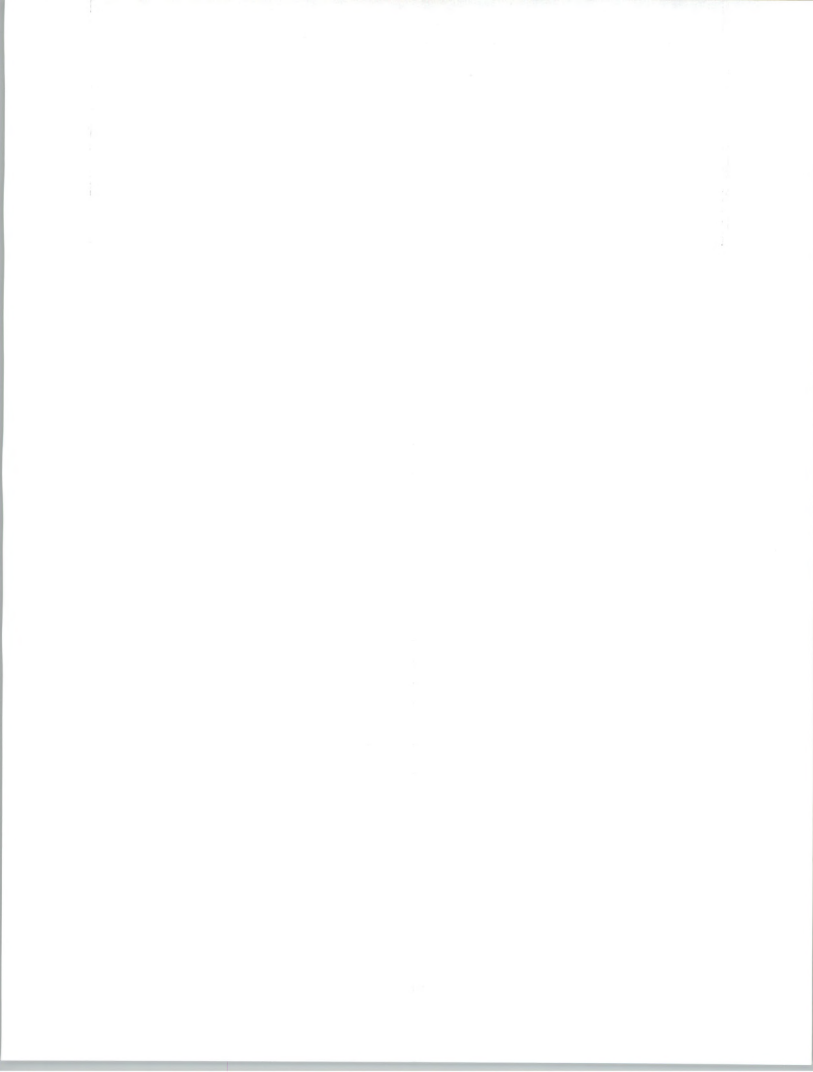
Sample of 47 outsourcing clients



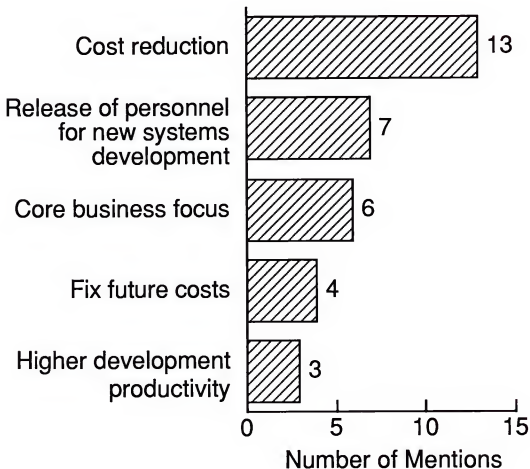
Degree of Achievement of Benefits Sought—Europe



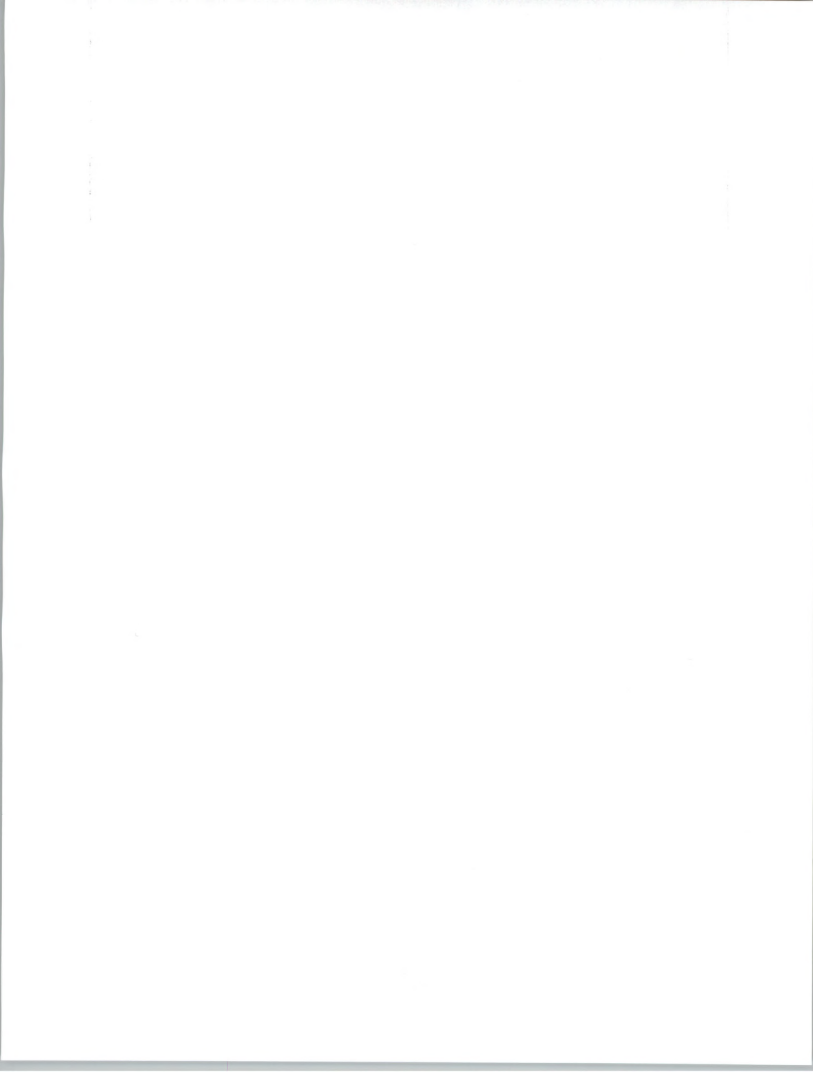
Sample of 47 outsourcing clients



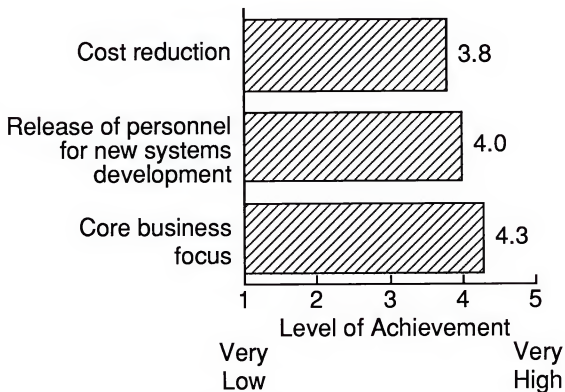
Principal Benefits Sought—France



Sample of 17 outsourcing clients



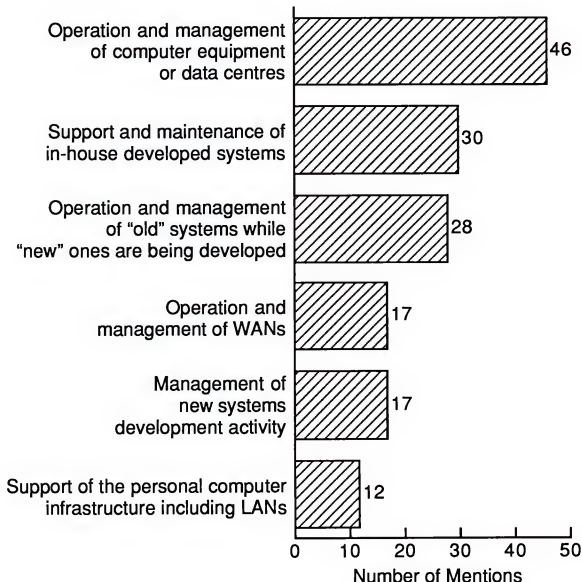
Degree of Achievement of Benefits Sought—France



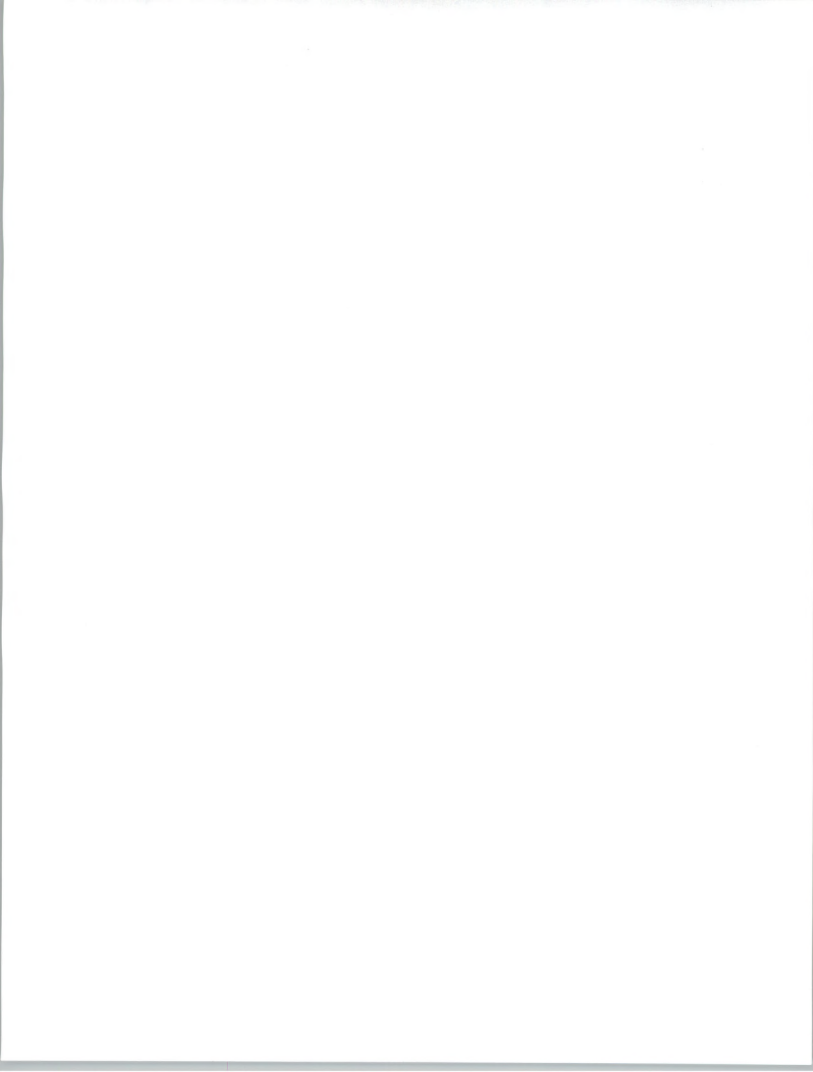
Sample of 17 outsourcing clients



Outsourcing by Service Category—Europe

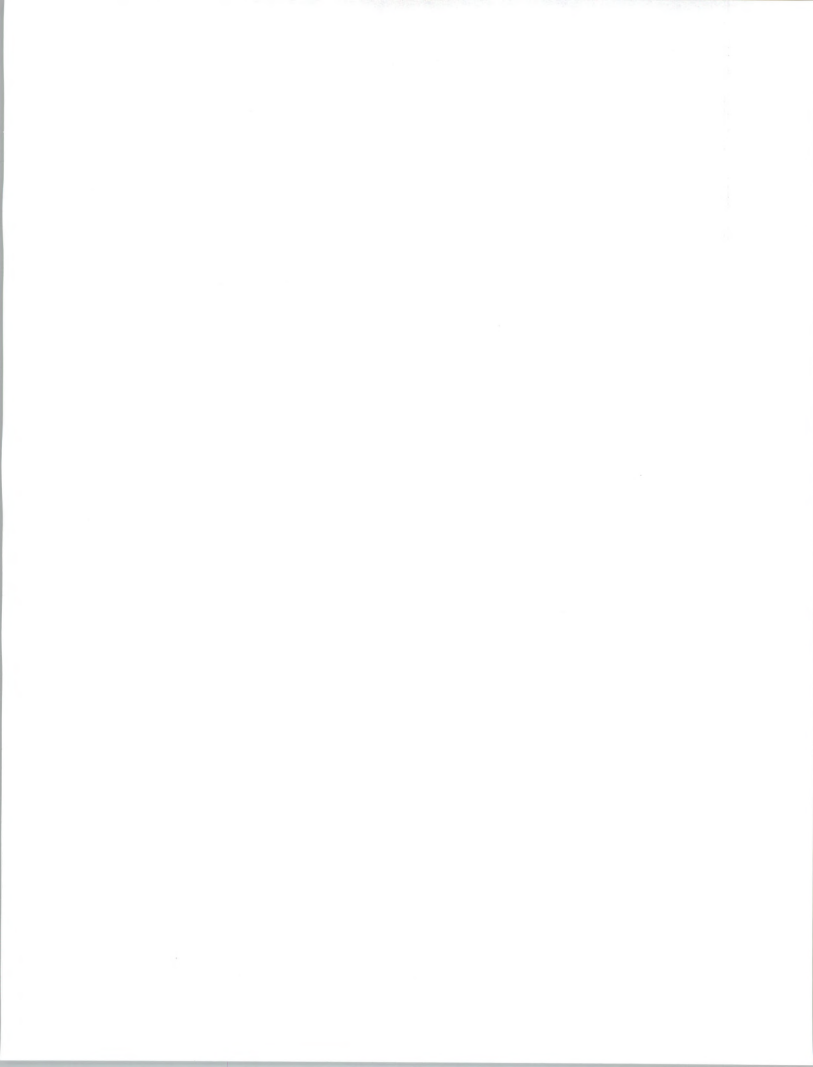


Sample of 47 European outsourcing clients

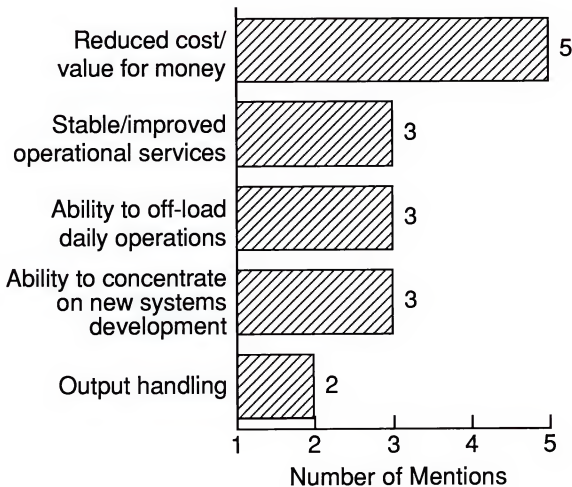


Service Improvement Challenges

- Vendor/client procedures and communication
- Proactive account development
- Understand client's applications and business needs



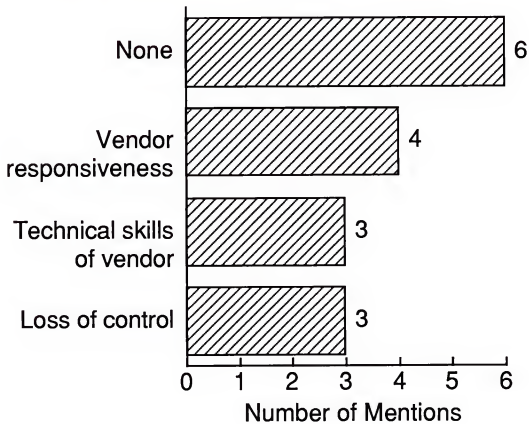
Aspects of Service Liked—France



Sample of 17 outsourcing clients



Areas of Dissatisfaction—France



Sample of 17 outsourcing clients

100
100
100
100
100

100

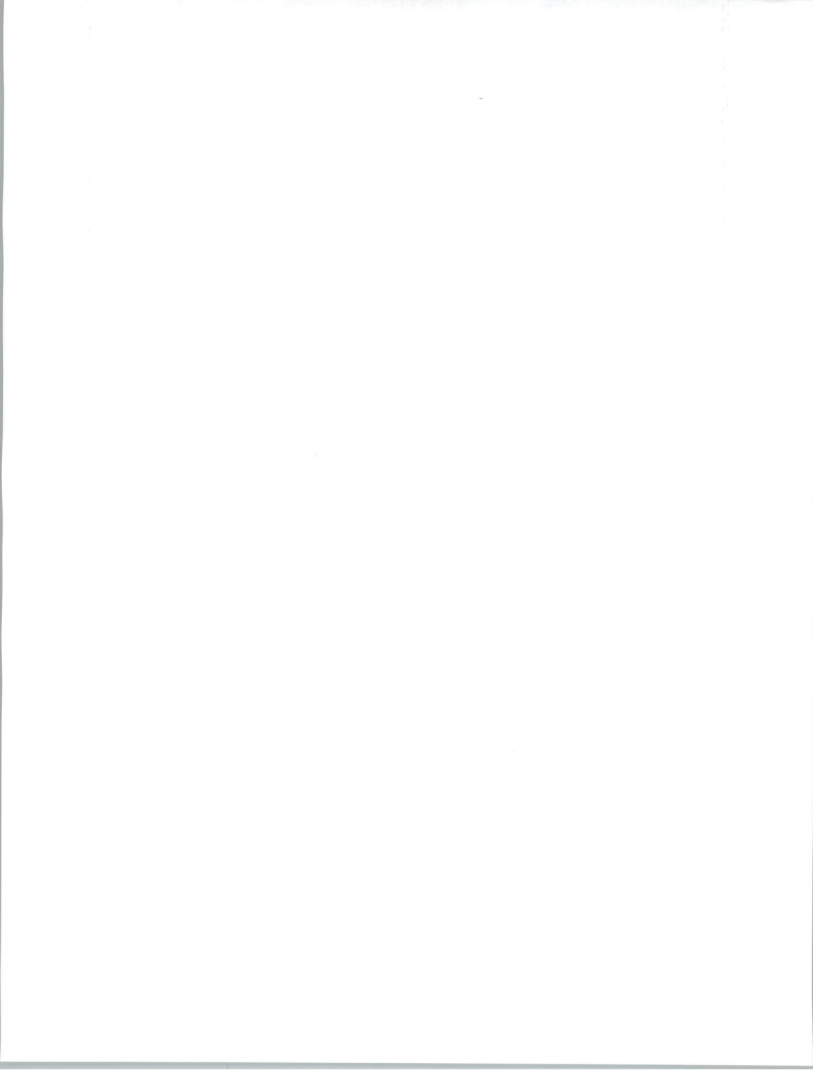
Areas of Dissatisfaction—Europe

- Vendor responsiveness/communication
- Inadequate cost reduction
- Excessive bureaucracy
- Inadequate breadth of technical skills

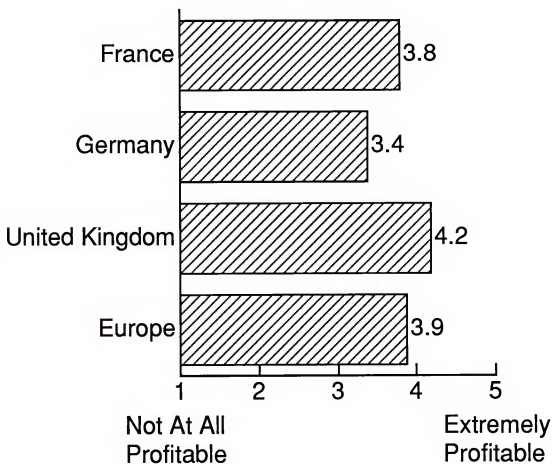


Number of Clients Selecting Lowest Price Bid

Region	Did Select Lowest Price	Did Not Select Lowest Price
France	4	9
United Kingdom	6	10
Germany	3	5
Europe	13	24



Perceived Profitability of Outsourcing Contracts

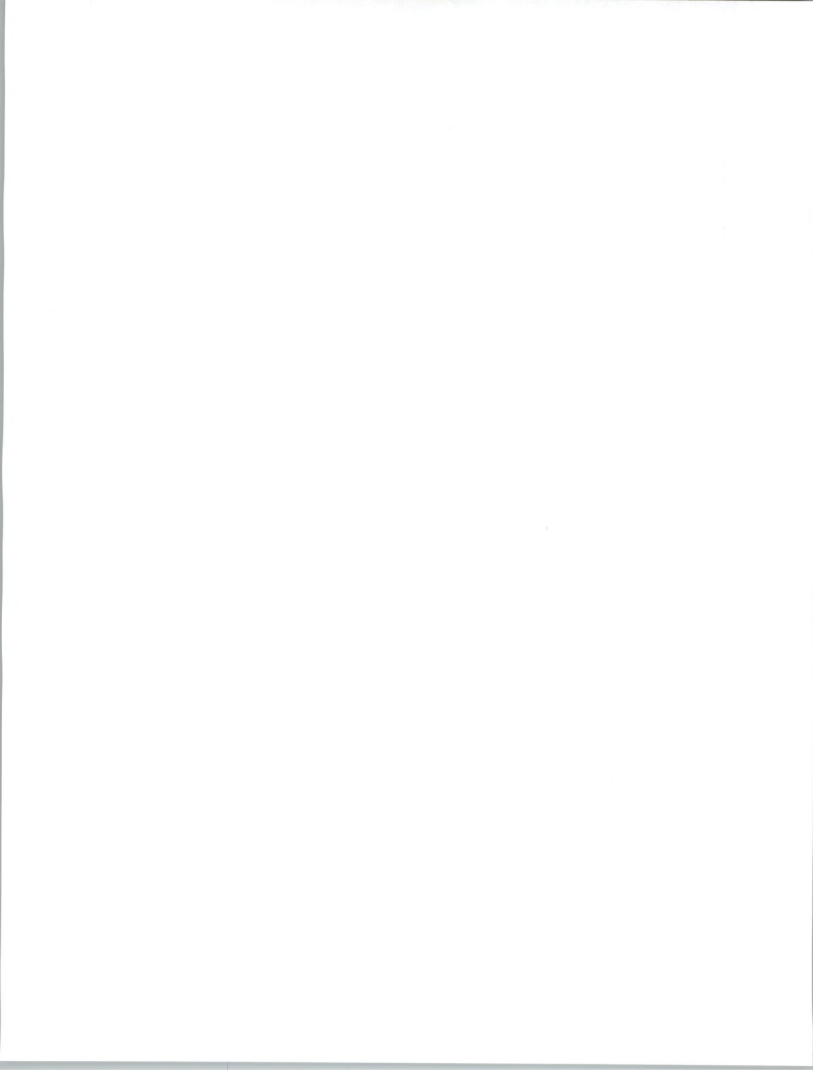


Sample of 47 outsourcing clients

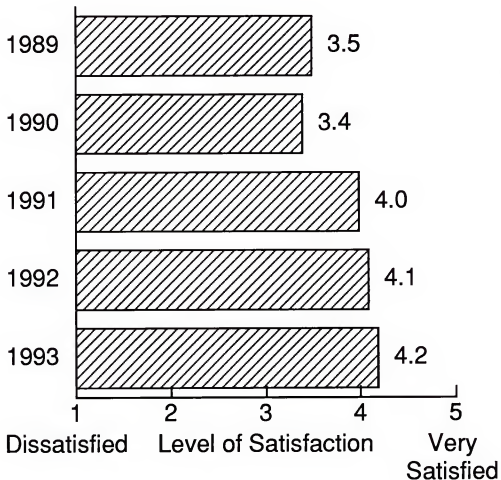


Outsourcing Business Development

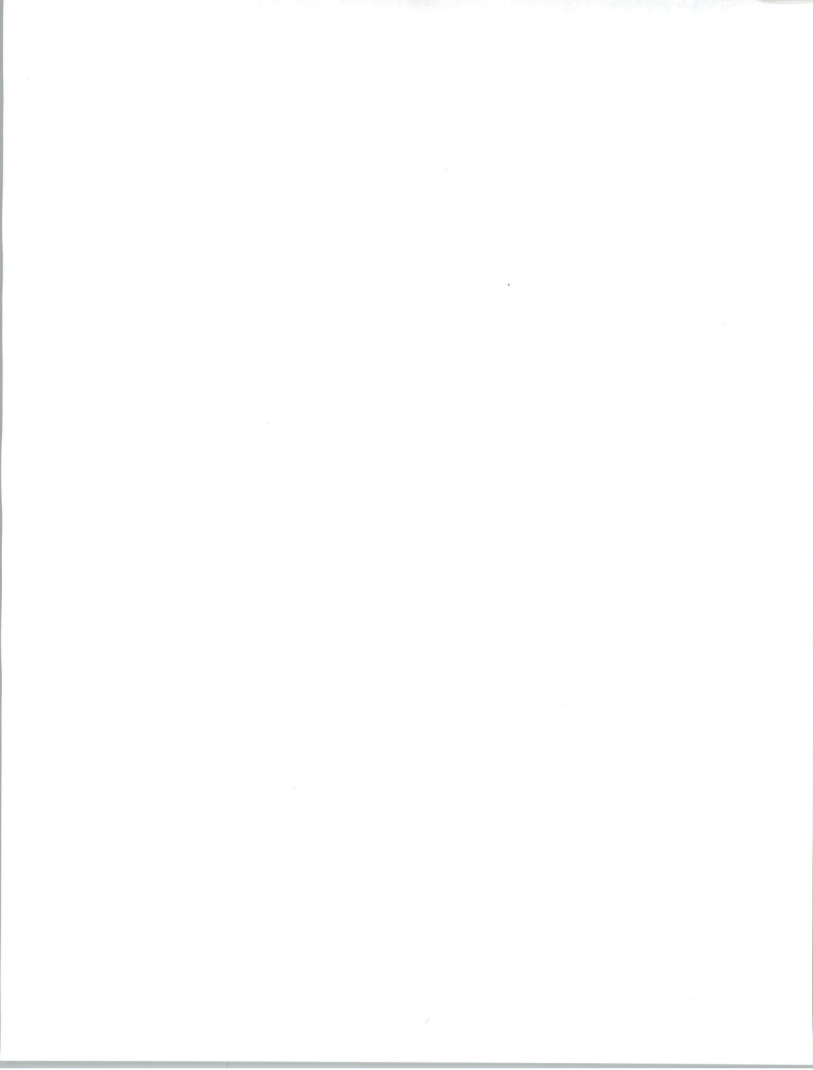
- Clients will increase their use of outsourcing - (70%)
- Clients will renew their outsourcing contracts - (90%)
- Moderate vendor loyalty in France



Overall Satisfaction by Contract Start Date

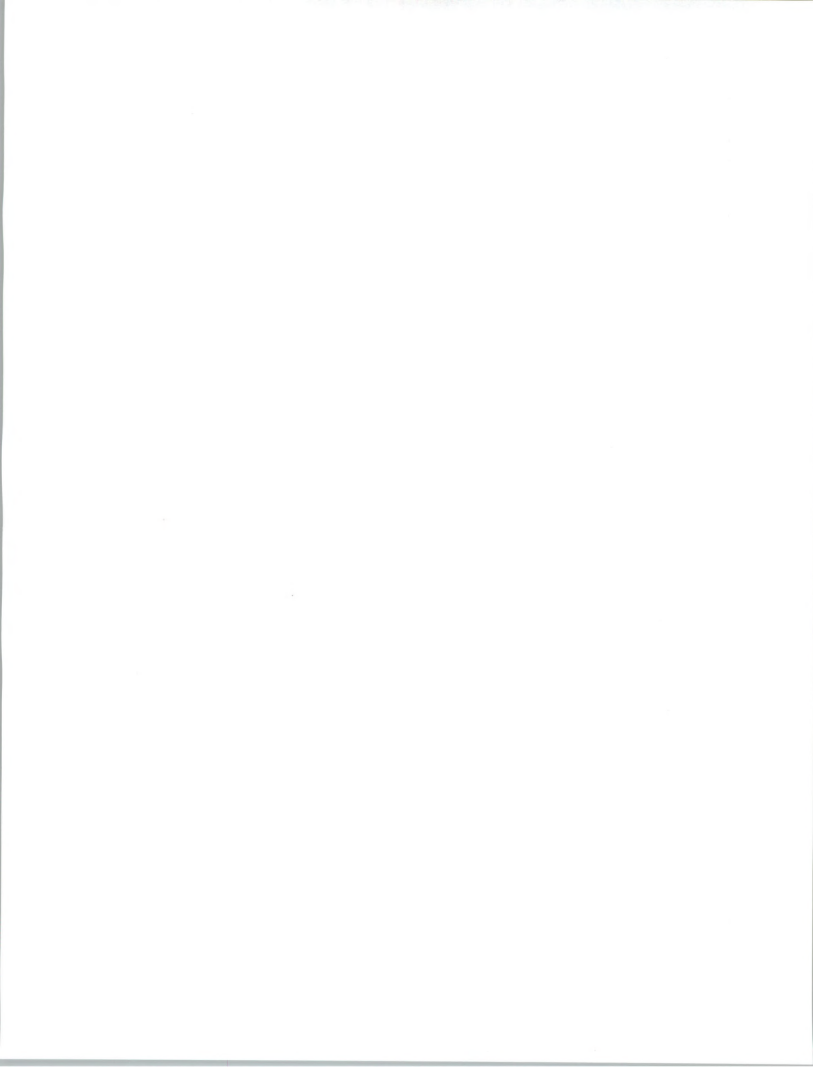


Sample of 29 outsourcing clients

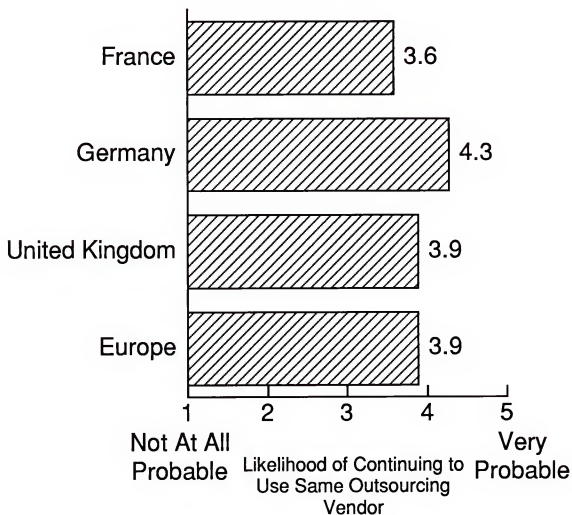


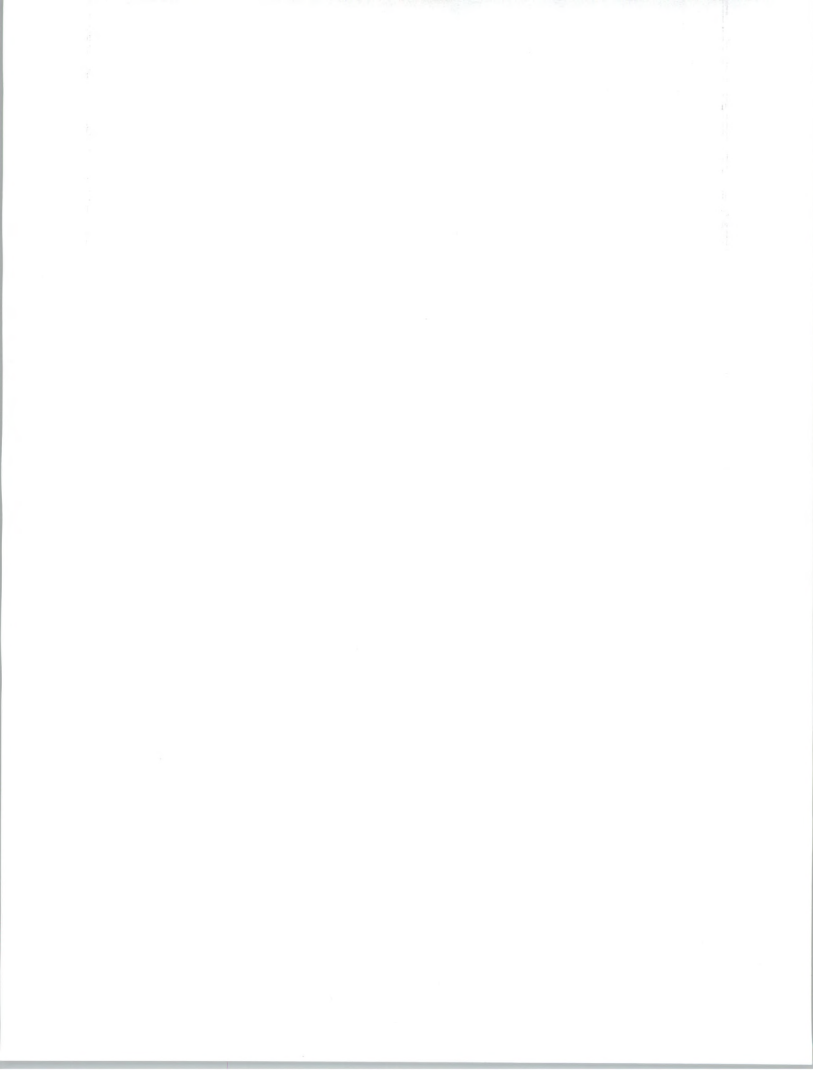
Action at End of Present Contract

Action	Number of Mentions	
	France	Europe
Continue to outsource	12	33
Stop outsourcing	1	4
Total	13	37

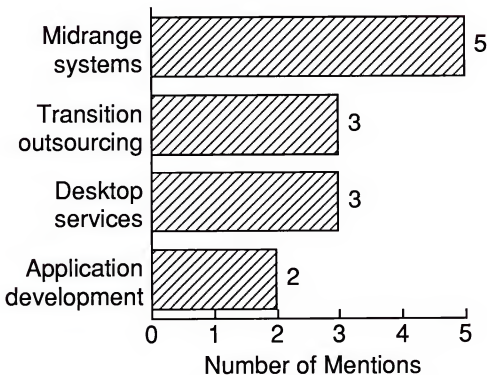


Client Loyalty

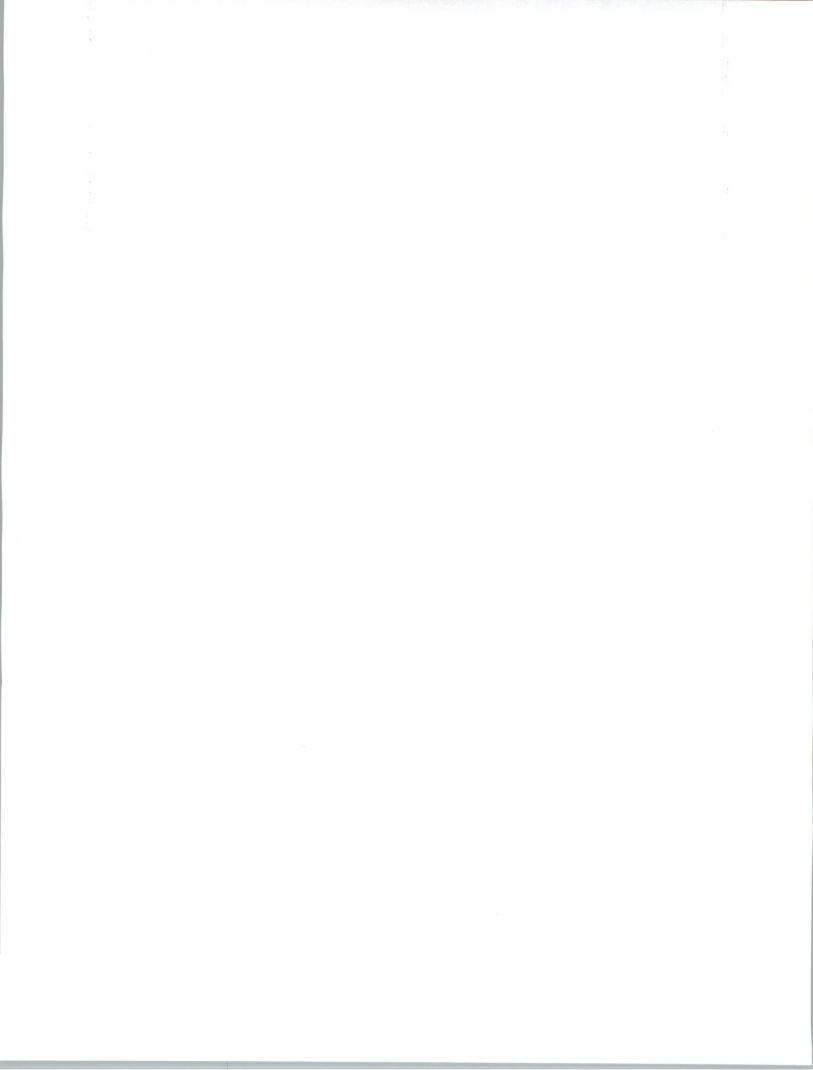




Increased Scope of Outsourcing—France

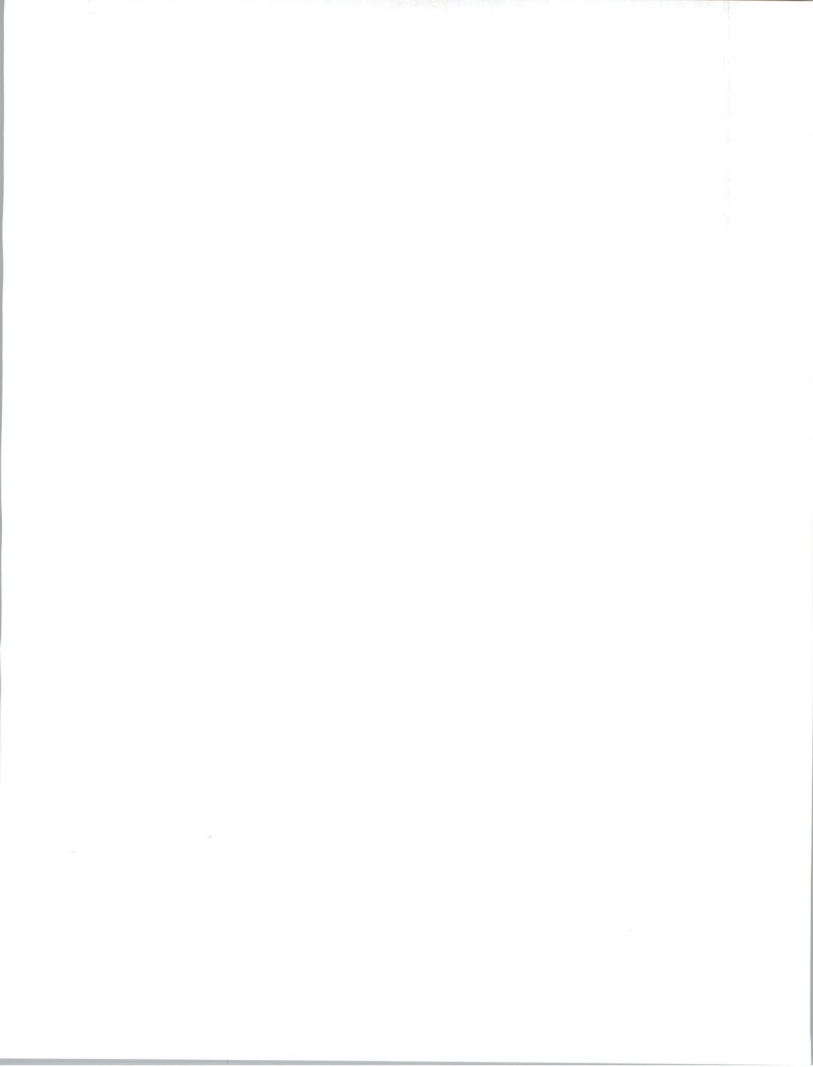


Sample of 12 outsourcing clients



How to Improve Use of Outsourcing

- Outsource more activities
- Improved communication and partnerships
- Meet emerging client needs



Evolution of European Outsourcing

