August 1993
Vol. IV, No. 15
IEU-CSP

INPUT Research Bulletin

Route to:

A Publication from INPUT's Customer Services Programme—Europe

The Development of the Getronics Group

The Getronics Group has grown over the last 10 years at an average annual rate of 28% although growth slowed to 24% in the 1992 financial year. During the last 10 years Getronics has grown by changing from the provision of services primarily aimed at proprietary system environments to services supporting networked open systems.

Getronics is now ranked in 12th position in INPUT's European Customer Services Top 20 Vendor table with 1992 sales of Dfl. 1,026 million. Getronics currently employs 3,200 staff and generates Dfl 481 million in added value.

Organisation Structure

Getronics is structured into three sectors, following defined lines of business:

- The Maintenance & Installation (M&I) sector corresponds closely to traditional customer services activities. This sector earned 30% of the group's added value in 1992
- The Products & Systems (P&S) sector is responsible for marketing equipment and components as well as complete integrated systems into selected industry sectors and major accounts. It earned 42% of the 1992 added value
- The Software services & Consultancy (S&C) sector undertakes IS Consulting and Systems Integration, besides containing two specialist units dedicated to electronic payments and business continuity. It accounted for 28% of the group's added value in 1992.

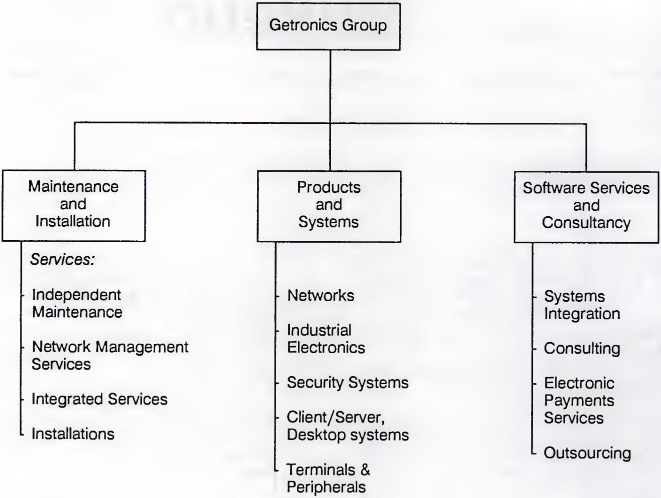
This top level partition of the group's activities into three sectors matches the needs of today's open market (as described in INPUT's 1992 Executive Perspective Report *Open Systems Services, Challenges and Strategies-Europe 1992*) for:

- Contract support services
- Equipment and system products
- Project services.

Exhibit 1 illustrates the group structure indicating the type of services supplied from each sector.

Exhibit 1

Structure of Getronics Organisation



Source: INPUT

Although Getronics claims to be operating a 'flat' management structure, there are divisions and business units beneath the sector level.

Exhibit 2 correlates the different segments of the customer services market measured by INPUT and the business units within Getronics which are currently undertaking those activities.

Exhibit 2

Customer Services in the Getronics Organisation

Customer Services Segment	Getronics Business Unit (Sector)
Hardware Service	Getronics Service (M&I)
Environmental Services	Electric Engineering (M&I)
System Software Support	Getronics Software (S&C) Getronics Service (M&I)
Education & Training	Getronics Software (S&C) Getronics Documentation & Networks(P&S)
Professional Services	Getronics Software (S&C) Getronics Network Services (M&I)
Business Continuity Services	Computer Uitwijk Centrum-CUC (S&C)

Source: INPUT

The organisation structure is designed to allow for flexibility. Business units represent the pools of expertise, which can be assigned to a range of projects and contracts. The units are grouped into divisions for convenience of operational management, but could be re-assigned from one division to another. The divisions follow the current lines of business most in favour with the market-place.

Although the activities within each sector are clearly demarcated, there exists a fair degree of co-working between business units.

Getronics claims that the key skill permeating all three sectors of the business is that of networking

Growth by Acquisition

Getronics has grown rapidly (CAGR 28%) over its 10 year history through both organic growth and acquisitions. In the last three years, growth by acquisition has been increasingly important.

Unlike some of its competitors in the independent maintenance sector, Getronics has followed a careful acquisition policy:

- Activities which are complementary have been acquired, thus providing the quickest route to diversification when the market demands new skills
- Companies acquired have been chosen for their profitability rather than in an attempt to buy market share
- Getronics has sometimes preceded a full acquisition with the taking up of a minority shareholding or a joint venture (as in the case of Gematica).

Exhibit 3 lists the most recent important acquisitions, showing also the line of business which has been bought into or strengthened as a result.

Exhibit 3

Key Acquisitions

Company Acquired	Country	Date Acquired	Business Area
Synergie Consultancy	Netherlands	1990	IS Consulting
Ready Systems S.A.	Spain	1990	Maintenance
Gematica (to 100%)	Spain	1991	Independent Maintenance
Vanandel BV	Netherlands	1991	Telesurveillance Systems
CUC	Netherlands	1991	Business Continuity Services
Koning en Hartman BV	Netherlands	1991	Telecommunications

Source: INPUT

Country Market Strategy

Getronics' principal market is the Benelux. This has implied establishing itself in Belgium with a similar range of services as delivered in the Netherlands.

Getronics has had only a small presence in the three major country markets of Europe:

- In Germany the 1991 acquisition of its previous product distributor has acted as a vehicle for the marketing of its independent maintenance services alongside the product sales.
- In France an unsuccessful minority participation in FUTUR IDS. The investment was written off in 1990.
- A U.K. subsidiary marketing specialist terminals

Getronics has chosen Spain as an important market for investment. The original joint venture in Gematica has been followed by a buy-out of its minority partner so that Getronics now has a 100% holding. It is also planning to target Portugal.

The rationale behind Getronics expansion outside Benelux has had three main criteria:

- Enter markets actively, when you know you can be the leader
- Build up resources in the new markets progressively, starting with the most mature services and product lines
- Use minority holdings as a means of pilot testing in markets where there is a degree of doubt about early success or little likelihood of being able to achieve leadership status.

Exhibit 4 shows the breakdown of Getronics 1992 Customer Services revenues by principal country markets.

Exhibit 4

Getronics Revenues by Customer Services Segment and Country, 1992 (Dfl millions)

Country / Segment	Netherlands	Belgium	Spain
Hardware Service	180	21	10
Environmental Services	63	7	3
System Software Support	35	3	2
Education & Training	16	2	0
Professional Services	105	12	5
Business Continuity Services	14	2	0
Total	**413**	**47**	**20**

Source: INPUT

Note: Numbers have been rounded

This Research Bulletin is issued as part of INPUT's Customer Services Programme for the information services industry. If you have any questions or comments on this bulletin, please call your local INPUT organisation or Peter Lines at INPUT, 17 Hill Street, Mayfair, London W1X 7FB England. (071) 493 9335, Fax (071) 629 0179

About INPUT

Since 1974, information technology (IT) users and vendors throughout the world have relied on INPUT for data, objective analysis, and insightful opinions to support their plans, market assessments and technology directions particularly in computer software and services. Clients make informed decisions more quickly and save on the cost of internal research by using INPUT's services.

Call us today to learn how your company can use INPUT's knowledge and experience to grow and profit in the revolutionary IT world of the 1990s.

Annual Subscription Programmes

European and North American Market Analysis

Analysis of Information Services, Software and Systems Maintenance Markets
5-year Forecasts, Competitive and Trend Analysis

- 15 Vertical Markets
- 9 Categories of Software and Services
- 7 Cross-Industry Markets
- The Worldwide Market (30 countries)

— European —

- Outsourcing
- Systems Integration
- Customer Services

— U.S. —

- Outsourcing
- Client/Server
- Systems Integration
- IT Vendor Analysis
- EDI / Electronic Commerce
- U.S. Federal Government IT Procurements

Custom Consulting

Many vendors leverage INPUT's proprietary data and industry knowledge by contracting for custom consulting projects to address questions about their specific market strategies, new product/service ideas, customer satisfaction levels, competitive positions and merger/acquisition options.

INPUT advises users on a variety of IT planning and implementation issues. Clients retain INPUT to assess the effectiveness of outsourcing their IT operations, assist in the vendor selection process and in contract negotiation/implementation. INPUT has also evaluated users' plans for systems and applications downsizing.

INPUT Worldwide

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

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

Frankfurt—Sudetenstrasse 9
D-35428 Langgöns-Niederkleen, Germany
Tel. +49 (0) 6447-7229 Fax +49 (0) 6447-7327

San Francisco—1280 Villa Street
Mountain View, CA 94041-1194
Tel. (415) 961-3300 Fax (415) 961-3966

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

Washington, D.C.—1953 Gallows Rd., Ste. 560
Vienna, VA 22182
Tel. (703) 847-6870 Fax (703) 847-6872

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