

# 'We started in India to become a global player'



## PAUL HERMELIN

Chairman & CEO, Caggemini

**It has been more than six months since the iGate acquisition. Can you quantify the impact and do you see this impacting offshoring trends among your European clients?**

We did not have any major impact of iGate in Europe. We are growing in Europe by 23 per cent, one of the fastest in terms of growing the Indian offshore into continental Europe, in terms of measuring the proportion of people working from India to other geographies. For the US, we are similar to others, at 65 per cent. The leverage of offshore from Germany and the Scandinavian countries is 52 per cent. In Holland, it is slightly below 30 per cent and slightly below 20 per cent in France. So, iGate did not change much there.

iGate was a big change for us in the US. There, Caggemini was strong in insurance in property and casualty, and iGate in life and saving. The latter for us was a new addition. We started to cross-sell and have sold some very large deals to a few banks. The number of new client logos, new for both of us, is in the range of seven. One surprise after the

PAUL HERMELIN, chairman and chief executive officer at Caggemini, the Paris-headquartered global management consultancy, is in this country for the inauguration of the company's new centre in Mumbai, with at least 30,000 employees. In his first media interaction after the \$4.4-billion acquisition of iGate last July, he spoke about the latter's impact, focus on digital play and acquisition strategy. Edited excerpts:

acquisition was when some of our clients in the US, who are also served by Caggemini, told me, please do not change the way the accounts are managed by iGate. We are today investigating as to what is so unique about this and want to incubate it further in the company.

**Do we see you making this change as you integrate the two companies?**

I think it will be easy to bring this change in our financial services unit, which is built out of Kanbay. I think they will adapt to this quick and we see this getting implemented in a quarter or two. But, for the rest of our US operations, it will take some more time and in Europe, much longer.

**You said you want India to be the backbone of Caggemini's operations.**

We are 90,000 people in India. Acquisition of iGate was an acceleration of our attempt to make India a central part of the operations. The group had 60,000 employees in India, iGate added 25,000 and we added 5,000 organically. When we bought Kanbay in 2007, India was only 120 people; we got 30,000 by acquisition the rest is organic growth.

We have multiplied the headcount by 750 times since then.

Today, we inaugurate our centre in Mumbai, which can seat 30,000 employees. We are also setting up, as part of our centre of excellence, a centre for applied Innovation exchange here. This was launched towards the end of last year, a network of innovation centres. At the group level, we have 40 innovation centres but only nine are certified as group innovation centres, and one of these will be in India.

For several European and global players, India is a production centre. But, we started in India to become a global player, and among competitors, we are the only one to have four Indians as part of our board (of directors).

**Though digital is growing fast for you, 80 per cent of your revenues still come from traditional businesses.**

**What will be your buyout strategy?**

After iGate, I think we do not need any more of a vol-

ume game. There are some markets where we are still small. If we look at our mix, our Europe revenue is still 60 per cent. We would like our revenue ratio between Europe and North America to be 50:50. We would look at acquisition that increases our presence in North America and in other segments there. For instance, we are absolutely not present in health care in the US. It is a gap we want to fill. But, acquisitions will be more targeted, with the goal to increase the US presence. The US market is more than 40 per cent for several global firms; for us, it is 31 per cent.

Also, digital will be a big priority. In terms of iGate and

their digital play, they were much smaller and behind us. Almost 22 per cent of our revenues come from digital and it is growing at 23 per cent (yearly). We will acquire but only when we demonstrate the success of this acquisition and, two, it will be in the digital and innovation space.

**Where do you see digital revenue over the next two to three years?**

It should be 30-35 per cent in the next two to three years, organically. With an acquisition, we can touch 40 per cent

**By when do you see the integration completed?**

Two things matter in integration, people and markets. We have the management team in place but the people integration is yet to happen. From the financials point, the markets will expect clarity on the customer base and retention of key employees. So far, we have managed customers well and have retained all the key talent. We need to focus on the synergies and the market will expect a clear picture by the end of July.

One good thing about this acquisition was hardly any overlap in terms of clients.

iGate had 280 clients; we had only three in common. So, we got access to 277 clients. The biggest was GE.

