



Green IT Company Profile – Capgemini



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Company background

Business

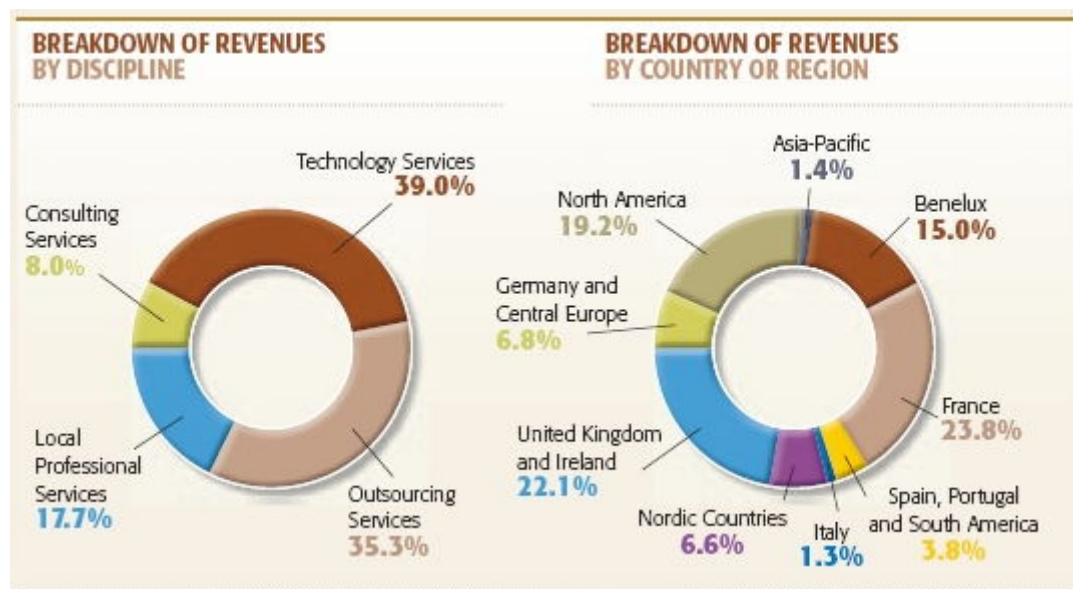
Founded in 1967 in France, Capgemini has grown to become (in the company's words) 'one of the top 5 IT services and consulting companies worldwide'. Capgemini made a number of strategic acquisitions along the way, the most significant in recent years being Ernst & Young in 2000, which significantly boosted the size of the workforce as well as the company's consultancy capabilities.

With headquarters in Paris, Capgemini now has 90,000 employees in 30 countries across the world. In 2008 total revenue was €8,710m with an operating margin of 8.5% and net income of €451m.

The company has four main divisions:

- Consulting Services, which includes both IT and management consulting.
- Technology Services, which focuses on IT project services, i.e. infrastructure and application development and integration services
- Outsourcing covers both IT and business process outsourcing (BPO)
- Local Professional Services entails local IT services delivery, primarily through contract staff provision under the Sogeti business name

Revenue splits by activity and region are shown in the charts below (taken from the company's annual report).



Ownership and management

Capgemini is a public company. The majority of shareholders (54%) are non-French institutions, with a further 31% held by their French equivalents. Individuals, including the founder, Serge Kampf, own a further 13% with the rest treasury stock.

Serge Kampf is the company Chairman and leads the 14-man Board of Directors. The management is led by Paul Hermelin, CEO, who leads a 14-person Executive Committee, under which sits a broader Group Management Board and other Group Directors (primarily covering business lines and vertical sector activity).

Approach to green IT

Internal Organisation

Capgemini has a Group Ethics and Governance Board Committee which has overall responsibility for ensuring that the company's seven core values (honesty, boldness, trust, freedom, team-spirit, modesty and fun) are upheld.

The Committee currently comprises five directors, including the Chairman and CEO. Reporting into this committee is the Group's General Secretary, who is the executive owner of CSR (Corporate and Social Responsibility) and sustainability issues at an operational level. A team reports directly to the Group General Secretary and in each office location there are CSR and sustainability leaders and/or teams.

The environment is one of six aspects to Capgemini's CSR activity, the others being leadership, value and ethics, employees, clients, community, suppliers & business partners

There is a common set of company guidelines in the managers' rulebook, known as the Blue Book, which guides all business practices. However, the group is federated, so country operations are fairly autonomous in their policies and programmes, hence the general environmental approach is being adapted at the country level. The UK is a leading operation in this respect, with The Netherlands close behind and other countries having specific areas of focus.

In the UK a Sustainability Board was established in 2007 comprising of the Chief Executives of the various UK divisions together with the UK Finance Director, HR Director, Company Secretary and overall Head of Corporate Sustainability (James Robey). The UK sustainability programme focuses in the three main areas: community, people and the environment.

Within the environmental dimension a fulltime Head of Environmental (Jon Hampson) has been in place since February 2008. (Details of activities are given in the next section).

The UK operation has set carbon reduction targets that are 'owned' by the UK business managers and several work streams have been instigated to address the challenge:

- An energy efficiency work stream for offices and for data centres.
- A mobility work stream looking at how collaboration technology, video conferencing and smarter working approaches can reduce business travel.
- A work stream around procurement and facilities management. Most UK sites are leased, so the company is identifying where the most cost-effective actions and priorities should be.
- A 'Green HR' work stream, which recently rolled out computer-based training on environmental awareness to all 7,500 employees in the UK, which over 75% have completed already..

Rather than buying offsets, Capgemini UK has created a "carbon fund" to invest in initiatives to reduce energy consumption. The value of the fund is based on what it would cost the business voluntarily offset its carbon footprint from business travel. Energy is excluded from the calculation as the company already purchases energy from renewable sources where it can.

External Co-operation

- Capgemini is a member of the United Nations Global Compact (UNGC), a policy platform and practical framework for companies committed to sustainability and responsible business practices. The company is also a supporter of the UNGC's 'Caring for Climate' initiative, which has the aim of promoting business commitments on climate change in markets around the world.
- In Norway, the company participates in 'Green -IT', the industry initiative started by the trade organisation ICT Norway, as a cross-industry initiative to reduce the environmental impact of IT and showcase how technology may contribute to the fight against climate change.
- In July 2009 Capgemini UK announced that it had joined a group of international businesses in committing to cutting business travel flights by one-fifth over the next five years. It is part of WWF's 'One in Five Challenge', who's founder members also include Marks & Spencer, Premiere Global, the Scottish Environment Protection Agency (SEPA) and Vodafone.
- Capgemini has signed the Copenhagen Communiqué with over 280 other global corporations publicly calling on governments for 'an ambitious, robust and equitable global deal on climate change that responds credibly to the scale and urgency of the crises facing the world today.' (see <http://www.thegreenitreview.com/2009/09/sap-endorses-copenhagen-communication.html> for blog comment).
- The company has an active role on the Sustainable/Responsible Procurement external advisory group for the Chartered Institute of Purchasing and Supply and is also a founder member of the Professional Services Sustainability Initiative, focused on collaboration between competing firms on common sustainability challenges.

Some of Capgemini's country businesses are also involved in working groups looking at various aspects of climate change and their implications. The company singles out the North American operation, where Capgemini has contributed to several groups:

- California Energy Commission (CEC) – Capgemini has been involved in a number of the PIER (Public Interest Energy Research) program components, looking at demand management, tariff impacts, taxation of devices based on energy efficiency, low income appliance replacement and other work.
- California Public Utility Commission (CPUC) – The company has been engaged in a series of workshops looking at the impact of smart meters, tariffs, demand management and use of energy efficient devices.
- Capgemini has been selected by the US Department of Energy to participate in the Modern Grid Steering Committee. The Modern Grid is looking at the impact of changes in the grid that can reduce the need to generate energy at central power plants and reduce green house gases.
- National Association of Regulatory Utility Commissions (NARUC) – Capgemini has published a study of the commissions and their opinions on various environmental issues.
- Canadian Association of Members of Public Utility Tribunals (CAMPUT) – Three times in the last ten years Capgemini has been asked to carry out day-long workshops for CAMPUT on issues around energy efficiency and grid modernisation.

Internal actions

Carbon counting and commitment

Capgemini's overall environmental approach is set out as one of the company's six areas of CSR focus. Environmental action addresses four key areas; energy consumption, business travel, IT asset management and waste management.

Energy consumption

Reducing energy use focuses on streamlining office space, monitoring and reducing power consumption, adopting energy-saving systems, etc. The most comprehensive approach is in the UK, where a detailed assessment of emissions from offices and data centres has been carried out. As a result, in August 2008 the UK operation came up with five environmental objectives, which are:

- To reduce overall CO₂ footprint by 20% by 2014 (35% by 2020), although most of the energy used by the UK organisation is green energy.
- To improve energy efficiency in data centres by more than 20% by 2014.
- To reduce our CO₂ related to travel by more than 30% by 2014.
- To send zero waste to landfill by 2014.
- To implement an ISO14001 certified Environmental Management System (EMS) by the end of 2009 (which was achieved six months early in June 2009).

Elsewhere in the organisation:

- In 2008, Capgemini Netherlands and Sogeti Netherlands committed to achieving ISO 14001 in 2009 (now achieved).
- Capgemini Australia moved the Sydney office into a new building with a 4.5 star ABGR (Australian Building Greenhouse Rating).
- The company's head office in Norway has received a Miljøfyrtårn ('Green Beacon') certificate as the result of improved its environmental performance on a number of measures:
 - Reduced consumption of water and electricity.
 - Reduced travelling – video conference use has saved around 3000 flights per year and more than 1000 tonnes of CO₂.
 - Optimised the use of office space.
 - Ensured suppliers and partners meet similar environmental standards.
 - Separating and recycling all rubbish, including hardware and hazardous waste

Business travel

To reduce emissions from business travel the company is using alternatives such as videoconferencing, tele-working, minimising travel and considering different types of travel. In 2008 the company almost doubled its video conferencing capabilities, bringing the number of sites now covered to over 200. In particular, travel between offices in India and locations in Europe and North America has apparently fallen by 30%. Where company cars are provided hybrid cars are promoted and in Belgium only eco-friendly cars are given to new employees. The UK firm has recently capped the emissions of vehicles in the company car scheme at 185 gCO₂/km and is planning to reduce this further in 2010. Many European offices have deployed Ecodriving courses.

IT asset management

Better management of IT assets includes taking greater consideration of environmental aspects in purchasing equipment, choosing low-energy equipment, regular maintenance, etc. In 2007/2008 the company deployed 40,000 new PCs that require less energy. There has also been pervasive communications programs to encourage employees to turn off equipment when not in use.

Waste management

Under the waste management heading the company is looking to maximise recycling, make sure IT and electronic equipment is disposed of in an environmentally sound way and ensuring that all disposal is via appropriately certified and licensed organisations.

CDP Responses

The Capgemini group has been providing comprehensive responses to the CDP surveys since 2006 as a member of the SBF (Société des Bourses Françaises) 120 index. (In fact the company replied to the first CDP survey in 2003 when it was sent to the FT 500 companies, but at that time it did not view climate change as an issue and so provided no meaningful information).

As might be expected, Capgemini's energy consumption is primarily electricity, so emissions fall into the GHG Scope 2 category. The table below shows the emissions from electricity use in 2008 by geographic region.

CO ₂ Emissions by Country - 2008	
Country	CO ₂ - Metric Tonnes
UK	36,491
Rest of Europe	17,848
India	20,568
USA	4,645
RoW	11,412
	90,964

Source: CDP

The company points out that some of its country operations are as yet unable to provide accurate information, so an average emission factor was used to estimate the CO₂ emitted in these facilities and countries.

Capgemini also calculates its business travel emissions (Scope 3) and the table below shows the total CO₂ emissions from electricity consumption and business travel for the last three years.

Category	CO ₂ Emissions in Metric Tonnes 2008	CO ₂ Emissions in Metric Tonnes 2007	CO ₂ Emissions in Metric Tonnes 2006
Electricity Consumption	90,646	90,202	112,779
Business Travel	64,185	138,338	76,275
Total	154,831	228,540	189,054

Source: CDP

In its 2007 submission the emissions from business travel increased significantly, mainly attributed to improved data collection and more accurate figures for car emissions. Total emissions increased by almost 21%, but primarily due to this one-off data issue.

In 2008 total emissions fell by a third, mainly due to a drop in business travel emissions of more than 50%, attributed to 'a significant drop in the measurement of the number of kilometres on our rented car travel'. By contrast, emissions from electricity consumption increased slightly, although the company pointed out that its overall estimated energy consumption using the same methodology as last year led to a reduction of just over 5% in CO₂ emissions.

The company does not provide any group emissions reduction targets, pointing out in its CDP response the difficulties of setting targets given the size of its outsourcing business. The nature of outsourcing means that staff are frequently taken into the business as part of contracts and work in offices that have to be used, but are not owned or managed, by Capgemini.

Product and Service Greening

Capgemini is a services company, so, to a large extent, making the company more environmentally friendly means that its service delivery will also be greener. For instance, reducing emissions from data centres may be primarily an internal action, but it also benefits clients who are provided services run from those data centres. Similarly, choosing environmentally friendly IT equipment benefits both the company and clients.

Market offerings

In its CDP response, Capgemini says that it sees its biggest prospects in developing CSR and sustainability related service offerings that help clients decrease their impact on the environment.

In the IT department itself, the company sees opportunities to help clients reduce power consumption, heat production and wastage, and to extend the life cycle of equipment or ensure its ethical disposal. Areas of opportunity include:

- Client devices - LCD/TFT technology, server-side computing, thin client devices
- Data centres – blades, grid-enabled applications and the use of technologies such as heat exchangers and alternative power generation
- Technology that helps reduce wastage, e.g. tracking systems using RFID
- Better asset management
- Optimising server farms
- Collaborating on Green IT projects
- Developments in Green data centres - IT Infrastructure consolidation and virtualisation, using power efficient equipment, ethical asset disposal
- Facilities Infrastructure, i.e. consolidating data centres and ensuring new centres incorporate state-of-the-art design and the most energy-efficient products.

Outside the IT department, Capgemini is offering or developing service offerings in the following areas.

Consulting Services:

- Capgemini France Sustainable Transformation enables organisations to integrate sustainable development into their company strategy.

- Capgemini's consulting focus in the UK is primarily in the public sector and focused on business processes, i.e. identifying carbon hotspots and then addressing them through improved processes.
- Capgemini UK's Sustainable Procurement offering embeds sustainable procurement into clients' current operations. The UK operation has built a web-enabled diagnostic tool, which builds on the public sector's 'Flexible Framework', at a more detailed operational level, allowing greater analysis of the sustainability embedded in key business processes. For example, while the Flexible Framework assesses five areas of procurement, Capgemini's Sustainable Procurement Assessment Tool identifies four key high level areas, broken into 20 operational sub-processes.
- Capgemini's approach to Lean thinking (BeLean) is a way to 'green' processes by eliminating waste.
- Capgemini Netherlands has built an international Climate Change Team and has developed a Global Climate Change Service offering. Services include the use of a tool, known as Clint (Climate Change Initiative) to help companies count and manage their carbon emissions.

The tool uses a two-stage approach. The first stage is to collect the energy usage and convert the data into CO₂ emissions to generate the carbon footprint. The second stage helps in creating efficiencies and lowering the carbon footprint, as well as managing other aspects such as the use of renewable energy and offsetting carbon emissions.

Technology Services:

- TechnoVision is Capgemini's approach to mapping technology trends and determining which ones meet the needs of a particular business or industry. Sustainability can be an integral part of the process.
- In the UK the need for sustainable IT has thrown up the need to not only assess deployed technology but also assess the efficiency of end to end business process.
- In the Netherlands Capgemini's GreenSourcing and GreenScan solutions help clients make balanced decisions around sourcing strategies, taking into account financial as well as social and environmental consequences.

Outsourcing Services:

- In outsourcing, green IT is incorporated in broader offerings, since the view is that environmental aspects can be an integral aspect of any solution. Hence services include workplace management, e.g. around thin client, with companies looking to consolidate infrastructure, virtualisation and cloud-based services. Capgemini has partnered with cloud-centric organisations such as Google and Amazon Web Services

Sector Based Services:

Capgemini markets several sustainability-based services to specific industry sectors. In the Energy and Utilities market the company partners with Cisco, GE Energy, HP, Intel and Oracle to form the Smart Energy Alliance and is also an established player in the smart metering market globally.

Strategy and performance

Part of the company's strategy is to create thought leadership around the issues that need to be addressed for a more sustainable business. As a result, the Capgemini has published a number of reports and papers, including:

- Green IT Report 2008: A study of the IT Industry's green credentials and an assessment of how industry leaders, EMC, HP, IBM, Google and Sun Microsystems are dealing with the topics of environmental responsibility, sustainability and CR.
- 2016 the future supply chain – 'Serving Consumers in a Sustainable Way'.
- 2018 Future Value Chain – 'Succeeding in a Volatile Market' looks at eight trends, including the declining economy, social structure, the cost and availability of raw materials and the increasing awareness of sustainability with particular focus on the Asian market.
- Capgemini Smart Meter Valuation Model.
- 'Save Energy Cost without Compromise' looks at improving energy conservation in a way that makes financial sense and realises cost savings without compromising service, performance or productivity.
- BeGreen – Green by Design, details Capgemini's consulting approach to Lean Design and how it can reduce a company's carbon footprint and support sustainable growth.

In terms of performance, the UK has apparently been leading the way in terms of green business, with much of the activity around consulting in the public sector. UK government business accounts for around three quarters of UK consulting for Capgemini and there has been significant interest in all things green. The company has met the government CTO and been involved in various workshops across government brainstorming aspects of employee behaviour, business processes and technology use in the context of reducing carbon emissions. Capgemini's consulting focus is in the business processes aspect of the mix,

Capgemini has a £2.8bn/10-year outsourcing contract with HMRC (the UK government tax office) although the contract, agreed in 2003, does not have any green conditions built-in. However, the company is putting together a case study of the HMRC and has developed an environmental quality index. There is also a carbon calculator, based on Defra's (Department for Environment, Food and Rural Affairs) model, which is specific for the government contract. Capgemini is working with several government departments to develop and implement environmental metrics.

Other areas in the group generating consulting revenue include:

- Europe – primarily related to coming legislation in the UK and elsewhere.
- Canada – particularly around utilities and smart metering. In smart metering the company is collaborating with Bell Canada and the Smart Energy Alliance (SEA) in producing a tool to provide consumers with information to make the right conservation choices
- US – with the emphasis on data centres and cooling. The company has some innovative solutions in this area.

Other 'green' wins include an outsourcing contract with the Dutch Ministry of Agriculture, Nature and Food Quality (LNV) which is based on a transformation to ultra-thin client technology.

Comment

Capgemini has become increasingly active around CSR and sustainability issues in recent years and has certainly recognised the impact that climate change will have on the company.

Now a regular responder to CDP surveys, it also provides CSR and other reports describing at length the various aspects of its internal operations that it is addressing.

However, two factors seem to be getting in the way of a concerted, co-ordinated approach to reducing emissions:

- 1) The fragmented nature of the group. Capgemini is described as a 'federated' organisation with significant autonomy amongst local country operations. This has led to both a piecemeal approach to reducing emissions – there is no group-wide targets - and also a fragmented development of 'green' market offerings.
- 2) The company cites the fact that facilities are rented as a reason that emissions data is often estimated – the real numbers are not available. This seems to be one factor in the change in emissions from electricity use over the last year, as reported to the CDP. Until the emissions can be accurately measured it is understandable that there is some reluctance to set reduction targets, but it must be a matter of some urgency to get accurate emissions data so group targets can be set.

The nature of outsourcing, which is 35% of the company's business, means that it is always going to be difficult to count emissions and set firm targets. But the UK has taken a lead and it seems likely that the UK approach will be adopted more broadly in the future, but the quicker the better.

On the other hand, Capgemini does have a big part to play in the market. With its strength in consulting the company is ideally placed to put technology at the heart of corporate carbon reduction efforts whilst taking a more holistic view of what needs to be achieved across the business. But a co-ordinated, group-wide approach would provide more credibility and accelerate the process to a greener company and to benefitting from the green market opportunities.

Recent blog coverage:

13-11-09 **Capgemini wins green government contract**

<http://www.thegreenitreview.com/2009/11/capgemini-uk-green-government-contract.htm>

24-08-09 **Top green outsourcers**

<http://www.thegreenitreview.com/2009/08/top-green-outsourcers.html>

22-07-09 **Capgemini becomes 'One in Five'**

<http://www.thegreenitreview.com/2009/07/capgemini-becomes-one-in-five.html>

About The Green IT Report

The Green IT Report is an independent market research and consulting company that reports on the impact of environmental issues in general and global warming in particular on the ICT market.

We provide information on the risks and opportunities that climate change represents to IT markets and players around the world. We help IT players, their customers and investors with their Green IT strategy through planning, development, implementation and support.

The programme is run by Pete Foster, a long-standing industry analyst. During his career Pete has worked with several IT research companies including IDC, Holway and Ovum. In 2002 he set up PAC's UK operation before returning to his own research organisation and creating The Green IT Report.

The Green IT Report publishes:

- Profiles of companies active in the Green ICT sector examining both their own internal efforts to be more environmentally friendly and the offerings to help clients become greener.
- Briefing papers providing essential updates on important issues in the market, such as pending legislation, solutions development or a vertical sector focus
- Short reports which take a closer, more strategic and opinionated look at aspects of the Green IT sector and how they will impact the market and players in the longer term. Reports are designed to help vendors maximise their green IT opportunities.

Underpinning all the publications is the daily news and comment web site which monitors, reports and comments on activities in the market and announcements by players. For more information see

www.thegreenitreport.com

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