CGI
Agile Development & DevOps Services

Vendor Assessment
Report Abstract

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10 pages

Who Is This Vendor Assessment For?

NelsonHall's Agile Development and DevOps Services Vendor Assessment for CGI is a comprehensive assessment of CGI's Agile Development and DevOps services offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for Agile Development and DevOps services

- Vendor marketing, sales and business managers looking to benchmark themselves against their peers

- Financial analysts and investors specializing in the Application Development services sector.

Key Findings & Highlights

CGI was founded in 1976 in Quebec. With its 'Build and Buy' strategy, CGI's ambition is to continue to be a global IT services company capable of meeting the needs of multinationals across geographies. CGI uses acquisitions to enter new markets (e.g. the U.S. federal and defense sectors, Europe), expand competencies (e.g., cybersecurity), and increase market share in target geographies. Its history has been marked by a doubling of its revenues every five to seven years through this strategy, in particular by making a large-scale acquisition every few years, notably AMS in 2004, Stanley in 2010, and Logica in 2012.

Logica was its largest acquisition to date; it was larger than CGI at the time: the combined entity had annual revenues of ~CAD$10.4bn and a global headcount of ~73k. Logica brought to CGI a pan-European business with sizeable operations in France, the U.K, Sweden, Northern, and Central Europe, and Benelux. CGI benefitted from Logica's own acquisition spree in Europe between 2005 and 2007 (Edinfor, Unilog, and WM-Data).

With Logica, the proportion of CGI's revenues coming from Europe shifted from ~5% to ~59% and its headcount in the region from ~2k to ~35k.

Specific to its agile development and DevOps capabilities, other more recent acquisitions it has completed include:

- May 2018: CGI acquired Facilité Informatique, an IT consulting company, headquartered in Montreal, with offices in Quebec City, Ottawa, Paris, and Boston, MA. Facilité Informatique, was established in 1992 with ~350 personnel providing digital and IT consulting services across a number of industry verticals including transport, utilities, banking, manufacturing, government, communications and insurance. The acquisition will bolster CGI's consulting capabilities in Canada, adding expertise in agile development and security services. Including Facilité Informatique, CGI has ~11k personnel in Canada

- September 2018: CGI acquired ckc, an application development and management (ADM) provider in Germany. ckc was founded in 1989 and is headquartered in Brunswick, Germany with ~300 employees at the time of acquisition. ckc provides application development, management, and testing, security, consulting services. It is primarily focused on the automotive sector, but also provides services across BFSI and manufacturing. Through the acquisition of ckc, CGI will expand its ADM capability across Germany, in particular within the automotive sector, and add two new German locations in Brunswick and Halle.

CGI's fiscal year 2018 revenues were CAD$11.5bn and calendar year 2018 revenues were CAD$11.7bn or ~$8.8bn. NelsonHall estimates that ~17.5% of this is associated with agile development and DevOps services or ~$1.5bn.

CGI positions its agile and DevOps services as components within its broader Lean Enterprise Agile Pivots (LEAP) approach. This approach combines agile, DevOps, and Lean IT operations to broadly address a client organization's pivot to new ways of working.

The LEAP model focuses on value stream mapping of processes to apply LEAN process mapping with a shift from a focus on key performance indicators (KPIs) to objective and key results (OKRs). The LEAP model begins with collaborative design thinking sessions and focuses on limited coaching so as not to become crutches that teams come to rely on.

CGI has a total of ~77k employees globally, across ~400 locations in 40 countries. Of this, ~22k employees are focused on the delivery of systems integration and application services.

NelsonHall estimates that 20% of CGI's application services team has been certified in SAFe (~4.3k employees). CGI also has ~2.5k DevOps experienced employees.

CGI primarily uses a globally distributed delivery model that includes a mix of remote offshore, near-shore and client-proximate delivery. Services are delivered from ~400 locations globally. In the U.S., CGI maintains ~80 local delivery offices.

With its long, close partnership with Scaled Agile, CGI has developed a strong position for the delivery of large-scale distributed agile programs. This is evidenced by its delivery of agile programs with teams numbering in the hundreds or thousands. It also positioned CGI to help shape how a key scaled agile approach, used by many firms globally evolves.

It has also used this partnership and experience with SAFe to build a compelling offering to train and enable its clients on their own use of agile, in addition to employing CGI to deliver projects using agile. CGI's combination of scaled agile delivery and training capabilities positions it well to help clients transform, or pivot as CGI says.

The biggest constraint facing CGI on delivering these scaled offerings is its relatively low proportion of ~20% of ADM employees being agile skilled. Continuing to invest to grow this skilled resource pool is in process and will provide CGI an even more compelling capability.

For DevOps, similar to agile, CGI has built a structured and sound methodology for delivering both direct services and client enablement. While it possesses the flexibility to adapt DevOps to best meet each client's needs, it may well be served to also expand its portfolio of DevOps pipelines that have been pre-configured to address specific client use cases, accelerating the delivery of services and achievement of value.

Scope of the Report

The report provides a comprehensive and objective analysis of CGI's Agile Development and DevOps service offerings, capabilities and market and financial strength, including:

- Analysis of the company's offerings and key service components

- Revenue estimates

- Identification of the company's strategy, emphasis and new developments

- Analysis of the profile of the company's customer base including the company's targeting strategy and examples of current contracts

- Analysis of the company's strengths, weaknesses and outlook.

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