



Key Vendor Profile

Key Vendor Assessment

CGI

KVA Abstract

November 2023

By Dominique Raviart

NelsonHall

64 pages

Contents of Full Report

1. Strategy
2. Background
3. Financial Analysis
4. Organizational Structure
5. Target Markets
6. Service Offerings
7. Strengths & Challenges
8. Emphases and New Developments
9. Outlook

Who is this Vendor Assessment for?

NelsonHall's Key Vendor Assessment on CGI is a comprehensive assessment of CGI's offerings and capabilities, designed for:

- Marketing, sales, and business managers developing strategies to target service opportunities within the BPS/IT services markets
- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for IT services
- Consultants advising clients on vendor selection
- Vendor marketing, sales, and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the BPO/IT services sector.

Key Findings & Highlights

CGI has a very specific profile amongst IT services providers: the company is known for its attention to project delivery, revenue resiliency, high profitability (by onshore standards), its proximity model with a mild adoption of Indian offshoring, its 'Build and Buy' strategy, and the stability of senior execs.

The company's business model relies on:

- Operational excellence. The company has based its business model on its operational efficiency, systematically examining operations to the contract level as part of its CGI Management Foundation playbook
- High profitability (an EBIT margin of 15.4% in FY23), driven by MS and IP
- A symbiotic systems integration & consulting (SI&C) projects and managed services (MS) relationship where SI&C gains the client proximity, drives new MS on a sole source mode, and brings the firm long-term contract visibility. CGI sees MS contracts drive high utilization rates and offshoring while reducing client acquisition costs. The company is to have MS representing 70% of revenues (and SI&C 30%) by FY25, up from 54/46% in FY23
- A focus on IP (proprietary software products and related services), representing ~21% of revenues in Q4 FY23. IP is a cornerstone of CGI's portfolio strategy, with the company expanding in annual SaaS subscriptions and driving long-term IP-centric MS contracts. CGI aspires to reach 30% of total revenues by FY25
- Client proximity based on its 'metro market' approach, which combines a local client base and delivery ('proximity centers'). CGI is systematically acquiring in metro markets to expand its proximity centers rather than focusing on expanding its service portfolio in digital. Onshore presence (onsite or in a local delivery center) accounted for 61% of headcount in Q4 FY23
- An attractive profile to employees, with CGI having 85% of its employees being shareholders

- Acquisitions: CGI targets two types of acquisitions: metro market acquisitions that bring a presence and a client base in a specific country region, sometimes bringing specialized capabilities, and transformational acquisitions such as those of AMS, Stanley, and Logica.

Scope of the Report

The report provides a comprehensive and objective analysis of CGI's offerings, capabilities, and market and financial strengths, including:

- Identification of the company's strategy, emphasis, and new developments
- Analysis of the company's strengths, weaknesses, and outlook
- Revenue estimates
- 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 offerings and key service components
- Analysis of the company's delivery organization.

About The Author

Dominique Raviart is the IT Services Practice Director at NelsonHall, with global responsibility for IT Services research programs. He also leads the VIP program that covers tier-one IT service vendors.

Dominique covers IT Services research in the areas of Software Testing/QA. Dominique has been part of NelsonHall's IT Services analyst team since 2007, providing comprehensive and insightful coverage of IT services markets in the world. In particular, he is widely known for his extensive knowledge and coverage of software testing, having recently examined digital testing and DevOps/continuous testing. Dominique assists both buy-side and vendor organizations in assessing opportunities and supplier capability across IT service lines.

Dominique can be contacted at:

- Email: dominique.raviart@nelson-hall.com
- Twitter: [@DominiqueR_NH](https://twitter.com/DominiqueR_NH)



About NelsonHall

NelsonHall is the leading global analyst firm dedicated to helping organizations understand the 'art of the possible' in digital operations transformation. With analysts in the U.S., U.K., Continental Europe, and Asia, NelsonHall provides buy-side organizations with detailed, critical information on markets and vendors (including NEAT assessments) that helps them make fast and highly informed sourcing decisions. For vendors, NelsonHall provides deep knowledge of market dynamics and user requirements to help them hone their go-to-market strategies. NelsonHall's research is based on rigorous, primary research and is widely respected for the quality, depth, and insight of its analysis.

We would be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager: Guy Saunders at guy.saunders@nelson-hall.com.

Boston

Riverside Center, 275 Grove Street, Suite 2-400, Newton, Massachusetts 02466
Phone: +1 857 207 3887

London

29 Rose Hill
Binfield
Bracknell, RG42 5LH
Phone: +44(0) 208 638 7282

Paris

115 rue de Reuilly
75020 Paris
Phone: + 33 (0)6 23 81 17 54

Copyright © 2023 by NelsonHall. All rights reserved. No part of the publication may be reproduced or distributed in any form, or by any means, or stored in a database or retrieval system, without the prior written permission of the publisher. The information provided in this report shall be used only by the employees of and within the current corporate structure of NelsonHall's clients, and will not be disclosed to any other organization or person including parent, subsidiary, or affiliated organization without prior written consent of NelsonHall. NelsonHall exercises its best efforts in preparation of the information provided in this report and believes the information contained herein to be accurate. However, NelsonHall shall have no liability for any loss or expense that may result from incompleteness or inaccuracy of the information provided.