

Background

LogicaCMG

LogicaCMG is a major international force in IT services and wireless telecom. It provides management and IT consultancy, systems integration and outsourcing services to clients across diverse markets including telecom, financial services, energy and utilities, industry, distribution and transport and the public sector. The company was formed in December 2002, through the merger of Logica of the UK and CMG of The Netherlands. LogicaCMG employs around 21,000 staff in offices across 34 countries and has more than 40 years of experience in IT services. Headquartered in Europe, LogicaCMG is listed on both the London and Amsterdam stock exchanges (LSE: LOG; Euronext: LOG). The company reported revenues of £1658.4 million in 2004.

LogicaCMG provides the following services:

- strategic consultancy
- systems integration
- project management
- products and
- support services, such as business process outsourcing

Outsourcing Operations of LogicaCMG

LogicaCMG combines in-country service centres in each of its main markets, with nearshore and offshore centres in Wales, the Czech Republic, Slovakia, India,

Malaysia and Brazil to provide blended outsourcing to its clients. LogicaCMG's HR outsourcing services process more than US\$ 100 billion of salaries globally each year. LogicaCMG provides industry knowledge and outsourcing solutions to its clients including British Petroleum, American Electric Power (AEP), ABN AMRO, T-Mobile, Beck and Co., PSA Peugeot, Citroën, SAP, Inmarsat and Energis.

LogicaCMG in India

LogicaCMG started in India in 1998. Initially, it was a domestic operation selling finance solutions locally and reselling and integrating a suite of third-party retail banking products through a 90-strong software development company in Bangalore. In 1998, LogicaCMG acquired assets, staff, a retail banking product suite as well as a foothold in Indian offshore services.

Today, the company's offshore global delivery centre (GDC) is headquartered in Bangalore, and its domestic sales and support operations are based in Bangalore, Mumbai and New Delhi. LogicaCMG's global delivery operation in Bangalore handles the design, development, and implementation of software solutions and products, as well as supports applications management services for LogicaCMG worldwide. It also runs shared service desk functions for customers as well as its own global functions. It currently houses offshore development centres (ODCs) for retail banking, card management, anti-money-laundering, liquidity and payments

management and wireless payments products and solutions. Its clients include T-Mobile International and large financial services institutions in UK and The Netherlands and a leading automobile company in USA.

LogicaCMG's domestic operation in India has shown strong delivery performance in the financial services and telecom sectors. LogicaCMG India implemented the Real Time Gross Settlement (RTGS) system for the Reserve Bank of India which went live in March 2004. The company has also built a CDMA-based messaging solution for Tata Teleservices.

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India is the fastest-growing operation of LogicaCMG worldwide and will be the third largest operation by headcount after UK and The Netherlands by the end of 2005.

LogicaCMG's global delivery centre in India has increased both in the size and type of offshore development work being outsourced. Worldwide, the company continues to progress towards its target of having 30 per cent of group revenues from outsourcing by the

end of 2005. In 2004, 23 per cent of group revenues were contributed by outsourcing, which represented a year-on-year increase of 14 per cent.

Right blend of business and technical expertise – key to success

LogicaCMG has been able to tap the skilled labour in Bangalore to provide a cost-effective solution that fits into its business model very well. The company took the right decision to have a judicious mix of local and expatriate management from the parent organisation. This helped the company to get the right blend of business and technical depth for start-up and growth. It also helped the company to look for emerging opportunities - new segments, domain etc. and to use those opportunities to achieve success. The company is now rapidly localising its management, while still retaining a complement of expatriate managers from key markets, to facilitate successful cross-border business.

Leveraging the India Advantage

India is critical to the global strategy of the company. India plays a key role in its global operations.





Skilled manpower

LogicaCMG is leveraging the availability of high quality of skilled manpower in India. The Bangalore operation forms a critical component of the global blended delivery model that the company uses to provide outsourcing solutions to its clients.

Growing market

The financial services and telecom sectors in India are on a high growth path. LogicaCMG India has focused on these two industries to provide its solutions in India. The improvement in telecom infrastructure in India has helped the company in its global delivery model by providing 24x7 connectivity and support services. The proper infrastructure support along with the growing market provide huge opportunities to the company,

Future Plans

LogicaCMG started with product engineering in India in 1998. This was followed by providing offshore IT

services in India in 2000. The company now focuses on providing application management, applications development, product engineering, BPO and shared services to its global clients from India. The company plans to increase the head count in India to over 2000 employees by the end of 2005.

LogicaCMG's domestic operation in India is focused on implementing its RTGS (Real Time Gross Settlement) readiness and AML (anti-money-laundering) solutions across all the major private and public sector banks in India. As mandatory global regulatory requirements to counter money laundering come into force in India, LogicaCMG expects to grow its customer base. In addition, it expects to continue to generate sustainable revenue streams from messaging solutions from customers in mobile telecommunications.

The company plans to expand to new areas like business process outsourcing and back office outsourcing from India for its own operations. The company is planning to expand its capacity in Bangalore to take care of the increasing headcount of the global delivery centre



(GDC). It has firm plans to expand its BPO and back-office operations in Bangalore. It is also considering the possibility of exploring new cities in India to expand its operations. The company is also studying the possibility of providing infrastructure management services like technical support, data centres and other related services, based out of India to its global clients.

LogicaCMG in India: At a glance

- LogicaCMG: provides management and IT consultancy, systems integration and outsourcing services to telecom, financial services, energy and utilities, industry, distribution and transport and the public sector.
- LogicaCMG in India: Global services delivery operation in Bangalore handles services for LogicaCMG worldwide and provides solutions for financial services and telecom sectors. As of January 2005, the company employed 1200 staff in India.
- For LogicaCMG, India is: an offshoring destination and a critical component of the global blended delivery model
- Factors for success: right blend of Indian management and expatriates from abroad
- Future plans for India: To expand operations in India in both offshore operations and domestic sales

