MAKING DIGITAL WORK

Computacenter understands how the 'Shift to Digital' is affecting customers. This means we can help them to engage their users, build and run platforms and automate their delivery.

UNDERSTANDING THE CUSTOMER

Our account and service managers give us a high level of customer intimacy, enabling us to understand their businesses and the opportunities and challenges caused by the shift to digital. We also gain insight through our expertise in a number of verticals, especially in public services, financial services and manufacturing. At the same time, we employ experienced consultants, who have worked on a broad range of projects and exchange best practice. Additionally, we bring in outside specialists where needed, by partnering with management or business process consultancies.

ENGAGING WITH THE USER

Computacenter's NGSD digitalises interactions with users, offering them services such as issue logging, knowledge articles, online chat and password reset, through a self-service portal and an app. This digitalisation is critical, as only digitised information can be processed in a highly automated way. This in turn allows agents to focus on customer satisfaction, complex problem solving, knowledge creation and service improvements. Uptake of the NGSD has been promising, with three contracts up and running in the UK and two recently signed in Germany and France. User adoption is paramount for success and we have an adoption taskforce to support customers.

BUILDING AND RUNNING PLATFORMS

Platforms create value by facilitating exchange between provider and customer. They reduce complexity and transaction costs, and can usually scale easily. In cloud, customers want a single trusted provider who can manage the complexity of cloud offerings and continuously adjust, transform and improve the cloud environment. We offer Cloud orchestration platform services and can source, provide and manage private and public cloud services.

Customers also want their outsourcing providers to commit to the highest level of security. We build Cyber Defence capabilities, using our knowledge of security providers and their products. This means we can provide the best-integrated mix of solutions in our managed security service.

In the workplace, customers want to offer their users a platform that improves productivity through digital office, communications and collaboration technologies. We see tremendous demand for our Digital Workplace offering. It enables users through digital technologies, helps them to collaborate, empowers them through self-service and offers effective access to the information they need.

AUTOMATING THE DELIVERY

Through our Computacenter-branded 'Pass12T' methodology, we offer service industrialisation to customers. Pass12T stands for Prevent – Automate – Self-Serve – 1st Line – 2nd Line – Touch service.
By shifting from right to left along this line, we are increasingly helping our customers to reduce service cost.

- **Touch:** We are improving the productivity of our field engineers through our Field Force Enablement app.
- **1st and 2nd Line:** We are systematically introducing chat functionality in order to move users away from calling the service desk (by phone) and thus speed-up resolution time.
- **Self-Serve:** The initial customers for our NGSD solution are seeing significant increases in user self-service, with up to 60 per cent digital interaction. The goal is to relieve the service desk agents, so they can provide value-added services.
- **Automate:** By applying robotic process automation throughout the service process, we look to minimise labour-based and repetitive tasks.
- **Prevent:** We are investigating how we can apply end user analytics to prevent incidents, for example through preventative maintenance of hardware or software.

P	a	ss	12	T
Preventative Analytics	Robotic Process Automation	NGSD Portal & Knowledge	NGSD Chat	Field Force Enablement

BUILDING FOR THE LONG TERM

Our services-led strategy is focused on enabling users and their business. The Group's progress against its strategic objectives is transparently measured by the following four key performance indicators.

STRATEGIC OBJECTIVE 1
To lead with and grow our Services business

Services contract base[2] (£m)   **+3.5%**

719

2016	**719**
2015	695
2014	682
2013	629
2012	618

STRATEGIC OBJECTIVE 2
To improve our Services productivity and enhance our competitiveness

Adjusted[1] Services revenue generated per Services head[2] (£'000)   **-3.4%**

86

2016	**86**
2015	89
2014	88
2013	85
2012	86

STRATEGIC OBJECTIVE 3
To retain and maximise the relationship with our customers over the long term

Number of customer accounts with contribution over £1 million[2]   **+11.1%**

100

2016	**100**
2015	90
2014	87
2013	82
2012	74

STRATEGIC OBJECTIVE 4
To innovate our Services offerings to build future growth opportunities

Adjusted[1] Services revenue[2] (£m)   **-1.0%**

1,038

2016	**1,038**
2015	1,048
2014	989
2013	941
2012	911

1. TO LEAD WITH AND GROW OUR SERVICES BUSINESS

Leading the growth

> " We will continue to listen to our customers and prospects, so we can demonstrate how our highly engaged teams can enable their users in this digital world. "

Neil Hall
Director of Business Enablement
& Contractual Services

WHAT WE HAVE ACHIEVED IN 2016

Over the medium term our Group Contract Base of services has outperformed the market* with 3.5 per cent growth in 2016.

Whilst the Group saw growth there was a small decline of 1.1 per cent in the UK in 2016 due to a couple of large contracts ending. There was progress in the first half, with a significant extension with one of the world's largest multinational conglomerates and new services won at TSB. Other new wins came later in the year, particularly in the public sector with the DVLA and Met Office both signing services contracts. We agreed a Mobility-as-a-Service model with a UK-based energy company, which will ensure we maximise the efficiency and effectiveness of its mobile asset base. This win was helped by our previous investments in our enterprise mobility strategy.

In Germany, the year was dominated by securing significant renewals, giving us greater predictability for the coming years. We maintained good growth of 4.3 per cent in our Contract Base, with new wins largely coming from existing private sector customers including BASF, and a multinational organisation. The pipeline looks strong and we are confident of securing more new customers in the short term.

Our success in France was the most promising, with a 19.6 per cent increase in our Contract Base. Growth mainly came from the private sector, with key wins with a leading tyre manufacturer and Dassault Aviation, helped by our Enabling Users strategy. These wins, coupled with an agreement in Belgium to support Toyota's end users, make us confident of continuing growth outside the UK and Germany.

WHAT WE INTEND TO DO IN 2017

Despite different levels of market maturity across the regions, our Enabling Users message and, in particular, our Digital Workplace propositions are consistently well received. This allows us, and our customers, to benefit from sharing successful teams, tools, processes and practises across the Group.

We will invest more in our operating models in 2017, so we stay relevant and competitive, with greater access to new ways of working such as automation, as well as analytic tools.

With a promising pipeline in most markets, we can continue to outperform the market, using our expanding capabilities, high levels of credibility and commercial strength to benefit our customers and prospects. We will maintain high levels of customer satisfaction, so our customers provide reference points for new opportunities.

We will also continue to balance the short and the long term, by winning new Services deals in 2017 while building a healthy qualified pipeline for 2018 and 2019.

Services contract base[2] (£m)   +3.5%

719

* IT Services Forecast 2014-2020, Q4 2016 Update, Gartner, shows IT Services across Belgium, France, the UK and Germany at -0.8 per cent (Computacenter addressable market)

2. TO IMPROVE OUR SERVICES PRODUCTIVITY AND ENHANCE OUR COMPETITIVENESS

Driving efficiency

"

The longevity of our services customer relationships and our resulting ability to reference them to potential customers is testament to our ongoing competitiveness and relevance in the marketplace.

"

Chris Webb
Group Chief
Operating Officer

WHAT WE HAVE ACHIEVED IN 2016

Last year saw us advance a number of services productivity measures and initiatives. We reviewed our daily engineering work across our UK Managed Services contracts, using expert consultants. This allowed us to compare engineering levels and productivity. We also assessed the suitability of the contracts for our new Field Force Enablement approach and piloted the technology and process solution with a top-three German customer. We worked with our German Works Council to show how the investment improves the experience for engineers and customers. The engineer now receives an optimised work schedule via a smart device and can use the device to capture customer feedback.

As predicted, 2016 saw us expand geographically due to customer demand, opening Service Centres in China and Mexico. We matured our service offering and capability in France and Hungary, attracting significant new contracts with a leading tyre manufacturer and one of the world's largest multinational conglomerates. Our highly productive Service Centre in Cape Town saw existing customers such as Channel 4, Eversheds Sutherland and one of the top four largest UK supermarkets transition their UK-based service desks to take advantage of our experienced South African technical capability and pricing competitiveness. Providing services from off-shore locations with lower delivery costs, as compared to our key geographies, often materially reduces prices for the customer. This makes us more competitive but also makes it difficult to grow this particular KPI, as the headcount used to provide the service often stays the same or increases slightly.

2016 also saw us insource our North American service provision, which was previously delivered through strategic partners. We established Computacenter USA, headquartered in New Jersey, and have grown to a headcount of around 630 people across the USA and Mexico, primarily by transferring in employees from outsource partners. This diluted the KPI by just over two percentage points, as we already enjoyed the revenue without having the employees in our headcount.

WHAT WE INTEND TO DO IN 2017

We will leverage Field Force Enablement across our customers. Most of our large-scale service contracts can embrace this way of working, improving efficiency, employee engagement and customer satisfaction. We will model the benefit into some larger bids and prospects, so we are more competitive from the outset.

We will mature the Mexico and China facilities and expand our service desk offering, exploring new countries to support our customers' native language requirements. Each Service Centre operates in the same way, so they are quick to initialise and we can share work across them, subject to customer agreement and data protection laws.

We will also continue to invest in market-leading tools and innovative process automation, to drive productivity in our shared remote infrastructure monitoring. Automation helps us continuously monitor and better alert on customers' servers, storage arrays, software, applications and networks, whether their arrangements are enabled via their cloud, our Cloud, a partner's cloud or all three.

Adjusted[1] Services revenue generated per Services head[2] (£'000)   **-3.4%**

86

3. TO RETAIN AND MAXIMISE THE RELATIONSHIP WITH OUR CUSTOMERS OVER THE LONG TERM

At the heart of our customers

WHAT WE HAVE ACHIEVED IN 2016

At Computacenter, we focus on maintaining and growing our customer relationships over the long term, across our range of products and services. Delivering high levels of service compared to our competitors and achieving a good return on our customers' IT investment encourages them to increase our share of their spend. This approach, along with our focus on winning new customers, helps us to increase the number of customers who contribute more than £1 million of gross profit in constant currency[2] per year, which remains one of our key performance indicators.

We often take decisions which may be considered detrimental to our Income Statement in the short term but will help us to maintain customer relationships for the long term. This has been particularly prevalent in 2016, as our customers continually seek to reduce their operating costs.

We are pleased with our 2016 performance across the Group, which saw us increase the number of customers achieving greater than £1 million of contribution by 10, from 90 to 100.

WHAT WE INTEND TO DO IN 2017

Maintaining and enhancing our long-term customer relationships is deep in the culture of Computacenter, so little will change in the coming 12 months. However, our increasing geographical footprint enables us to address a larger market, both throughout Western Europe and globally, where we now have a substantial track record of delivering to major customers. As the IT infrastructure marketplace becomes more competitive, we see weakness from some of our competitors which increases our potential to take market share. These longer-term potentials are enhanced in 2017 and 2018 by the likelihood of major projects due to operating system enhancements around end user computing.

> At Computacenter, we often take decisions that detract from our short-term financial performance, to secure long-term customer relationships.

Mike Norris
Chief Executive Officer

Number of customer accounts with contribution over £1 million[2]   **+11.1%**

100

4. TO INNOVATE OUR SERVICES OFFERINGS TO BUILD FUTURE GROWTH OPPORTUNITIES

Building on the strategy

"

To us, 'Making Digital Work' is not just a phrase. Our offerings and partnerships are geared to support our customers' digital transformation agenda and make digital work for them.

"

Michael Weiss
Head of Group Strategy & Marketing

WHAT WE HAVE ACHIEVED IN 2016

NGSD: We successfully implemented NGSD at two UK customers with one, Hays, agreeing to be the focus of our case study on page 20. We won our first contract with a German bank and are building NGSD at a multinational French customer. NGSD received a 2015 AECUS innovation award.

Cloud: In addition to our growing Cloud Supply Chain and Professional Services businesses, we can now help our customers to plan, build and run their private/hybrid cloud environments on standard cloud management platforms. Refer to the Paddy Power Betfair case study on page 34.

Security: We have enhanced our Cyber Defence Centre capabilities, as part of a newly established Group Information Assurance function. From this we co-ordinate and support our Managed Security Services, which are embedded in many of our new Managed Workplace and Infrastructure contracts. Refer to the DekaBank case study on page 26. In Germany, we were named a Security Leader in Experton's Security benchmark.

Digital Workplace: To address our customers' workplace transformation needs and build on our mobility investment, we have created a holistic Digital Workplace offering, comprising platform, collaboration, user engagement, information access, and identity and security management solutions. The Union Investment win is early proof of the exciting opportunity pipeline, and is detailed in a case study on page 12.

The flat performance of the KPI overall was due to lost UK contracts, offset by very strong Services revenue growth in Germany, especially in Professional Services.

WHAT WE INTEND TO DO IN 2017

Digital Workplace: As the pipeline is promising in our core geographies, we will focus on supporting pre-sales and industrialising the take-on. We will continue to develop NGSD in line with customer needs, add capability to manage users' digital identities, and develop use cases to show how the Digital Workplace improves productivity.

Cloud: In response to customer demand, we are integrating public cloud services, such as Amazon Web Services (AWS) and Microsoft Azure, into our Cloud management platform, to offer managed private/hybrid cloud orchestration services and build consulting packages for AWS, Azure and OpenStack.

Security: To benefit from the growing IT Security market, we will leverage our 20 years' experience and more than 150 security specialists that we have in Germany across our core territories.

Strategic partnerships: We have signed a sales and service partnership with ServiceNow, the leading provider of service management software solutions from the cloud. This will help us offer seamlessly integrated NGSD and Digital Workplace solutions.

Adjusted[1] Services revenue[2] (£m)   **-1.0%**

1,038