Computacenter’s customers need to make digital work, so they can deliver their products and services more effectively, attract and retain talent, and drive growth.

To ensure we continue to meet their needs in a fast-changing and increasingly complex world, we have to do two things:

1. **Stay abreast of changes in the global market**
   This section looks at the global megatrends that are changing our markets, considers our competitive environment and explains the dynamics of the key countries we operate in.

2. **Innovate and deliver our customer offer, so we succeed in the market**
   In this section, we describe our portfolio of complementary service offerings, our global delivery capabilities and what makes us different.
1.
Staying abreast of changes in the global market

In this section:
- The global market
- The competitive market
- Our regional markets

THE GLOBAL MARKET
Four megatrends are shaping our markets worldwide.

Megatrend 1: The shift to digital
Description
The rate of digitalisation continues to increase for all of our customers, across every industry. This adoption of new technologies, where service is primarily provided with or through software and augmented with data insights and artificial intelligence, is changing our customers’ business models and increasing complexity for them. The pace of change is also rising with, for example, the proliferation of and ever-shorted lifecycles for devices and apps. Added to this, almost every digital innovation raises security and privacy risks that need to be tackled at the same time.

What this means for Computacenter
The difficulty of navigating this environment makes our offer as a value-added-service provider increasingly attractive to customers. At the same time, we need to keep up with the pace of innovation, so our offering remains relevant to our customers.

Proof
‘Why software is eating the world’, Marc Andreessen, WSJ, 20 Aug 2011

Megatrend 2: The subscription or ‘as-a-service’ economy
Description
The market is moving away from customers buying hardware and software outright, with the growth in subscription models or the ability to use an asset as-a-service. This increases their ability to access, scale and adjust the services where, when and as needed, and turns a larger, fixed and upfront cost for the customer into a smaller, variable and ongoing cost. In addition to this, customers can also benefit from, for example, ongoing services upgrades and innovation for the life of their contract.

What this means for Computacenter
This presents a risk for Computacenter, as some parts of our product business move into the public cloud, but it also gives us the opportunity to support our customers on their journey with our Professional and Managed Services capabilities.

Proof
Record as-a-service ACV growth up 48 per cent YoY in EMEA; Source: ISG Index Q3 2017, Information Services Group

Megatrend 3: Globalisation of our markets
Description
Every aspect of our market is globalising. Customers are increasingly looking for providers who can support their businesses worldwide. This benefits providers with international reach and gives us the opportunity to follow and provide Services to our customers in different parts of the world, for example in the US. However, it is also encouraging competitors to globalise, including providers from places such as India or Eastern Europe, where people costs are lower.

What this means for Computacenter
We need to be able to meet the needs of our customers globally but also qualify and focus on those customers where we will add the greatest value.
Market segments
We see differing dynamics in different segments of the IT market. There is increasing price pressure in parts of the market where solutions are less complex and are typically people and hardware based. Buying decisions for these services tend to be driven by customers’ procurement departments. We look to counter price pressure through increased automation and ‘rightshoring’ – introducing services provided by the right balance of onshore, nearshore and offshore locations. Conversely, purchasing decisions for more complex, end-to-end cloud and software-based solutions are driven by our customers’ CIO. Our ability to be the ‘friend of the CIO’ and have an attractive portfolio for their digital workplace, hybrid IT and cyber security challenges is a key competitive advantage for us.

Shifting buying centres
The traditional buying centres in our industry are our customers’ IT and procurement departments. However, customers are now shifting to include decision makers representing their core business units. In addition, they are introducing new roles such as the Chief Digital Officer, to bridge the gap between traditional technology sourcing and new models which have business benefits, such as driving competitive advantage, at their core. This shift in buying centres requires us to develop new service, go-to-market and sales approaches, to ensure we address the requirements of these new decision makers with a compelling, business-oriented value proposition.

Megatrend 4:
Shortage of talent

Description
The critical importance of technology to modern businesses means that demand for appropriately qualified people outstrips supply. This makes it more difficult for our customers to manage their IT services in-house, encouraging them to turn to providers such as us for support.

What this means for Computacenter
The shortage of people also emphasises the importance to Computacenter of having the right culture and values, combined with an attractive workplace and, most important of all, exciting work for our customers, which help us to attract and retain talent.

Proof
40 per cent of employers globally report that they are experiencing difficulty filling jobs. Source: Manpower Group’s 11th annual Talent Shortage Survey.

See pages 28 to 29 for more on how we manage and develop our people.

Computacenter’s response to these megatrends
Computacenter has a history of reinventing itself as its markets have changed, as the graphic below demonstrates.

1980–1995
Supply Chain led
- Configuration
- Hardware resale
- Rollout services
- Maintenance
- Break/fix Service Level Agreements
- Onsite services

1995–2014
Managed Services led
- 3–5 year contracts
  - Extensive bidding
  - Landing a large and multi-year Managed Workplace Service
  - Pull-through of Supply Chain
  - Pull-through of Professional Services
  - Cross-sell to other Managed Services

2014+
Professional Services led
As-a-service, plug-and-play
- Users: shorter lifecycle of devices/apps, consumerisation
- CIO: cost pressure [still] and as-a-service demand
- Business: IT for competitive advantage
- Cloud-players take business and margins

Since 2015, we have positioned Computacenter as a digital service enabler. Our business is transformation led and we consult with our customers, so we can provide them with tailored solutions to their problems.
Substitutes
Organisations that had previously bought their own networking and datacenter infrastructure are now able to substitute them for cloud-based services. This could affect demand for our Supply Chain business over the coming years. However, this complexity is also a positive for us, in our role as a value-added provider. It creates opportunities for us to provide consulting and support transformational projects, as customers require our help to migrate applications and workloads to the cloud. Transforming their IT also drives our traditional infrastructure portfolio. In addition, cloud providers need a channel to customers, which we provide.

New entrants
Indian players are increasingly offering more innovative and sophisticated services, such as cloud, analytics and automation, with which they are targeting large European customers. Several factors differentiate us from these newer entrants. These include the strength of our customer relationships and the trust they place in us, our close vendor relationships and our digital consulting skills. We are also able to advise customers on the right mix of onshore, nearshore and offshore locations, and manage that mix for them.

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UK
UK economic growth is relatively robust, despite the Referendum on the UK leaving the European Union. The IT infrastructure services market has declined slightly but will return to low growth. CIOs are looking for savings in non-strategic, operational areas and also moving towards cloud services with the help of external providers. There are growth opportunities in the financial services, retail and public sectors, and in large-scale transformation programmes.

France
The French economy appears to be picking up, after the presidential election, boosted by domestic investment and consumption. The labour market is recovering only gradually and too many workers lack the necessary digital skills. Both trends are positive for IT service providers.

Germany
Germany is benefiting from strong economic growth and the market includes many multinational customers. Manufacturers are adopting ‘Industrie 4.0’, as they increasingly introduce technology to streamline their operations. This includes connecting robots to networks, reading data and using analytics to identify improvements, and enhancing cyber security. Germany has high standards of data protection.

US
Our expansion into the US started with using a partner to service the US Managed Services footprint of our major European customers. We subsequently insourced those activities and we are now adding new US capabilities, so we can upsell to our existing customers and target new customers in the US.

Belgium
Economic growth in Belgium has been somewhat subdued but will strengthen going forward, due to private investment and international trade. Belgium’s production is deeply embedded in global value chains and will benefit from global growth.

Switzerland
The Swiss economy is on a slow but steadily improving growth curve, as the economy increasingly opens to Europe and the rest of the world. The Financial sector remains key for both the market and for Computacenter in Switzerland.
2. Innovate and deliver our customer offer, so we succeed in the market.

In this section:
- Our customer offer
- Global delivery
- Our differentiation

**OUR CUSTOMER OFFER**
We consolidate our portfolio of Consult & Change, Source & Deploy and Manage & Transform services into three key value propositions for our customers.

### Digital Workplace
We design and build user-centric, cloud-enabled and secure digital workplaces, using a complete adoption roadmap to establish the best core digital technologies for each customer.

### Hybrid Cloud/IT
We provide advisory, support and Managed Services for every aspect of our customers’ cloud requirements. We work with customers to develop their cloud strategy, create and build cloud capability, and manage it to generate competitive advantage.

### Cyber Security
We deliver a complete Security solution, from endpoint and infrastructure Security through to cyber defence. Our knowledge and expertise across office and industrial IT underpins our approach to holistic business security, making it an enabler rather than a blocker.

These offerings are underpinned by our solutions in the categories shown above. These solutions can be mixed to suit each customer. For example, we can add Security to the core Engagement and End User & Collaboration elements of Digital Me.
Consult & Change
What we do: We optimise customers’ technology, enabling effective change so they can achieve their IT and business goals. We provide in-depth solutions, within or across the five technology categories. Combined with our project management and transformation skills and our customer knowledge, our holistic solutions actually work within our customers’ IT environments.

How we earn revenue: Consulting engagements range from long-term transformation programmes to consulting and implementation projects. These are mostly time and material based but we see a trend towards fixed-price contracts.

Source & Deploy
What we do: We reduce cost, complexity and risk in the IT supply chain, from product selection, benchmarking and procurement to build management and deployment. Our long-term customer relationships and broad vendor coverage make us a one-stop value-added reseller.

How we earn revenue: We have a good mix of large and multi-year frame contracts, project-based sourcing and continuous procurement activities.

Manage & Transform
What we do: We maintain, support, transform and manage our customers’ IT infrastructures and operations, improving quality and flexibility while reducing costs. Our Services extend from the digital and physical workplace to the datacenter, network and cloud. Our Global Infrastructure Operations and award-winning Global Service Desk enable us to support users worldwide. Dedicated transformation teams minimise disruption and ensure seamless business take-on.

How we earn revenue: We increasingly sell a defined Managed Service, with related service level agreements and either fixed or per-service pricing. Where customers want more flexibility or specific skills, we also provide support and ‘body shopping’. We also offer product lifecycle and maintenance services, for example on a price per device.

The delivery centres comprise our:

Global Service Desk (GSD)
Our goal is to provide a faster and smarter response to users. We deliver end-to-end user support, locally and globally, and provide a ‘follow-the-sun’ service. The GSD supports around 1.4 million users, using 30 languages.

Global Infrastructure Operations (GIO)
The scale of our operation means we can support users and systems anywhere in the world, 24 hours a day, seven days a week. From networking components and virtual servers to user devices, our infrastructure services improve availability and security. We have more than 1,500 technical and service management experts, in six shared services centres, working for more than 200 customers.

Global Network Operations Centre (GNOC)
Our GNOC helps optimise our customers’ network availability, to enable productive end users. It is the hub of our operational delivery capability, allowing us to deliver managed Network and Security services to more than 50 customers around the globe. The GNOC employs more than 200 accredited networking engineers.

Global Engineering
We extend our engineering coverage for our customers to over 70 countries worldwide through an international partner network. Our international partners provide resources and services to extend our services under our full control and responsibility globally.

Cyber Defence Center
We identify and highlight existing or potential security breaches, hacks, malware or vulnerabilities and ensure that they are managed through to resolution. In doing so we help our customers to comply to increasingly stringent compliance standards as well as protecting users from cyber-crime and ensuring that our customers’ businesses remain productive.

1. We are the friend of the CIO
The CIO is the key decision maker and budget holder for our services. We therefore help CIOs to enable their users and businesses. This means addressing customer needs only through the CIO and empowering them to meet the requirements of their user base, business units or functions, to support their transformation agenda.

2. We have absolute focus on our end users
The Next Generation Service Desk (NGSD) and our Digital Me offering shows that we know what users want. Our end user focus is in our DNA and we have no distracting legacy assets, such as underused datacenters.

3. We have a culture of customer intimacy
Our sales and service managers interact almost continuously with customers, especially where we have a Managed Services contract. This contributes to close, long-term customer relationships.

4. We offer end-to-end solutions across technologies
From converged infrastructure and Cloud to user productivity and Security, we have the technological solutions and capabilities customers need for an excellent user experience. Our consultants cut across technology silos and implement solutions end-to-end.

5. We partner along the service lifecycle
Some providers specialise in reselling, consulting or Managed Services. Our customers appreciate that we can support their transformation, with a full service portfolio which spans planning, sourcing and building to running their IT infrastructure.

The shift to digital makes these characteristics increasingly essential for service providers. At Computacenter, we are blending them for our customers’ benefit, so we are their preferred partner for Making Digital Work.