France I 2021

SPIE - VENDOR PROFILE - FRANCE

SITSI I Vendor Analysis I Vendor Profile

a teknowlogy group company

market research services

by PAC

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COMPANY OVERVIEW AND PAC'S ANALYSIS

Company Overview and PAC's Analysis

COMPANY BACKGROUND	TOP CUSTOMERS
SPIE ICS is an IT services company and a subsidiary of the French SPIE group, a European leader in multitechnical services for the energy and communications sectors. SPIE ICS is one of five subsidiares of SPIE France, along with SPIE CityNetworks, SPIE Facilities, SPIE Industry and Tertiary, and SPIE Nuclear. SPIE ICS' mission is to support the digital transformation of its clients - mid-market and large enterprises - through a global offer of information and communication technology solutions. Over the years, SPIE ICS has further developed its expertise by acquiring several companies and has organized itself around three core offers: • IT outsourcing, based on the acquisition of Fast, Sertig, and APX; • Cloud, based on the acquisition of VeePee and RDI; • Infrastructure, based on the acquisition of S-Cube. SPIE ICS has 3,200 employees distributed across 60 offices located in France. At international level, SPIE ICS is present in 90 countries thanks to its subsidiaries in Europe (France, Germany, Belgium, Switzerland, Netherlands) and its participation in the Global Workspace Alliance (GWA), the first global ICT services alliance.	SPIE ICS adresses mid-market companies (which represent 55% of its clients) and large accounts (45% of its clients). SPIE ICS is particularly well-established in the public sector, which represents 48% of its business, while private companies account for 52% of its activities. **Public sector:** Region of Occitanie, Union des Hôpitaux pour les Achats, Region of Centre-Val de Loire, Port of Marseille, Gustave Roussy, City of Courbevoie, City of Issy-les-Moulineaux, Department Nord, Metropolitan Area of Toulon Provence Méditerranée, Bordeaux University, Bordeaux Métropole, Médipôle Hospital Center, INSEAD, Region of PACA **Services & consumer**: Thésée DataCenter, CMS Francis Lefebvre Avocats, Royal Champagne Hotel & Spa **Manufacturing:** Léa Nature

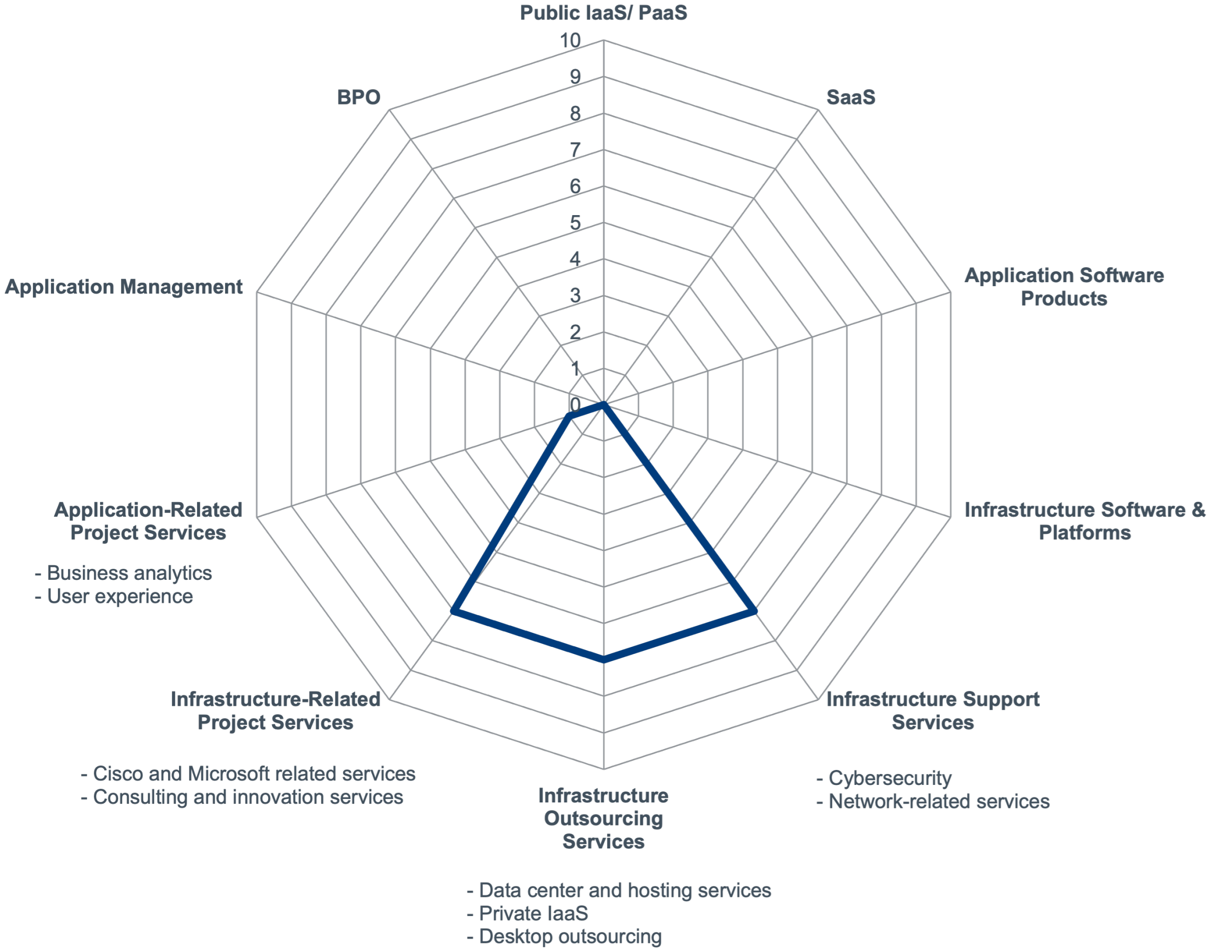
COMPANY BACKGROUND	TOP CUSTOMERS
According to the company, SPIE ICS's growth is based on: • technical expertise that covers the complexity of information systems; • a culture of innovation; • a good understanding of industrialization, ensuring quality and traceability; • a partner ecosystem of manufacturers and software vendors to offer custom solutions. According to PAC's estimates, SPIE ICS generated revenues of EUR460m in 2020, a decrease of 1% compared to 2019. In 2020, SPIE Group posted global revenues of EUR6.6bn, down 4% on 2019. In July 2021, SPIE ICS announced the acquisition of Infidis, a French company specializing in the design, integration, and management of data centers, with expertise in hyperconverged architectures.	

POSITIONING & STRATEGY	PAC'S OPINION
Positioning SPIE ICS addresses mid-market and large companies' digital transformation needs by offering a complete suite of ICT solutions and delivering them with a proximity approach. SPIE ICS has developed solutions for both the "build" and "run" phases of digital projects and helps clients implement these solutions through two main lines of service: IT outsourcing, which employs about half of its workforce, and integration. To offer a complete portfolio of IT services and solutions, SPIE ICS made several acquisitions that now allow the company to offer solutions in three areas of specialization - IT outsourcing, cloud, and infrastructure - and that also brought in competencies in digital workspace, innovation and consulting, data management, and cyber security. SPIE ICS primarily targets the French market and generates about 90% of its business there. Proximity is a key element of the company's positioning: with its 60 offices and three operational proximity centers, SPIE ICS benefits from a dense network to best support its customers. Solutions are offered in a customized way, through working units, which allows clients to easily purchase according to their needs. Services are also offered on a subscription basis.	SPIE ICS is a strong player on the French IT services market. According to our estimates, in 2020, the company managed to limit the decrease in its revenues to 1%, slightly above market average. To return to growth, SPIE ICS can rely on several assets; first, its sales approach: with services delivered on a working unit basis or on a subscription basis, the company can offer solutions that meet its clients' needs. SPIE ICS has also been betting on proximity for a long time and has developed a dense national network of agencies that allows it to deliver its services close to the client and foster relationships of trust. Its well-developed national presence is also a strategic advantage at a time when more and more companies are concerned about the sovereignty aspect of their digital infrastructures and solutions. Almost half of SPIE ICS' clients belong to the public sector, which definitely was a strong advantage when the pandemic stroke. SPIE ICS has diversified from IT outsourcing and has invested into strategic technologies such as cloud and cyber security. Its most recent acquisition, hyperconverged infrastructure specialist Infidis, will allow the company to strengthen its infrastructure activities and gives it expertise in a "hot topic". As information systems are becoming more complex, with the spread of IT environments and providers, hyperconvergence is more required than ever to optimize management and costs. As part of a big industrial group, SPIE ICS benefits from financial and institutional assets: the subsidiary is well integrated in the rest of the group's activities and often participates in global "one SPIE" offers that capitalize on the group's multitechnical expertise. For instance, SPIE ICS can contribute to industrial building projects by offering digital twin solutions.

POSITIONING & STRATEGY	PAC'S OPINION
Strategy SPIE ICS has drawn up a new strategic plan for the 2021-2025 period. The company plans on targeting three main aspects: • Proximity IT services - SPIE ICS is committed to maintaining its service desk and outsourcing services across France, to keep up with growing demand for digital sovereignty. The company will continue to promote its core values - proximity, co-construction, custom-made solutions, and trust; • Energy transition - SPIE ICS commits to a sustainable digital policy. It has signed the Planet Tech'Care manifesto and plans to get the Sustainable Digital Company certification label by the end of 2021. The company also plans to offer its clients the possibility to evaluate their infrastructure carbon emissions, as part of a bigger catalog of services designed around digital judgment and sustainability; • Vertical specialization - SPIE ICS plans to develop industry-specific solutions and increase value creation through synergies it can achieve with the group's other subsidiaries. To return to growth in 2021 and after, SPIE ICS plans on recruiting 700 people in 2021, a third of SPIE Group's total recruitment plans. The company is also looking at external levers of growth: in July 2021, it announced the acquisition of French hyperconverged infrastructure specialist Infidis.	SPIE ICS' limited positioning might hamper its ability to reach the next stage of its development. Midsize companies are an interesting market because there are digital transformation needs and bigger IT services companies such as Capgemini and Atos do not offer the proximity and customization of solutions that SPIE ICS offers to its clients. However, a large part of value creation in the SITS market now comes from large projects commissioned by multinational companies. SPIE ICS generates 90% of its business in France and does not offer offshore delivery, which may prevent it from winning global contracts. Despite its efforts to diversify over the past few years, SPIE ICS is also very focused on IT outsourcing, which accounts for half of its workforce and half of its activities. These activities are bound to decrease as cloud migration keeps going on, getting stronger by the day. SPIE ICS also does 1/3 of its business with infrastructure support services (maintenance, support, field services), which is why the company needs to have a broad geographical presence in France, as its technicians are "on the road" most of the time, visiting customers. These activities are flat at best and it will be difficult to generate growth from them. This means SPIE ICS had better transform most of its activities into "real" outsourcing contracts (cloud transformation would be even better). Overall, SPIE ICS lacks some competencies that would be required to truly cover the entire digital transformation process, as it claims to be able to do: artificial intelligence, analytics, and big data solutions are underdeveloped compared to its competitors, for instance. The company should try to fill this gap, either through external growth or by partnering with technology experts. Cyber security, which has become highly strategic and a requirement for many clients, is well covered by SPIE ICS and considered as a growth driver, as it should be.

PORTFOLIO ANALYSIS

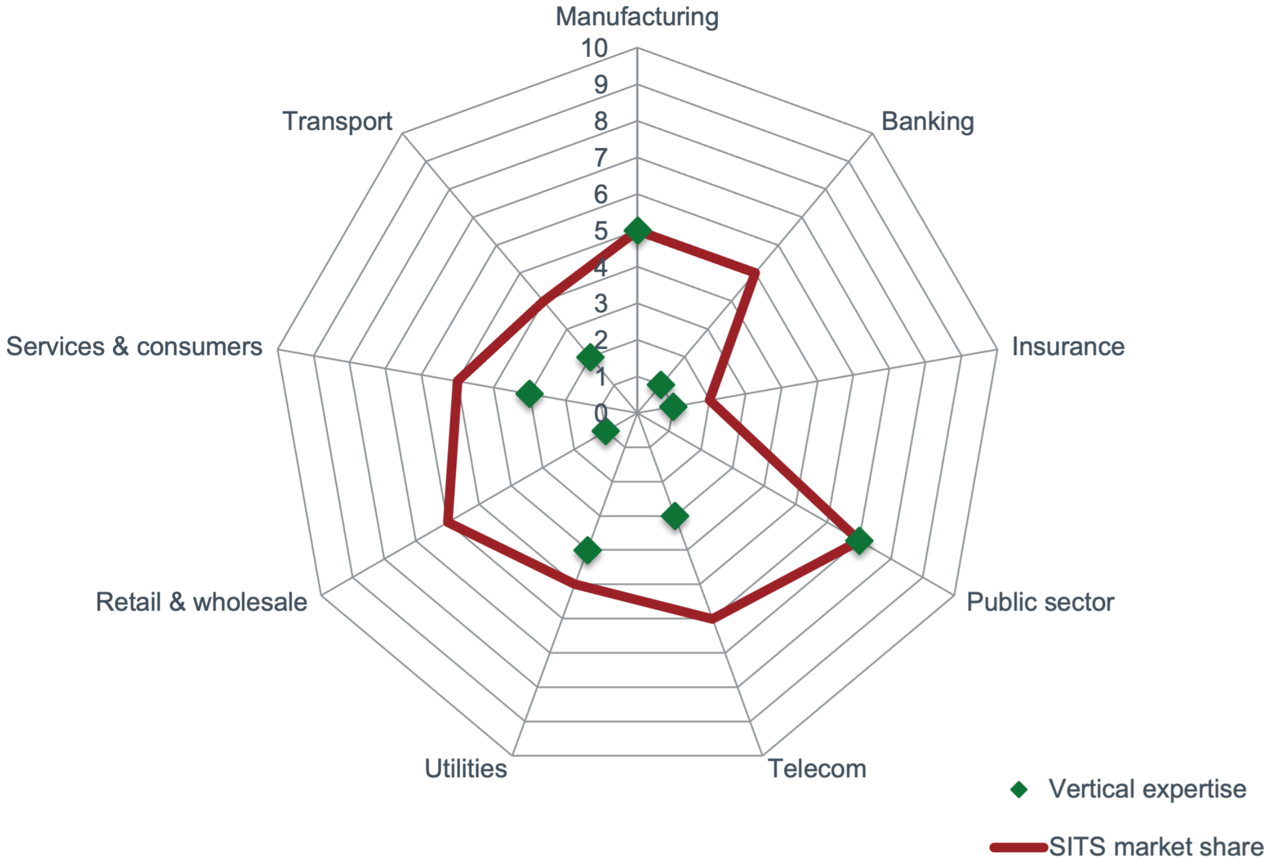
Analysis by Products & Services



Horizontal Expertise of Spie

Cross-sectoral assessment considering the market shares in the respective segments. Scale: 10 = > 10%, 9 = 7.5 to 10%, 8 = 5 to 7.5%, 7 = 2.5 to 5%, 6 = 1 to 2.5%, 5 = 0.5 to 1%, 4 = 0.25 to 0.5%, 3 = 0.1 to 0.25%, 2 = 0.05 to 0.1%, 1 = < 0.05%, empty space = company not present in the respective segment.

Analysis by Vertical Expertise



Vertical Expertise of Spie

Vertical Expertise: Sector-specific assessment considering individual solutions & resources. Scale: 9-10 = very strong sector-specific expertise, 7-8 = strong sector-specific expertise, 5-6 = medium sector-specific expertise, 3-4 = weak sector-specific expertise, 1-2 = cross-vertical expertise only, 0 = company not present in the respective segment.
SITS Market Share: Sector-specific assessment considering the SITS market shares in the respective sectors. Scale: 10 = > 10%, 9 = 7.5 to 10%, 8 = 5 to 7.5%, 7 = 2.5 to 5%, 6 = 1 to 2.5%, 5 = 0.5 to 1%, 4 = 0.25 to 0.5%, 3 = 0.1 to 0.25%, 2 = 0.05 to 0.1%, 1 = < 0.05%, empty space = company not present in the respective segment.

PERFORMANCE ANALYSIS

Breakdown of Local Revenue

Spie	Currency: EUR		Growth	USD
	FY ended Dec. 31, 2019	FY ended Dec. 31, 2020	FY19/20	FY ended Dec. 31, 2020
French revenue* (in millions)	2,977	2,442	-18%	2,787
Employees** - France	3,150	3,200	2%	3,200
Revenue per employee (in thousands)	945	763	-19%	871
French total SITS*** revenue (in millions)	467	463	-1%	528

*Local revenue refers to revenue with customers in the country; customers in the country include both national-headquartered companies and domestic subsidiaries of foreign companies

**Local employees refers to the total number of employees in the country; it includes both permanent employees serving customers in the country as well as offshore resources based in the country and serving customers abroad; however it excludes “landed offshore”, i.e. employees temporary based in the country

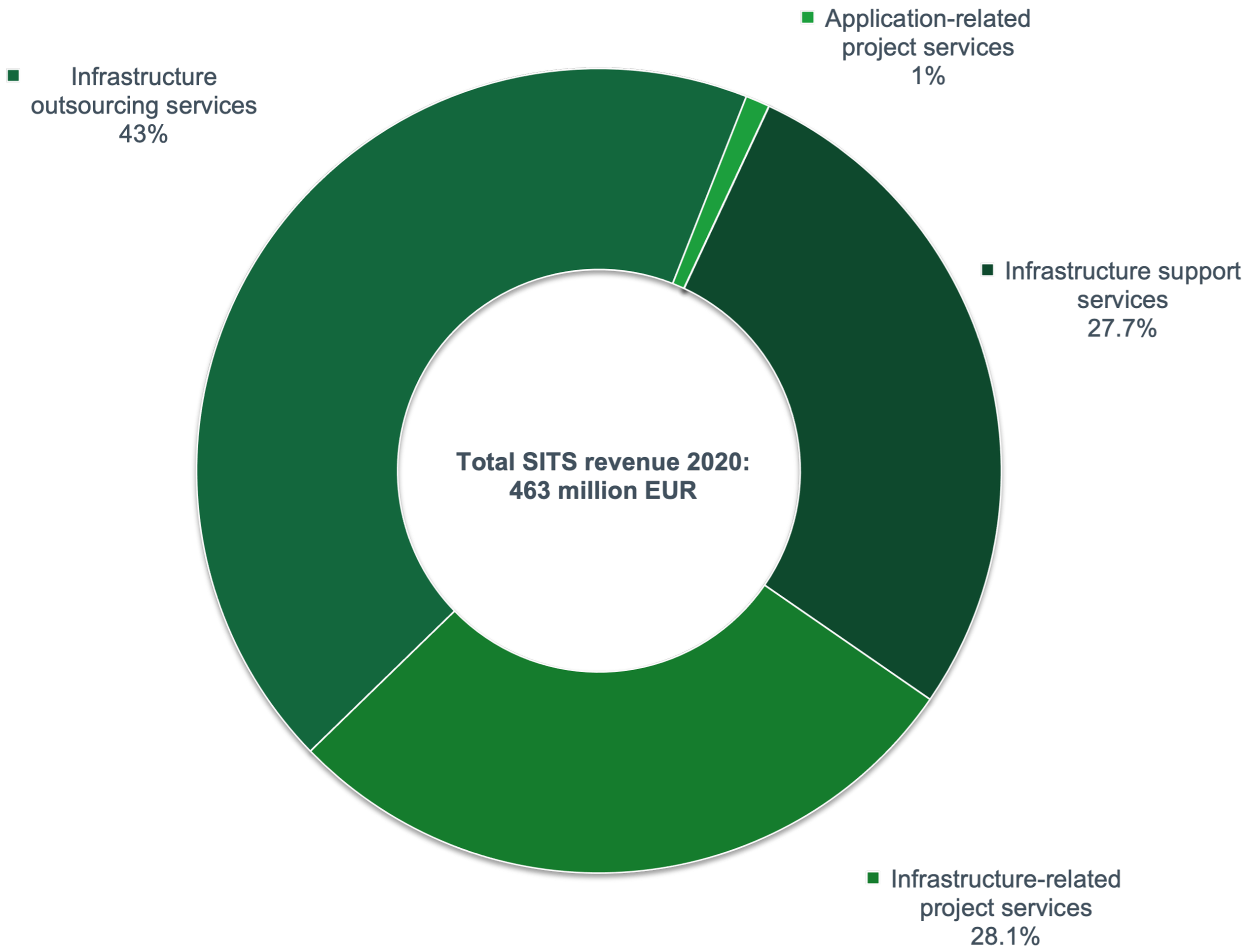
***comprising total software and total IT services

Exchange Rate: 1 EUR = 1.14128 USD

Local Revenue (PAC estimates)

Breakdown of Local SITS Revenue by Market Segments

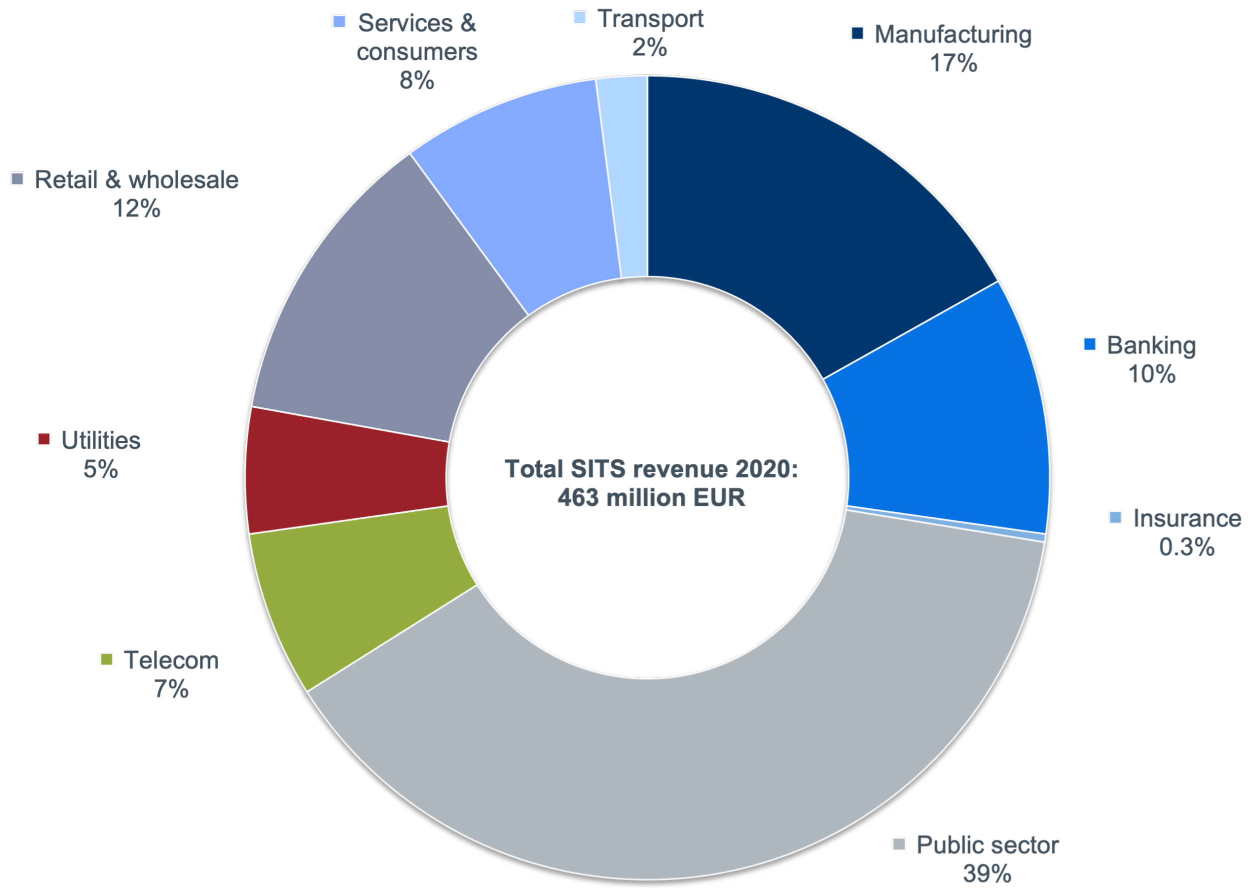
For detailed figures, please refer to the Company Figures file (Excel).



Total SITS Revenue by Segments - Shares (PAC estimates)

Breakdown of Local SITS Revenue by Vertical Sectors

For detailed figures, please refer to the Company Figures file (Excel).



Total SITS Revenue by Vertical Sectors - Shares (PAC estimates)

ABOUT PIERRE AUDOIN CONSULTANTS

teknowlogy Group is your partner of choice for European focused IT market data, insights and advice. It brings together the expertise of two research and advisory firms, each with a strong history and local presence in the fragmented markets of Europe: CXP and PAC (Pierre Audoin Consultants).

We are a content-based company with strong consulting DNA. We are the preferred partner for European user companies to define IT strategy, govern teams and projects, and de-risk technology choices that drive successful business transformation.
We have a second-to-none understanding of market trends and IT users' expectations. We help software vendors and IT services companies better shape, execute and promote their own strategy in coherence with market needs and in anticipation of tomorrow's expectations.

Capitalizing on more than 40 years of experience, we operate out of seven countries with a network of 50 experts.

For more information, please visit www.teknowlogy.com and follow us on Twitter or LinkedIn.