



Human Capital Strategy

Evolving the DNA of an organization to
drive innovation and agility

CGI

Experience the commitment®

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Human capital strategy overview

Organizations in every sector are pursuing digital transformation strategies and programs to compete in an increasingly digital-first world and evolve into digital businesses. A key challenge, however, is driving transformation across the entire enterprise and doing so on a continuous basis in response to evolving business demands.

Digital transformation involves a fundamental change to an organization's core DNA, including how it innovates, listens to customers, empowers its employees, collaborates with partners, and delivers new products and services. It's also about driving change across the entire enterprise—from front-end customer channels to back-end processes and supply chains.

The ultimate goal is to enable an organization to become more agile in responding to evolving demands in a dynamic market. This kind of broad, fundamental change doesn't have a clear start and end. It takes place continuously in response to changing market drivers, customer/citizen demands and employee expectations.

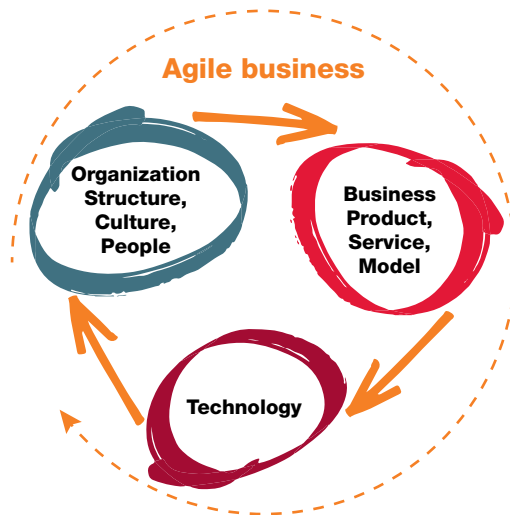
Leading organizations are re-thinking how their workforces are built, organized and motivated to achieve continuous agile transformation. CGI helps organizations build digital workforces with the right mind-set and capabilities—and enabled by the right structure, leadership, management systems, culture and partner ecosystem—to successfully embrace and drive digitalization and deliver the business outcomes required for long-term success and future-readiness.

Clusters of smaller, focused **autonomous business units** that partner and collaborate with other business units, making decisions faster

Culture and management system that encourages a **curious mind-set, collaboration** and **innovation**

Decisions made based on insights generated from customer and operational data

Employees freed up to work on value-add activities



Integrated into an ecosystem of partners that collaborate, share, innovate and deliver increased value to a networked and shared economy

Co-designed market opportunities, products and services informed by customer needs and behaviors

Delivered by **agile, simplified** and **frugal** operational processes

Enabled by **smart, fast, integrated** and **automated** technology platforms and solutions

81%

of organizations say their biggest challenge in achieving digital transformation centers on **culture, talent and the digital employee**

Source: 2017 CGI Client Global Insights

68%

of organizations executing digital transformation strategies said their future decision-making will be at the business unit, team or employee level

Source: CGI Proprietary Study in Research Partnership with IDC (2017)

Business drivers

A human capital strategy and roadmap focused on delivering tangible outcomes

On average, only 16% of organizations have completed their journey to becoming a digital business for the future by transforming their operations and culture across the enterprise.*

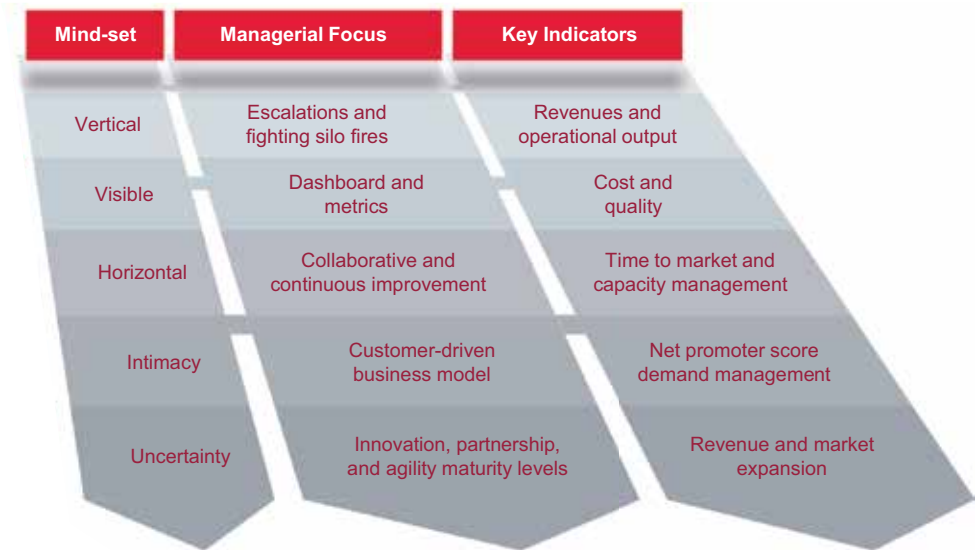
Acting, however, is easier said than done. Driving meaningful change across the enterprise is challenging. An organization's DNA must change, including how it's structured and how it operates. As listed on the right, leading organizations are making focused organizational changes with the objectives of:

- ▶ Creating a digital-first culture
- ▶ Becoming customer centric by putting the customer first
- ▶ Moving decision-making closer to the customer
- ▶ Hiring and retaining talent with the right skills and mind-set
- ▶ Facilitating quick decision-making and improving agility in response to changing demands
- ▶ Driving collaboration among internal functions and with external partners
- ▶ Increasing the speed and scale of innovation

An effective human capital strategy puts in place the right leadership for building a workforce focused on the customer/citizen, empowered by collaboration and driven by a curious mind-set that leads to innovation and agility. CGI works closely with clients to define their key business drivers and priorities and to develop a human capital strategy closely aligned with each.

Companies' organizational change focus*

- ▶ Simplify the way the organization is managed (68%)
- ▶ Establish a program to build a collaboration culture within the organization (63%)
- ▶ Change recruiting and retention criteria to emphasize technology skills (61%)
- ▶ Increase the decision-making powers of frontline employees (59%)
- ▶ Add groups to promote innovation such as labs or garages (55%)
- ▶ Make major changes to core organization structures (51%)



*Source: CGI Proprietary Study in Research Partnership with IDC (2017)

Anatomy of a strategy

In driving organizational change, an effective human capital strategy covers a number of dimensions. Depending on an organization's maturity and strategic objectives, key focus areas include the following:

Ambition: Organizational change depends on the organization's ambition. What does it want to become? Questions to consider include: 1) Who are we? 2) Why do we exist? 3) What do we have to offer? Once an organization's ambition is defined, its values and culture can be shaped to support that ambition

Business and operating models: Organizations are changing how they operate and exploring new business concepts and models. Defining the business and operating model at key stages in the transformation will ensure the organization achieves its ambition and will also help to facilitate clear communication

Roadmap: To fulfill its ambition, an organization needs an effective roadmap that outlines the required steps and capabilities. The roadmap should specify when each capability is required and how long each capability will take to mature. It also should address whether a partner or outsourcing is required to gain the capabilities and what changes to the organization's ecosystem need to take place.



Adapting to your business needs

In developing a human capital strategy, the right questions and options need to be considered. CGI helps with both. We work collaboratively with clients to build a human capital strategy that covers all bases by providing the following:

- ▶ An integrated vision and roadmap for your organization—one that is adapted to your digital maturity and market dynamics
- ▶ An enterprise-wide approach that balances customer demand-driven agility at the front end with the need for integration, compliance and security at the back end to deliver innovative services—anytime, anywhere, anyhow
- ▶ A forum for bringing together insight and practical experience to promote meaningful dialogue between the business and IT

Banking

Banks are responding to the urgency to transform in their industry. From appointing senior digital executives to improving employee collaboration to undertaking acquisitions and joint ventures around digital, the banking industry is looking at human capital strategies and operating models to support these transformations.

According to findings from our 2017 CGI Client Global Insights, 62% of capital market executives said digital capabilities are being embedded into lines of business. In addition, retail and corporate and transaction banks are partnering with external providers to drive innovation and transformation.

Health

Forty-six percent of healthcare executives interviewed as part of our 2017 CGI Client Global Insights said they have enterprise digital strategies, and 55% said they are extending those strategies to include ecosystem partners. Despite huge transformation efforts in the industry, 77% of organizations reported cultural change and change management as a top challenge.

Many are taking actions. For example, 33% are hiring digital leaders as a key transformative initiative, 58% are improving governance, and 57% are improving employee collaboration.

Insurance

According to our 2017 CGI Client Global Insights, 50% of insurers interviewed have a digital strategy across their enterprise with a focus on their internal organization, and 41% are extending their enterprise strategies to include ecosystem partners. Seventy-five percent said cultural change and change management are still a challenge. Insurers are investing in innovation hubs, creating new partnerships and taking transformative actions to empower employees.

Communications

As communication service providers (CSPs) accelerate digital transformation, they face challenges not only around technology but with cultural change and the speed of transformation. Having the right organization design and workforce strategy is paramount.

Findings from our 2017 CGI Client Global Insights show that 66% of CSPs are embedding digital capabilities into lines of business and 61% of organizations are undertaking transformative initiatives to provide employees with digital tools.





Manufacturing

Manufacturers are accelerating their transformation, with some taking more holistic approaches. They're taking solid steps to build agile digital businesses and empower their employees. In addition, they're strengthening their strategic positions within the wider ecosystem to secure the future and take advantage of new growth opportunities. For 84% of manufacturers, addressing culture, talent and digital employee issues remains a top challenge.

Many are taking actions. For example, 51% are appointing senior digital executives, 57% are providing digital employee tools and 70% are taking transformative actions to improve employee collaboration.



Retail and consumer services

While the retail industry continues to experience major disruptions and evolving customer demands, only 22% of executives interviewed have enterprise digital strategies. Retailers are facing major transformation challenges due to aging workforces, cultural change and legacy constraints. They need holistic digital transformation programs that invest in the organization's structure, culture and talent, enabling innovation and collaboration to differentiate in the marketplace.

According to findings from our 2017 CGI Client Global Insights, 42% are investing in hiring digital C-levels to enable innovation, 64% are improving employee collaboration, and 49% are improving governance.



Utilities

As utilities realize the need to execute their digital strategies at scale and pace to compete, many are extending their digital strategies across the enterprise to include partners. They're also organizing to drive their enterprise transformation roadmaps. Seventy-seven percent of respondents in our 2017 CGI Client Global Insights report cultural change and change management as a top challenge. Sixty-five percent are taking actions to improve employee collaboration, and 64% are working to create a customer-centric culture.



Government

Many government organizations have departmental strategies, focused on fulfilling customer expectations and improving efficiency. While they're taking steps to transform and innovate, they're facing huge challenges due to culture change and change management (91% of central and federal governments, and 84% of state and local governments). For example, only 53% of central and federal government clients have a defined human capital strategy in place.

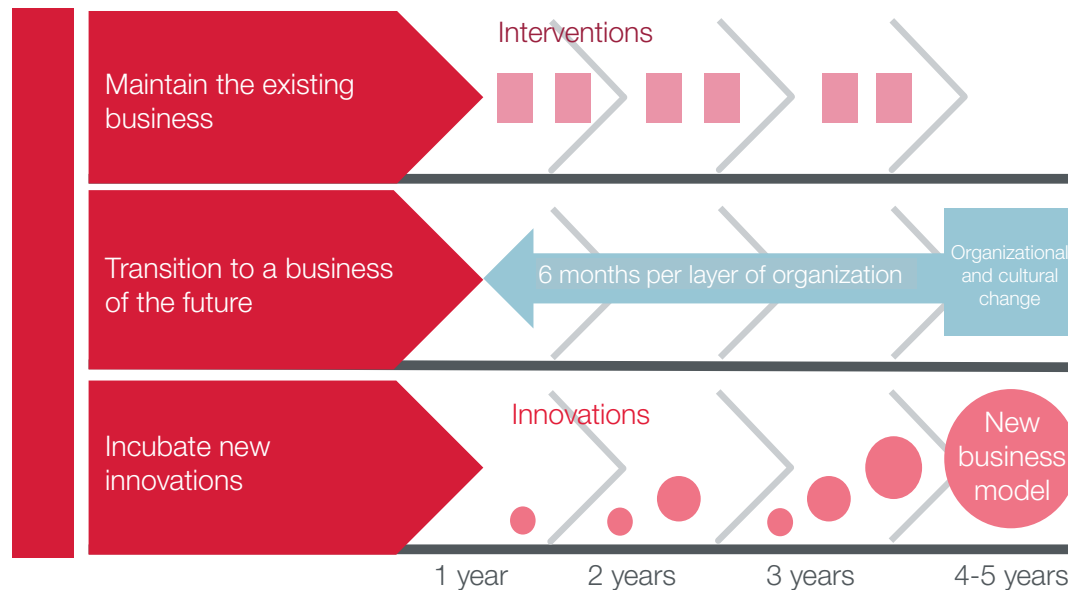
Sixty-three percent of central and federal government and 45% of state and local clients are taking actions to attract and retain digital talent, and many are taking actions to improve employee collaboration.



CGI's structured approach

Focusing on driving pace and scale in a dynamic market

Different organizations have different levels of urgency for digital transformation, depending on the intensity of disruption in their industry. CGI helps organizations develop a holistic human capital strategy that helps them achieve the right pace and scale of transformation in a dynamic market. Our approach balances the timing of changes to achieve the ambition with the delivery of a wider transformation that drives value through targeted interventions and innovation initiatives.



CGI digital leaders: Through our 2017 CGI Client Global Insights and our experience in digital transformation, we have identified key actions required for success. Assessing a client's current maturity against this framework of actions identifies a number of opportunity gaps for discussion and potential action.

Our principles

We base our approach on the following principles:

- ▶ Business outcome focus to ensure the development of tangible capabilities
- ▶ Business value focus to ensure financial returns are achieved
- ▶ Hypothesis driven to provide for rapid testing and validation of options
- ▶ Business strategy alignment to identify, establish and exploit the right solutions

The framework looks at the following areas:

Adopt the right organizational structure & culture

- Environment
- Structure
- Skills and talent
- Collaboration
- Communication

Drive change at pace and scale

- Definition and vision
- Leadership actions
- Agility of decision-making
- Process and governance
- Measurement of performance (digital KPIs)
- Financial alignment

Shape the business through data-driven insight

- Strategic positioning
- Critical Information
- Innovation
- Operational improvement

Modernize delivery and invest in emerging technologies

- Technology use
- Maturity of agile and DevOps
- Emerging technology experimentation
- Digital factories and labs

OUR APPROACH IS SUPPORTED BY KEY ENABLING CAPABILITIES

CGI Organizational Design Studio: We collaborate closely with the client to identify and design its target operating model and an organizational structure to support this model. We help it evolve its organization's structure, culture and talent to drive curiosity and innovation and put decision-making closer to the customer. We also identify and design the required roadmap, new business combinations (partnerships, joint ventures, acquisitions, etc.) and technology for successful implementation.

CGI Digital Employee Experience: We look at the customer journey and then analyze how the employee journey supports this. We look at what's needed to drive employee engagement and productivity.

CGI Change Management: Change management is a key part of human capital strategy development. CGI performs a change readiness assessment that involves interviews with executives, focus groups with middle management and surveys of end users (employees, customers and non-customers). The output leads to the development of a change management plan, as well as a supporting communications plan, that are aligned with the required organizational change and designed to ensure successful change adoption and implementation

Hot topics

The market is full of thought leadership on organizational change associated with becoming an agile business organization. The challenge is identifying which elements to focus on:

- ▶ Customer centricity
- ▶ Networked organizations
- ▶ Team-based performance management
- ▶ Collaborative culture
- ▶ Holocracy
- ▶ Design thinking
- ▶ Service design
- ▶ Designing for growth
- ▶ Lean Startup
- ▶ Agile and DevOps organizations
- ▶ Innovation labs
- ▶ Digital factories

CGI has centers of excellence and practices across the globe specializing in these topics and delivering successful transformations for clients.

Why CGI?

- ▶ As one of the world's largest independent end-to-end services firms, our combined business and technology expertise uniquely enable us to help you at every point in your digital transformation journey, including the development of your human capital strategy.
- ▶ We co-create your human capital strategy, collaborating closely with your business and technology stakeholders.
- ▶ Based on our numerous acquisitions over four decades, we offer extensive experience and expertise in people and culture integration and a proven integration approach.
- ▶ Our experience in delivering complex, mission-critical systems across private and public sectors ensures any supporting systems we recommend for your human capital strategy are realistic, effective, scalable and secure.
- ▶ Our starting point is your business strategy. You can be confident that our work is aligned with and informed by your business goals.
- ▶ We have the cross-industry expertise it takes to identify and exploit opportunities.





Driving your digital transformation

CGI helps clients achieve superior value through end-to-end digital transformation. Our expertise across legacy and digital environments uniquely enables us to support clients at every point in their digital transformation journey.

We have the methodology and capabilities to assist clients in defining their digital strategy and roadmap, as well as the breadth and depth of experience to deliver their transformation through key digital enablers. CGI's enterprise digital transformation capabilities and digital industry expertise help clients embark on their digital transformation journeys and succeed in becoming customer-centric digital organizations.

Learn more about our **digital transformation capabilities** and **digital industry expertise** by visiting:

cgi.com/digital-transformation, or by contacting us at info@cgi.com.

About CGI

Founded in 1976, CGI is one of the largest IT and business consulting services firms in the world. Operating in hundreds of locations across the globe, CGI professionals help clients to achieve their goals, including becoming customer-centric digital organizations. We deliver an end-to-end portfolio of capabilities, from high-end IT and business consulting to systems integration, outsourcing services and intellectual property solutions that help accelerate clients' results.

CGI works with clients around the world through a unique client proximity model complemented by a global delivery center of excellence network to help clients accelerate results, transform their organizations and drive competitive advantage.

The CGI logo is displayed in a bold, white, sans-serif font. The letters 'C', 'G', and 'I' are all the same height and are connected by thin lines at the top and bottom, giving it a modern, interconnected appearance. The background of the slide features a large, stylized hand in a dark red color, with a network of glowing orange and yellow nodes and lines extending from the hand towards the bottom right corner, symbolizing digital connectivity and global reach.

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