Cigref IT Supplier relationships Club | Working groups insights

Press folder for the Press conference held in Paris, June 20, 2018 [English version]

Since the early 2000s, Cigref has chosen to consider suppliers as partners and work with them to find solutions to the problems that its member major corporations and organisations might meet.

TROPHÉE **CIGREF** DE LA RELATION FOURNISSEURS

The IT Supplier relationships Club

The different working groups, one for each supplier with whom there is an established relationship, were grouped together in 2017 into the **Cigref IT Supplier Relationships Club**. This club is managed by Philippe Rouaud, Cigref Administrator, Technical Engineering and Information Systems Director at France Télévisions.

The club, which is led by a steering committee comprising all the IS managers from the different working groups, has an overall, shared vision of supplier relations that allows it to guide and confirm its actions better and make sure that they are consistent.

CIOs from EDENRED, ELIOR, ERAMET, FRANCE TELEVISIONS, LAGARDERE, LVMH, ORANGE, SAFRAN and SCOR Groups take part in co-steering the Club.

MICROSOFT

Dialogue around Office 365 and its persistent stumbling blocks

The working group "Relationships with Microsoft", that comprises 70 Cigref-member companies, has mainly worked on the Office 365 issue since contract renewal conditions on this Microsoft range were made stricter.

Discussions resumed recently after a year in which the managing team at Microsoft underwent a number of changes.

There are six persistent stumbling blocks:
- The more stringent sales and contract practices: "bonus-chasing" sales staff, overly long negotiations (6 to 18 months) and unbreakable contracts;
- The lack of predictable fees;
- The increase in the forced use of the Office on-premise version due to the end of support on older versions and a problem of incompatibility with the Cloud version;
- Compliance and shared responsibility on implementing GDPR;
- The request for a relaxation of linked sales practices (it restricts companies to acquiring solutions deemed to be useless and sometimes not yet mature);
- Reports of critical application malfunctions, the lack of maturity on certain products and services, specifically on security;

Companies describe software companies that are aware of their dominant position and are dismissive of customer concerns and requests.

Cigref represents EuroCIO at Microsoft EMEA

On behalf of EuroCIO, Cigref has also taken in charge of relations with Microsoft EMEA since the second semester of 2017. Discussions have been held on sales relations, contracts, licenses and products. They are fuelled by the problems raised by a panel of more than 150 German, Dutch and French companies.

ORACLE

Return to negotiations but no improvement on our demands

After an 18-month half, discussions reopened in November 2017, at the initiative of G. Karsenti, the then newly appointed DG, at a much-awaited meeting at Cigref. 84 Cigref-member companies and organisations are involved in the "Relations with Oracle" working group. The early and unexplained departure of M. Karsenti six months later, though viewed negatively by the participants, did not interrupt the dialogue.

We see two sticking points. On the one hand, there is the complexity of managing software assets in a virtual environment (especially with the non-recognition of soft-partitioning solutions such as VMware), due to the release of paid subscription options that cannot be locked by the company and thus the transformation of sales and license models (Java). On the other hand, inciting customer to subscribe to ULA (Unlimited Licence Agreement) contracts then Cloud ranges.

Furthermore, audits remain unclear for companies (measuring methods, scope, end of the audit, etc.) and are perceived as a means of inflating the software company's turnover.
Despite the efforts made by Oracle France in recent months, Cigref-member companies still express their defiance and are studying exit strategies via alternative or free proprietary ranges.

Cigref represents EuroCIO at Oracle EMEA

At a European level, Cigref (on behalf of EuroCIO), recently reopened negotiations with Jeb Dasteel, SVP & Chief Customer Officer, and Tino Scholman, VP Cloud (EMEA), following the publication of a joint Cigref/EuroCIO press release, but without conclusive results for the moment. Difficulties are related to virtualisation and the complexity of the contractual framework, as encountered by a panel of nearly 180 German, French and Dutch companies. These difficulties were fed back to the software company last November.

SALESFORCE
The multi-cloud integration challenge

In November 2017, the "Relations with Salesforce" working group was launched with around 30 user companies, focusing on four areas: recognising the software company's product strategy and roadmap, legal framework (contracts and licences), sales framework and structuring the services ranges and operational questions (geographical coverage, integration of IS architecture, etc.).

Our companies welcome the availability, transparency and the co-building approach shown by Salesforce. However, their growth by acquisition in order to reposition the CRM towards supporting digital transformation in companies has caused significant difficulties for the Cigref-member companies and organisations:

- The lack of business alignment;
- A failure to integrate solutions that comply with the multicloud range;
- A problem of sourcing quantity and quality and a lack of integrators and technical skills (architects, hybrid cloud, etc.).

The recent purchase of Mulesoft, the last independent software producer specialising in creating and managing APIs, is a clear sign of this integration strategy and multi-cloud positioning.

Today, Salesforce needs to get stronger in order to meet the requirements of these major accounts by developing its ecosystem. This aim was confirmed by Parker Harris, co-founder and product strategy CTO for the Salesforce group, when he came to Cigref in June 2018.

SAP

Mired discussion on the subject of indirect use

The "Relations with SAP" working group (72 Cigref-member companies and organisations) focusses mainly on indirect access: either the stepping up of audits on this form of access, as evidenced by the litigation SAP had against Diageo and InBev (Cigref press release in March 2018), or the announcement in April 2017 of a new payment policy that introduced the "procure to pay" and "order to cash" processes.

Despite its best efforts, the software company was not able to convince its customers to adopt the new model. Our discussions remain focussed on securing the contractual framework and clarifying indirect use, which companies feel are a sword of Damocles hanging over their heads. However, the SAP France and Group management team has shown itself to be approachable and pro-active, especially since Hala Zeine, SVP of Portfolio & Commercialization Strategy, came to Cigref in June 2017.

Furthermore, the April 2018 announcement and then presentation to Cigref of the new SAP price policy based on so-called "Digital Access" metrics have angered companies. They criticise the unsustainable monetisation of indirect access in the name of "protecting and remunerating intellectual property", with a major mark-up on metric conversions. They also deplore that SAP does not take customer situations into account despite seeming to soften its position in its speeches.
More and more companies state that they would like to drop SAP, although they feel trapped with the products concerned (heart of the business).

Challengers: 100% cloud-based service providers

AMAZON
Promises on flexibility held, but at what price?

With its "Web Service" range, Amazon is the number one challenger to Microsoft Azure that companies mention. Customers like Amazon's broad catalogue of services and its flexible and transparent fee structure, but not its rigid contracts.

Businesses pay attention to controlling costs in a tariff structure based on consumption. They have to meet the challenge of monitoring, cloud skills and reversibility. As such, they expect Cigref to start a regular working group with Amazon. Occasional but high-quality relations with Amazon meant that a few years ago we welcomed Jeff Bezos, Group founder and CEO, to Cigref.

GOOGLE
Disappointment feared

Well established with Google Suite range and its Google Cloud Platform, Google has a solid customer base in France and Europe (Airbus, Véolia, etc.) and broadly distributed technology partnerships (Atos, etc.).

After several high-level one-off meetings in recent years, Cigref and Google have decided to form a permanent working group with a first meeting taking place in the second semester of 2018. Among the subjects under discussion will be data protection, use and fee models, dependence and reversibility, the ecosystem (integrator and technology partners) and the workstation (mobility, identification, etc.).

ALTERNATIVE TO MAJOR IT PROVIDERS
Inciting businesses to take the leap into open source

In late 2017, Cigref launched the working group on researching and studying alternatives to major producers that it had announced on several occasions.

The working group, comprising 40 Cigref-member companies and bodies, promotes open source software as an alternative to the major producers. Indeed, some major providers' economic models seem unsustainable to their customers. Costs develop in an unpredictable way, prices are very variable depending on negotiations and progressive metrics lead to an increase in bills as companies become digitalized.

Furthermore, companies are looking for solutions that meet current challenges such as agility in the face of open innovation. They have no hesitation in collaborating and pooling investments in associations such as TOSIT and PGGTIE. Lastly, open sourcing is a lever for developing skills and attracting talent. Any developer needs to have a GitHub account in order to "exist" and have the possibility of being hired by the best. The recent buyout of GitHub by Microsoft is therefore not likely to reassure the open-source community or businesses, which have seen independent solutions drying up because of some major providers.

Companies also wish to use the solutions brought by digital transformation, which represent real technological levers. These solutions are usually open-source: artificial intelligence, analytics, big data, APIs, the cloud, IOT, etc.

Early feedback from the working group has highlighted that open-source software is mainly used in infrastructure, and to a lesser extent in business applications. By sharing their feedback and the bodies put in place to meet open-source ecosystem specifics, our members are equipping themselves with the means to push the lines of negotiations or get things done.