

2019
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Press folder

IT supplier relationships Club



For the past three years, Cigref has been running a press conference on relations between users and digital service providers.

In 2018

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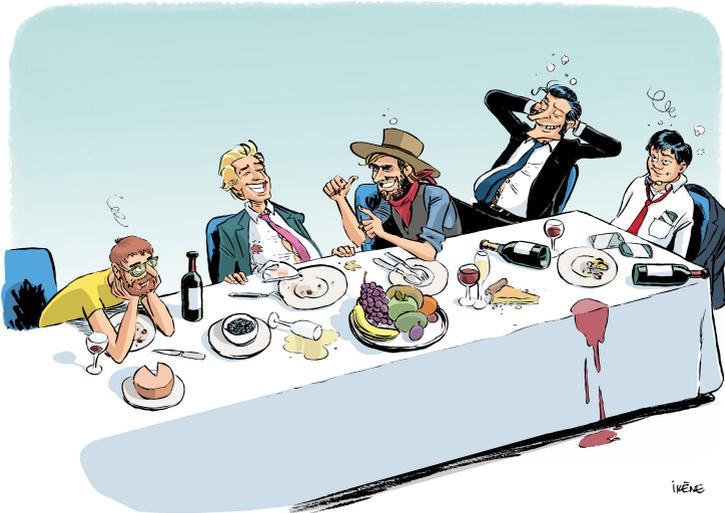
TROPHÉE CIGREF DE LA RELATION FOURNISSEURS



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In 2019

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In 2020

The Supplier Relationships Club consists of:

08

Working groups

557

Mobilised employees

AWS
Google Cloud
IBM
Microsoft
Oracle
Salesforce
SAP
Alternatives to major providers

Steered by the CIOs of the following groups:

VEOLIA
SAFRAN
LVMH
ESSILOR
ELIOR GROUP

LAGARDÈRE
GEODIS
FRANCE TÉLÉVISIONS
EIFFAGE
ORANGE

Editorial of the Steering Committee

For 3 years now, our steering committee of the Supplier Relationships Club has been meeting every quarter to allow the CIOs who make it up to share a situation report and their vision on the commercial and partnership strategy of the hyperscalers, which we follow through the meetings led by the Cigref, and within our companies. 2020 has been an exceptional year in many ways. Nevertheless, the working groups have continued, with a few adjustments to meet the most pressing demands of Cigref members, whose companies suddenly found themselves in the most contrasting situations. Many of our companies had to make urgent adaptations to the scope of IT services to cope with the sudden reduction in activity, or on the contrary, its explosion. This was done by managing in parallel the containment and generalisation of teleworking, and then the preparation of the "recovery".

It emerged from our discussions that companies have put significant pressure on their large suppliers to reduce IT spending over 2020. Most suppliers have played the game by granting payment facilities, but some costs remain untouchable, such as maintenance.

Thus, although undeniable and appreciated, the benevolence of suppliers during the crisis is only a temporary posture, in view of the commercial practices that remain. Covid-19 will remain a parenthesis in the improvement of the customer/supplier relationship, while its economic consequences and on the reorientation of

the investment projects of our companies will be sustainable.

The trend observed is that the relationship with our major historical partners is becoming less interesting. Contract negotiations and licensing discussions are taking precedence over substantive discussions on our digital transformation and business innovation projects. This is because any contractual neglect is an opportunity for suppliers to increase their turnover, without adding value to our companies.

The payment facilities granted to us, which are essential in times of crisis due to the reduction in cash in hand, are a short-term solution that does not resolve the structural imbalance in the business model of the major suppliers on perpetual licences and SaaS. We need to break the revenue recognition model based on permanent growth. It is our collective responsibility to question the value of the offer and its model.

Especially since even on the pay-per-use model, the search for revenue growth from cloud providers remains. Customers perceive this at their expense when renewing: the level of discounts is declining while the volume of purchases in the cloud tends to grow.

Under these conditions, our only negotiating levers as CIOs are the threat of competition (combined with a multicloud strategy to always have a backup channel) and the attention paid

to the choice of solutions. The lifespan, the business footprint, the guarantee of reversibility, are all indispensable criteria to be studied before signing.

Combating the practice of recurring supplier revenue, at a time when the turnover of our companies has (with a few rare exceptions) considerably reduced with the crisis, and when the optimisation of fixed IT costs is a necessity for everyone, remains the priority of the steering committee and Cigref. This is one of the key subjects of our 2020 press conference.

The Steering Committee of the Supplier Relationships Club

Cigref's coordination of working groups on relationships with digital service providers is in accordance with the association's social purpose, which stipulates, in particular, that Cigref's mission is to "share with members their experiences in the use of technologies" and to "make known and defend the legitimate interests of member companies...".



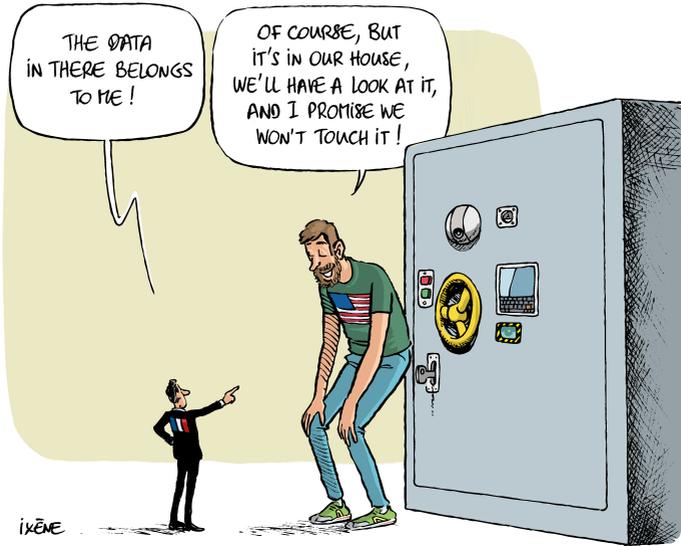
Chronicles

of supplier relationships



Chronicles

of supplier relationships



Relationships with AWS



Since October 2019, 8 meetings including 6 with the supplier:

AWS ecosystem

Analysis of the AWS contractual framework + FinOps approach

Migrating to the AWS cloud

IT at the service of business performance and innovation with AWS: contributions and areas for improvement in customer/supplier relations

Contractual framework & negotiation with AWS

Top 3 AWS services popular with customers: Managed Databases, AI and Datalake

AWS cloud migration and optimisation strategy



AWS sponsors: **Julien Groves**, General Manager France and **Stephan Hadinger**, Head of Technology

2019-2020 retrospective

The "AWS Relationships" working group was born in January 2019. After a kick-off meeting between members, we met the supplier for the first time in March 2019.

Despite an ambitious programme and the cooperation of AWS, the elusive nature of this supplier to the highly formal discourse is reflected in the relationship with Cigref: at the end of the 6 meetings held between November 2019 and June 2020 (of which half were postponed, and then cancelled, due to the December strikes and then COVID-19), organisers and participants are hungry for more. In fact, AWS is a major industry provider, but remains too focused on infrastructure with a very technical discourse. In addition, AWS and its parent company Amazon provoke very radical reactions: some are promoters (and know how to keep informed without going through Cigref) and others are fierce opponents (and will never attend the working meetings). Finally, AWS is one of the few suppliers to offer real pay-per-use with regularly lower unit prices, but paradoxically, customers are experiencing difficulties negotiating with this supplier.

The steering committee regrets the too low participation of Cigref members in the meetings (8 companies on average) with regard to the growing footprint of AWS in the organisations and the complexity of its offer and ecosystem. However, nearly 1/3 of Cigref member organisations are on the WG mailing list. This WG therefore has real potential that has not yet been unlocked, and we would certainly benefit collectively from increasing the number and diversity of participants. I am therefore calling on Cigref members! We are here to listen to you and adapt the content or format of the meetings with AWS to better meet your needs.

Relationships with Google Cloud



Since November 2019, 8 meetings with the supplier:

- Security & Compliance in Google Cloud
- Customer support: skills and adoption of Google Cloud services
- Google Cloud ecosystem: strategic and technological partnerships
- Data & Smart Analytics
- Evolutions of Google Maps Platform
- Special COVID-19 session on Meet, Cybersecurity & Google Cloud business continuity
- Infrastructure modernisation
- Applicative modernisation: serverless, Anthos, Apigee
- Collaborative & Productivity services

Plus 4 meetings "outside the WG", including two in the presence of Thomas Kurian, CEO of Google Cloud:

- Jan. 20 - Thomas Kurian's presentation to the **Cigref Board of Administration**
- May 20 - Google Cloud hearing in **the Digital Sobriety WG**
- May 20 - Google Cloud hearing in **the Supporting business in China WG**
- Jul. 20 - Thomas Kurian's presentation to the **Trusted Cloud Restricted WG**



Google Cloud sponsors: **Eric Haddad**, Managing Director France and **Bastien Legras**, Technical Director France

2019-2020 retrospective

Since its relaunch in October 2018, the working group remains tightly bound around a hard core of "loyal" participants with heterogeneous profiles. It is made up of both GCP (Google Cloud Platform) and/or G Suite customers, and prospects, all looking for information on the supplier's product roadmaps and practices, but with varying depth.

The 2019-2020 season was particularly prolific in terms of meetings with the supplier (12 in total, including interventions outside the framework of the working group) and content. The supplier's expertise and transparency in our meetings are also unanimously welcomed by the participants. Google Cloud's investment in the Cigref partnership is undeniable. Thus we welcomed Thomas Kurian, CEO of Google Cloud, twice in 2020. This access by Cigref to their top level managers demonstrates Google's investment in both business customers and the French market.

However, members are collectively subject to increasing tensions with Google Cloud, relating to their business practices. Negotiations are becoming harder insofar as Google is gaining market share and consolidating its footprint in our businesses. During the meetings, members expressed several times the current limitations of the relationship with Google. First of all, the frustration of the early adopters who notice a marked difference between the "honeymoon period" of the first contract (pilots, co-construction, co-promotion) and subsequent contract renewals. There is also a feeling of loss of appeal (and negotiation leverage) amongst "G Suite only" customers. Finally, there is a need to improve their knowledge of professional services, repackaged offers, the roadmap and product accessibility.

Relationships with IBM



Since November 2019, 7 meetings including 1 without the supplier:

New IBM licence and compliance audit policy: IASP programme

IBM open & hybrid multicloud strategy

Red Hat: strategy & market positioning, product roadmaps, convergence and synergy with IBM, customer impacts

Data value-added services + customers' feedback on OpenShift

IBM Licensing & Cloud Paks

Cloud Pak use cases

IBM infrastructure strategy and offers



IBM sponsors: **Agnieszka Bruyère**, Vice President IBM Cloud and **Thierry Villiers-Moriame**, Contract & Negotiation Manager

2019-2020 retrospective

The working group dedicated to relationships with IBM resumed its activities after a 3-year break, around the supplier's new positioning in licensing and on-demand services agreements. This resumption of activity took place at IBM's initiative, with members of Cigref happy to exchange information from time to time on IBM's licensing via the network up until then. Cigref also continued to receive IBM in other frameworks, such as the Artificial Intelligence Circle and the Quantum Computing WG.

However, the purchase of Red Hat by IBM in 2019, for a record sum of \$34 billion, was a real game-changer for clients. With this acquisition of the open-source software giant, IBM makes OpenShift the mainstay of its cloud strategy, a market in which it has fallen behind, and of the redeployment of its offers.

When the WG restarted, only 2 or 3 meetings were planned. These were intended to take stock of the two main topics identified: IBM's new licensing policy, including its IASP programme and the impact of the new Cloud Pak offers, and IBM's new open & hybrid multicloud strategy, including Red Hat's role.

The IASP programme was presented to us as a game-changer by IBM, which indicated to us that it was contractually waives its audit right in exchange for the entry of its clients into a continuous certification system, paid for by the client, with one of the 4 partners chosen by the supplier (generally a former IBM auditor). In this way, IBM wants to get out of the relationship difficulties associated with audits.

IBM has also, a long way in advance, shared its Cloud Paks, which introduce a new vertical pricing model. This involves repackaging IBM's historical product families. With time, products will only be hosted on Red Hat. Companies (and no doubt IBM!) still find it difficult to anticipate the impacts, including the financial ones, of this model change on pricing, licences and maintenance.

Due to the lack of maturity of the models presented by IBM at the end of 2019, it appeared essential for members to continue the meetings to refine their understanding and issue useful warnings. IBM is itself very demanding of customer reactions. The WG is therefore a good bet for continuing! Moreover, success is corroborated at each meeting, with about thirty diligent companies already belonging to the group.

Relationships with Microsoft



From November 2019 to July 2020, 8 meetings including 2 meetings without the supplier:

Microsoft annual major releases

Compliance of Windows 10 & Office 365 with GDPR

Privacy & GDPR

Skype for Business Vs TEAMS

Changes to Microsoft's licensing & consequences of the end of the Premier support contract and study of alternatives

Special COVID-19 session on the security of Office updates by VPN in split tunnelling

Office 365 multi-tenant governance

From "Premier" to "Unified" support contract

Microsoft O365 and Azure

Plus 3 meetings "outside the WG" :

- May 20 – Google Cloud hearing in **the Digital Sobriety WG**
- May 20 – Google Cloud hearing in **the Supporting business in China WG**
- Jul. 20 – Presentation by Bernard Ourghanlian, CTO & CSO and Laurent Schlosser, Director of Public Sector to the **Trusted Cloud Restricted WG**



Microsoft sponsors: **Cathy Mauzaize**, Managing Director, Key Accounts Division and **Olivier Chailloux**, Sales Director France

2019-2020 retrospective

Cigref has been running a working group on Microsoft since 1999. From the outset, discussions with the publisher focused on licensing, roadmaps, security, innovation, customer satisfaction, practices and business organisation for key accounts.

Since 2019, the WG has focused on exchanges between members, with the aim of limiting the duration of Microsoft's interventions (deemed to be too focused on marketing) and sharing their best practices in order to better negotiate and avoid the "pitfalls" of the publisher's licensing and business policy. At the end of 2019 and in early 2020, Windows 10 GDPR compliance issues monopolised the discussions with Microsoft. Then came COVID-19 and lockdown, which gave Microsoft an even more critical place in the IS of our companies and redefined, at least temporarily, the customer relationship. Indeed, many Cigref members highlighted and praised the responsiveness and resilience of Microsoft's solutions and teams, as well as the efforts of the sales teams to adapt projects and payment schedules.

However, Microsoft's commercial policies tending to push users to upgrade in software versions or to consume more, and the constant evolution of its licensing, remain a source of additional costs, budgetary uncertainties and therefore major irritation for members. Little opportunity is therefore given to Microsoft to talk about its innovations in our meetings, consisting essentially of SAM, Vendor Managers, Buyers or Legal Experts. We increased the number of experience sharing workshops between members in 2020 to meet the specific needs of these IT employees.

For several years, Microsoft has been one of the providers with the most information request campaigns, with the WG regularly bringing together the largest number of participants. These two signs speak for themselves.

Relationships with Oracle



From February 2019 to June 2020, 8 meetings including 3 without the supplier:

New Oracle JDK pricing, Cloud@customer

Oracle's commercial policy on JAVA and in the cloud

Second-hand software market (Softcorner presentation)

Insulating clause

Outlet of a ULA

Alternatives to Oracle JDK: IBM JDK, AWS Corretto, LINAGORA/OpenJDK

Oracle Cloud Platform (OCP) and Oracle's SaaS, PaaS and IaaS strategy + "Move to Cloud"

Customer support during the COVID-19 crisis + Oracle licensing

Reduce the maintenance flow



Oracle sponsors: **Karine Picard**, Country Leader France, **Karim Zein**, VP Technology and **Pascal Surugue**, Director Business Operations (until July 2020)

2019-2020 retrospective

After a break of almost 2 years in the dialogue between Cigref and Oracle, due to the unsolvable dispute relating to virtualisation with VMware, the WG resumed its activity in 2017, mainly on the subject of commercial policies and Oracle licences.

As for Microsoft, the WG is organised around: on the one hand, meetings with the supplier to discuss its latest news and to collectively pass on messages from members, and on the other hand, workshops for sharing experiences and good practices for negotiation or use between user companies.

In 2019, having had its fingers burned by the price increase generated by Oracle JDK's new licensing and the hardness of the audits, members wanted to expand the solutions for withdrawing from Oracle. However, it is clear from the latest round-table discussions with members that Oracle is gradually abandoning its disputed commercial practices in favour of an aggressive pricing strategy in the cloud. Oracle's recent practical partnerships with Microsoft and VMware are indeed having a calming effect.

Our 2020 programme was not greatly impacted by COVID-19 and the two meetings with Oracle in the 1st half of the year were aimed at clarifying Oracle's strategy on SaaS, PaaS and IaaS. Until now not well understood at Cigref on the subjects of innovation and the cloud, Oracle has developed very attractive Cloud@customer products and services for businesses.

Relationships with Salesforce



From November 2019 to July 2020, 7 meetings including 1 without the supplier:

- MuleSoft acquisition and integration
- Legal and commercial framework, Licensing
- Ecosystems & skills
- Professional support & key account services
- GDPR & reversibility (ODASEVA presentation)
- Dreamforce & the Salesforce cloud roadmap
- Customer 360
- Tableau
- The brand Einstein and the AI services integrated in Salesforce clouds



Salesforce sponsors: **Hervé Uzan**, Senior Vice-President & Deputy Managing Director France and **Kheira Boulhila**, Vice-President & Solution Engineering EMEA

2019-2020 retrospective

The working group on relationships with Salesforce was born in 2017 and has continued to strengthen in terms of the number of meetings and participants, and the quality of interventions and interactions, as the relationship with the supplier and between members has become established. The pace of our meetings has accelerated sharply since 2019, with the arrival of new dynamic partners invested in the partnership, and especially with the explosion of requests from Cigref members on Salesforce, in relation to its acquisition policy, the professionalisation of its key account services, its roadmap and the integration of its services, the development of its ecosystem and the necessary skills, etc.

The 2019 financial year is therefore committed to four priority topics, which were renewed in 2020: consolidation of ecosystems and skills around Salesforce solutions, the evolution of metrics and pricing, the evolution of cloud programmes, and use cases on cross-functional offerings such as Einstein.

Our 7 annual meetings barely cover the extent of these topics. So much so that a "Purchasing" sub-group was set up in 2019 to enable IT procurements and legal experts to discuss their specific issues more fully, away from the regular WG sessions.

Although the business relationship is generally good, some members regularly complain about the supplier's opacity regarding options and pricing (what is paid for or included), a certain lack of technical skills of the sales teams relating to solutions in the exploration phase or the pilots, a lack of involvement of the sales teams once the deal has been signed (even if the relationship and support remain at a better level than some major suppliers), the contract governance difficulties, particularly for international companies, the discrepancy between discourse and operational reality (availability or maturity of products, experts, etc.), and lastly the complexity of everyday processes and the disassociation of the monitoring tools on the Salesforce clouds. It will therefore be necessary to reactivate the Purchasing sub-group, which has not been active in 2020, in order to collect the requests to go back to the supplier.

In May 2020, our last meeting with Salesforce, relating to Salesforce's AI services, showed Salesforce's marketing around the "Einstein" brand. Recurring difficulty with Salesforce: solutions and models are not always mature, and the promise of value is not always demonstrated. In addition, support from Salesforce and its partners in the processes remains quite poor, compared to the integration services.

Relationships with SAP



Since April 2019, 4 meetings including only 1 in the presence of the supplier:

- Decryption of the new SAP license model and its digital access metric
- Review of the new 1-year licence model, 2025 to outlook & product/SCP roadmap
- Legal analysis of indirect access (IT Law Avocats presentation)
- Commercial and contractual news with SAP + S/4H migration project states
- Information on the VOICE Vs SAP case (intervention by Osborne Clarke)



SAP sponsors: **Laurence Barbaray**, Head of Presales and **Mathieu Prud'Homme**, Complex Deal Manager, Pricing Expert & Commercial Business Champion

2019-2020 retrospective

Since 2018 and the announcement by SAP of its new "Digital Access" licensing model, discussions between members of the working group, with or without the supplier, have focused primarily on the theme of indirect access and the search for clarification of metrics.

Rarely attended by representatives from SAP France, who are happy to simply deliver the Corporation's official communications, the WG has, since 2018, favoured the sharing of experiences between member companies and the search for external expertise on indirect access and good contractual reflexes to be adopted. In this regard, Cigref works closely with USF (the association of French-speaking SAP users).

The stabilisation of the Digital Access model in 2019 and the first use cases, the delivery of measurement tools allowing customers to analyse the impact of this new model on their costs, and the legal action of VOICE (our sister association in Germany) with the Kartellamt (the German competition authority) on the legitimacy of indirect access have all our attention.

The new Digital Access model remained the major topic in 2020, coupled with the theme of migration to S/4HANA and the pursuit of value. At the time of writing, SAP has not yet appeared before the WG this year. The only WG meeting in the 1st half of 2020 allowed members to report on their commercial/licensing news with SAP and the status of their migration to S/4HANA project, and then welcomed VOICE's legal counsel (the firm Osborne Clarke) to present and discuss VOICE's current legal approach, which we have been told is based on abuse of its dominant position with regard to some of its commercial practices, limiting interoperability.

These discussions revealed that SAP recently launched compliance audits, despite the COVID-19 economic context. In order to promote the emergence of a market standard, a standard audit framework clause and protocol (in French and English versions) was thus shared between members. Many people asked questions about the Managed Partner Cloud programme. Faced with customer reluctance to enter the Digital Access model, it seems that the Single Metric is the proposal developed by SAP as an exit door, through case-by-case negotiations and a metric that may differ depending on the customer. With regard to S/4HANA migration, most customers are adopting a wait-and-see attitude, as the cost of the project seems too high to them in terms of perceived value.

Alternatives to major providers



Since february 2020, 6 meetings on the following topics:

Overview of collaborative tools in business (owners and open-source), scope & criteria of the value in use of a collaborative suite

The working environment during lockdown (special meeting)

Emergence of open source collaborative suites, deployment, impacts, cohabitation, proprietary suites

Migration process & transition management

Organisation & governance, continuous change management

Regulations & security of publisher and open source solutions

2019-2020 retrospective

After an initial report published at the end of 2018 on Open source, an alternative to major IT providers, the "Alternatives to Major Providers" working group decided in 2019 to take an interest in the office and collaborative suites market, in the hands of the Google Cloud/ Microsoft duopoly.

The WG also capitalises on the lessons learned within the "The 5-year evolution of the working environment" working group, and its eponymous report published in January 2019. It is intended to study the landscape of collaborative suites, based on their use values, and to study the conditions for the emergence of alternative solutions.

Today, the conventional desktop solutions market is divided into 3 almost even market shares between Google Cloud with G Suite, Microsoft with Office 365, and a multitude of solutions some of which are open-source. Access to open-source solutions is actually a recurring demand from companies, who are showing a willingness to take this technological shift into account.

However, the digital workplace faces 2 difficulties: on the one hand, there are few standards on the bricks constituting the working environment, and on the other hand, collaborative software suites, which have a direct and significant impact on the work of employees, call for every precaution to be taken when a change or migration to another (or alternative) publisher occurs.

Based on these findings, the "Collaborative Suites: Use Value and Future" WG has met 6 times since January 2020 to identify and study the various enterprise collaboration tools, and to assess their use value as well as the conditions for the emergence of alternatives to the collaborative software suites that have the monopoly, such as Office 365 or G Suite. The WG also emphasises the conditions for implementing these alternatives (change management, cultural, technical and organisational aspects) and determining the criteria for adopting these offers (reliability, security, compliance, interoperability, etc.).

Supplier relationships seen from Europe

2019-2020 retrospective

EuroCIO and European associations



Cigref, in partnership with EuroCIO (European association that it helped to create 10 years ago) and other national user associations, handles: on the one hand, relationships with suppliers across Europe, and on the other hand, relations with the European Commission, on issues relating to competition, data protection, skills, etc.

Since January 2020, cooperation with the Belgian (Beltug), Dutch (CIO Platform Nederland) and German (VOICE) associations has intensified. Very active in supplier relationships, these associations coordinate collective intelligence work and have influence approaches very similar to those of Cigref. One of the objectives of this cooperation is to establish a more regular dialogue with the representatives of the European Commission (in particular the Competition and Internal Market Directorates) in order to provide them with information on the abusive practices of hyperscalers that reduce competition and competitiveness on the IT market.

The four associations obtained and organised together a (virtual) meeting with representatives of the cabinet of Margrethe Vestager, European Commissioner for Competition, to present the difficulties faced by user companies, to comply with the GDPR and to reduce the technological, legal and commercial locks put in place by suppliers.

The participation of the four associations in projects with a European scope (sometimes initiated by the Commission), such as SWIPO or GAIA-X, are now the subject of monthly information and coordination points, including the presidents of the four associations, in order to better align the positions taken vis-à-vis external players and the information provided to their respective members.

With this in mind, the associations have coordinated the organisation of a European information meeting on GAIA-X for user companies and the response to two Commission consultations: Digital Services Act and New Competition Tool.

GAIA-X - Trusted cloud in Europe



On 4 June 2020, French and German ministers Bruno le Maire and Peter Altmaier inaugurated and presented the GAIA-X European data infrastructure project, which must soon connect the data of companies and organisations in Europe. It is supported by 22 French-German companies, including 3 members of Cigref: EDF, AMADEUS and SAFRAN. These 22 companies - users and digital service providers - form the founding members of the international association (the "GAIA-X Foundation") that manages the project.

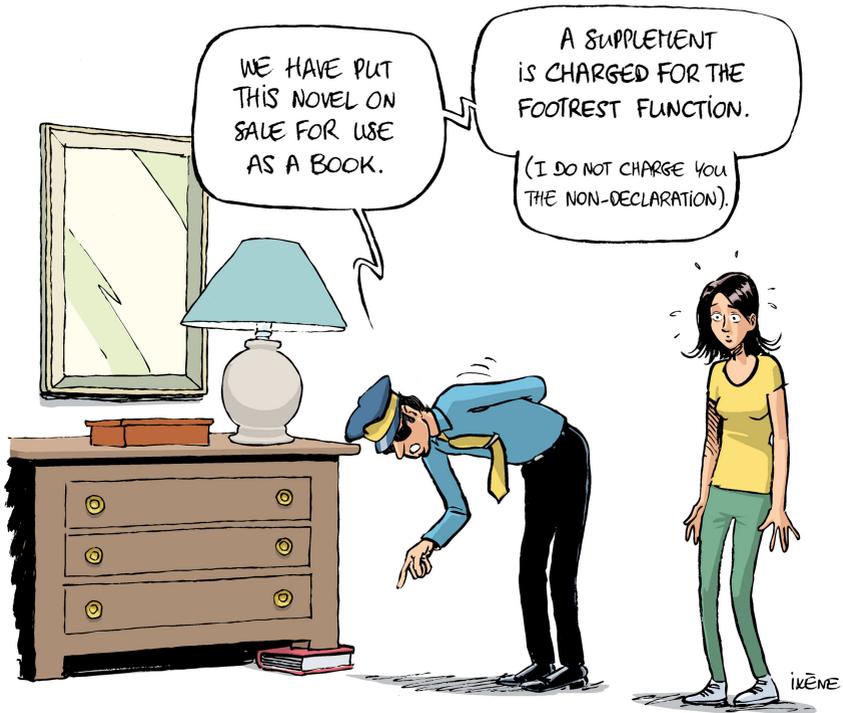
GAIA-X ambition is to provide an alternative to the US cloud giants, emphasising the respect for European values including transparency and interoperability. The infrastructure architecture is public and use cases in health care, agriculture, mobility and energy are being developed.

Unlike SWIPO, Cigref has invested heavily in the project from the outset, at the request of the General Directorate for Enterprises, in order to defend the interests of users and ensure their balanced representation within GAIA-X. This investment took the form of active participation in discussions on the strategic ambitions, governance and operations of GAIA-X. Use cases requiring the trusted cloud were presented to illustrate possible applications. Knowledge of the technical and legal specifications identified during the "Trusted Cloud" Restricted WG enabled them to be integrated into GAIA-X DNA.

Although Cigref is not intended to join the GAIA-X Foundation, its role is to inform its members about the progress of this structural approach for the future of the cloud in Europe, to mobilise its members and to pass on the messages.

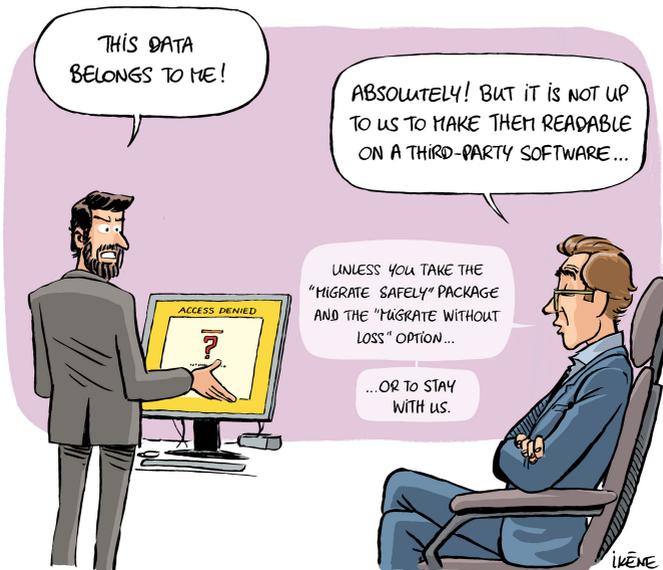
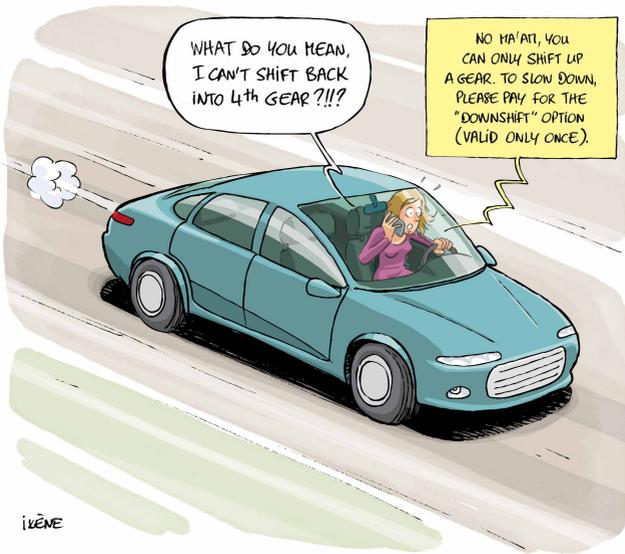
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Cigref

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Succeed with digital

21 av. de Messine, 75008 Paris

+33 1 56 59 70 00

cigref@cigref.fr

www.cigref.fr

