**Introduction**

United Kingdom is a world leader in the field of Information technology services.

Information technologies have had a great impact on the way in which information is gathered and processed, but their impact on the structure of the organizations has been rather limited.

By the end of the twentieth century, progress in information technology (IT) had become the strongest and most pervasive force for strategic change in businesses throughout the world.[[1]](#footnote-1)

This paper analyzes the strategic development «Computacenter, plc.» Computacenter is Europe’s leading independent provider of IT infrastructure services.

Computacenter plc is the parent company of a group of European companies which provide computer services to public and private sector customers. Despite the spelling of the word «center», it is a UK company based in Hatfield, Hertfordshire.[[2]](#footnote-2)

The company is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index.

Set up by British Harvard graduates Philip Hulme and Peter Ogden in 1981, who are both still involved in the group's management.

Computacenter today has over 10,000 employees across Europe and Group revenues of over £2.5 billion.[[3]](#footnote-3)

The mission of the company

«To deliver IT services and solutions that enables our customers to achieve their goals».[[4]](#footnote-4)

The strategy of the company

«Our strategy is to achieve long-term earnings growth. To help measure our success, we have five key strategic initiatives against which to benchmark our performance».[[5]](#footnote-5)

The main activity falls into the broad categories:

# Outsourcing:

* Infrastructure management
* Application management
* Service desk
* IT Security
* Managed Hosting
* Dusaster recovery
* Asset management
* Support and Maintenance:
* IMAC
* Resources on Demand
* Datacenter maintenance
* Datacentre Technology Optimisation:
* Datacentre Current State Assessment
* Infrastructure Discovery and Analysis
* Data Classification and Tiering
* Server and Storage Virtualisation
* Server and Storage Consolidation
* Software Optimisation
* Commercial Solutions:
* Supplier Management and Rationalisation
* Web shop and e-Commerce Integration
* Advanced Order Management
* Leasing and Technology Finance
* Capacity on Demand and Utility Infrastructure

Computacenter is ISO 9001:2000 certified by the British Standards Institution. The ISO standard provides the framework that underpins the 'Service Excellence' commitment and ethos of the organization.[[6]](#footnote-6)

Computacenter has subsidiaries in several countries: United Kingdom, France, Germany, Belgium, Luxembourg and Netherlands, and its partner network extending its coverage to over 120 countries worldwide.

The main customers include: Deutsche Bank, Logica, Marks & Spencer, British Telecom, BAA, Reuters, Unipart, Channel 4, BMW Group, EDF.

Key metrics 2009:

Group revenue £2.50 billion (2008: £2.56 billion)

Profit before tax £54.2 million (2008: £43.1 million)

Earnings per share 27.7 pence (2008: 21.0 pence)

Group annual services contract base grew to £503.6 million, at constant currency

There were two successful acquisitions during the year: Thesaurus Computer Services in UK and become in Germany.

1. **Strategic Corporate Development History**

History of Computacenter

|  |  |
| --- | --- |
| 2010 | The company received ‘Daimler Supplier Award 2009’Computacenter won contract with Cisco Enterprise PartnerComputacenter receives IBM Certification for Dynamic Infrastructure Skills |
| 2009 | Computacenter services contract base grew over 9% to £503.6mln  Computacenter achieved a net profit of £40mln |
| 2008 | Computacenter won contract with Marks & Spencer and BMW Group, which increased contract base 7.5% |
| 2007 | The company won the five year contact with the largest provider of fixed telephony in the UK «British Telecom». Contract worth £200mln |
| 2006 | The company extended their service facilities with different service desk capabilities in Spain and South Africa through the acquisition of Digica Ltd. |
| 2004 | Services business continues to grow across Europe.  The company won a five year contract with Finanz Informatik GmbH & Co. KG in Germany, which provides IT services to the banking institutions. |
| 2003 | The acquisition with GE CompuNet in Germany and GE Capital IT Solutions Austria  The company won outsourcing contracts.  A five-year contract with Abbey, the main point of which is to manage their desktop infrastructure. This contract valued at £70 mln.  A three-year contract with HBOS, the aim of which to manage 35,000 desktops, it’s |
| 2002 | There was launched the new Solution Centre – it was one of the first facility in the UK to offer multi-vendor proof of concept and testing services.  The company became Sun's Service Partner of the Year.  In this year Computacenter became 'Service Partner of the Year 2001' at the Sun Partner Awards ceremony  Computacenter won top Enterprise Accreditation. In this year Computacenter became the first infrastructure services partner to be awarded a new Enterprise Service Delivery Partner (ESDP) by Compaq. |
| 2001 | Sun awarded Computacenter its Breakthrough Partner of the Year award for 2000.  The company is awarded BMC's EMEA Partner of the Year for BMC's 2001.  There was the acquisition with GECITS UK & French business |
| 2000 | Computacenter won the 'FMCG and Capital Goods Distributor' of the year |
| 1999 | Computacenter renewed its contract with British telecom for the next three years  Computacenter Belgium was established and acquired RDC, a UK-based IT disposal services company |
| 1998 | The company successfully floated on the London Stock Exchange. The leading UK company, Proshar, awarded Computacenter as «Best Involvement and Innovation for Employee Share Ownership» in the United Kingdom |
| 1997 | Computacenter UK revenues exceed £1 billion  The company was voted European Reseller of the UK, and the most innovative approach to customer support in Europe |
| 1996 | Computacenter achieved a UK turnover of £804,5mln with net profit of £25mln.  The company staff levels have increased by 40% from 1,510 to 2,099 and supplies over 245,000 PCs over the year in the UK. |
| 1995 | Computacenter achieved a turnover of £500 mln, and employs approx. 1500 people and won one of the largest desktop contract with British Telecom.  Computacenter France became a wholly owned subsidiary of Computacenter. |

Despite a partial slow-down in the UK economy, demand for IT systems and services remained strong in 90’s.

The Comptacenter 's success is the direct result of a strategy of sustained high investment in the development of the services capability. The state-of-the-art facility was intended to be the source of significant competitive advantage.

Computacenter commercial success depends on the quality of the service and that, in turn, depends on the quality, training, and motivation of the staff.

Computacenter continued to invest across all of its businesses, consolidating its position as the leading supplier of distributed IT and related services to the European corporate and public sector marketplace. During 15 years Computacenter won a number of different contracts with major players if IT industry in Europe.

I want to point out that there were a big number of different acquisitions due to Computacenter became the most significant provider of IT infrastructure products and services in the United Kingdom and in Europe. The focus clearly was and remains on investing for growth in Computacenter existing businesses. Much of Computacenter’s growth was due to expanding relationships with existing long-term corporate customers. The quality of service that they deliver to both new and existing customers is the overriding factor in the success of the business.

Computacenter’s ability to deliver value through its entire range of services, combined with e-commerce capability, constitutes a significant competitive advantage. All things considered, it can be concluded that Computacenter followed the same strategy during the 15 years. During this period Computacenter made further progress in strategic initiatives aimed at ensuring long-term earnings growth.

1. **Current Strategic situation**

Information technology (IT) industry has become of the most robust industries in the world. IT, more than any other industry or economic facet, has an increased productivity, particularly in the developed world, and therefore is a key driver of global economic growth.[[7]](#footnote-7)

Market figures show that in Western Europe in 2009, IT infrastructure outsourcing increased by 3 per cent and is expected to increase by 4 per cent in 2010.[[8]](#footnote-8)

## IT is one of the most rapidly evolving, widely used, and pervasive high technologies in the world today. Understanding the general trends in the IT industry is important when giving advice on which technology to invest in. The invention, creation and widespread application of IT effectively spurs the integration of hardware manufacturing with software development, goods production with service management, and the real with virtual economy.

Although the IT industry has been faring better than others sectors, it is by no means immune to the current downturn.[[9]](#footnote-9) See Appendix 1 worldwide spending on IT.

IT-industry analysis (Porter’s Five Forces)

Porter’s Five Forces can be used to understand how profitable a target industry might be and to understand the forces impacting upon the current industry’s profitability.[[10]](#footnote-10)

Appendix 2 shows us the main power of suppliers and buyers, threat of substitute, new entrant threats and supply market rivalry. Comprehending the forces that shape IT-industry competition is the starting point for creating strategy. Every organization should know what the average income of its industry is and how that may change over time.

The key to growth and survival, according to Porter, is to use your knowledge of these five forces to «stake out a position that is less vulnerable to attack from head – to – head opponents, whether established or new, and less vulnerable to erosion from the direction of buyers, suppliers, and substitute goods.»[[11]](#footnote-11)

External macro-environment analysis (PEST analysis)

To analyze current situation we can use PEST analysis. The PEST analysis is a framework that strategy consultants use to scan the external-macro-environment in which a firm operates.

PEST is an acronym for the following factors: Political, Economic, Social, Technological. PEST factors play an important role in the value creation opportunities of a strategy. However they are usually outside the control of the corporation and must normally be considered as both threats and opportunities. We should take in mind that macro-economical factors can be differ per continent, country or even region, so normally a PEST analysis should be performed per country.

* Political

International regulations

Concerns about environmental issues

Concerns about energy utilization

The government view the IT sector as an important engine of economic growth

The market may be impacted by lower Government spending on new infrastructure

* Economic

Currency Fluctuation

Unemployment Rates

Increase of Interest rates

The market is expected to remain highly competitive

Exchange rate movement

Economies of scale for the information technology industry are high

* Social

Lifestyle changes

Concerns about ‘disposal society’

IT user population are becoming ever more sophisticated and demanding in their use of IT technology

Availability and quality of IT talent

* Technological

Change in hardware

Server virtualization

Innovation

Broadband networks are becoming increasingly essential

Competitive advantage of Computacenter

When a firm sustains profits that exceed the average for its industry, the firm is said to possess a competitive advantage over its rivals. The goal of much of business strategy is to achieve a sustainable competitive advantage. According to the Competitive Advantage model of Michael Porter, a competitive strategy takes offensive position in an industry, in order to cope successfully with competitive forces and generate a superior Return on Investment.

In keeping with M. Porter, the basic of above-average performance within an industry is sustainable competitive advantage. There are two basic types of competitive advantage: cost advantage and differentiation advantage. Cost advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost. And this is also one of most important competitive advantages for Computacenter.

Cost leadership is perhaps the clearest of the generic strategies. The sources of cost advantage are varied and depend on the structure of the industry. Computacenter drives down cost as low as possible to ensure that price are the most attractive to their customers. And in order to achieve this advantage, the company combines services and solutions to best practice processes. In the other words, Computacenter helps their clients make business sharper by removing cost, complexity and barriers, using over 25 years’ of practical IT ‘know how’. The company is an above-average performer in its industry, at equivalent or lower prices than its rivals.

Appendix 3 illustrates how the company positioning themselves.

Competitive advantage of Computacenter:

* Delivers the right solution for consolidation. has considerable track in delivering consolidation projects.
* Can implement migration projects at lower cost, with less risk and more quickly than competitors
* Has consultants accredited to the highest level with all major datacentre vendors such as IBM, SUN, Oracle, HP, Redhat, SuSE, Veritas, VMware, EMC, NetApp and HDS[[12]](#footnote-12).
* Knowledge, experience of deploying infrastructure management, skills and flexible methodology
* Vendor-independent organisation
* Consultancy capabilities cover all leading software and infrastructure vendors in the field of data
* Direct relationships with over 1,100 software vendors
* Hold more than 200 accreditations.

For several years the Group’s strategy remains unchanged. The group’s success is the direct result of a strategy founded of high investment in the development of the services capability over a number of years. Ongoing investment in staff reflects commitment to their goal – maintaining the position of market leader.

Computacenter sticks strategy that is stable and flexible, and can respond to the changing needs of the market. The company is continuing to pursue a strategy of growth in their activities to achieve economies of scale.

A leading presence in each of the major European markets for IT products and services, Extending presence in markets that offer greatest growth opportunity remains a core priority of Computacenter’s strategy.

1. **Strategic direction for the future**

In a world where IT is increasingly important to business success, today’s organizations look for a trusted partner to help them realize competitive advantage from technology. It is fact that there needs to be a good quality product to successfully growth any product. Quality control and customer service are important to increase sales volume to grow a company.

Based on the research and analysis in the previous chapters, I’ll try to explore a limited range of choices available to the company for the future. Firstly I want to consider the opportunities and threats for Computacenter.

Opportunities

* Constantly growing demand for a IT service and occurrence of new clients
* Development of new products and introduction of new types of service both for constant clients, and in order to attract of the new clients
* High ability of the employees to improvement of professional skills that allows to introduce quickly new technological decisions in a production cycle.
* To investment in a programme to expand current facilities
* Extending presence in those markets that have the greatest growth
* Potential for disruptive innovation

Threats

* An inability to adapt service offerings to customers that may lead a failure to compete
* Wrong definition of customers needs
* Compete successfully with the current off-shoring trend
* Threat of slowdown in demand from corporate customers
* Growth impairment of the market
* Occurrence in the IT market of new competitors with more favorable conditions of service
* Falling of demand for separate types of service

Information technology industry represents both a threat and opportunities. Take into account history development of the company and current strategic situation we can conclude that all strategy that the company follows is build on organization’s own capabilities. Organic development was the primary method of strategy development.

Computacenter should continue to follow the same method of development, because there are a lot of supporting evidence. Firstly, highly technical products and services available for themselves. May be some acquisitions are necessary in order to create new market opportunities. Secondly, knowledge and capability development. And lastly, the company invests over time, reinvesting profit into business, thereby avoiding the need for outside investments.

Recommendations for the future strategic direction:

* Expanding business and increasing turnover by carrying on doing what you are doing.

Computacenter may move to new different regions but still using original business model. In this way growth rate is natural.

* Computacenter should selling products in new geographic areas, or using new sales channels.
* Continue to Improve customer service
* Defending the relationships with existing customers
* Expanding the range of product offerings
* Investing in technology to assist with growth
* Expanding and optimizing the distribution network
* Improving overall efficiency

**Conclusion**

The goal of the assignment was to explore strategy of the Computacenter.

By considering corporate development history and current situation strategy, it became possible to identify direction for the future. Opportunities and threats for Computacenter have been estimated, basing on the analysis of IT-industry (using Porter’s Five Forces) and macro-environmental analysis (using PEST framework). According to the results of researches were given recommendations for the future strategic direction.

## analysis strategic computacenter threat

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