

CGI: 30 years later

Direction Informatique

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16/06/2006 – CGI was founded on June 15, 1976, with a contract from Quebec's Ministère des Affaires sociales in its order book. Thirty years later, CGI employs 25,000 professionals, and its sales top \$3.5 billion. An exclusive interview with Serge Godin, the company's founder and executive chairman.

In 1976, Serge Godin was mandated by IST Group to carry out a market study assessing the potential for a division offering professional computer services. The analysis he carried out at that time fully supported the creation of such a division. Nevertheless, concerned about the objectivity and independence of the consultants involved, Godin recommended that such a division be formed outside the structure of IST which, at that time, was "selling" machine cycles, a computer-related business activity that might be called a forerunner of outsourcing.

IST was interested in the idea but wanted Godin to head a division offering computer services in its Quebec City office under the supervision of the person selling machine cycles. "The next day, I quit; I just didn't buy it," reports Godin, who believes strongly in the importance of objectivity as a matter of principle.

A few months later, convinced the idea had merit, Godin founded Conseillers en Gestion et Informatique (Information Systems and Management Consultants) (CGI) with a contract from the Ministère des Affaires sociales du Québec to manage a project developing information systems to support labour negotiations in the social affairs sector. That first year the company posted sales of \$138,000.

On October 18, 1976, Godin was joined by André Imbeau, a long-time personal friend, to help with the company's second contract – managing the computerization of student records for the Université du Québec's network of universities. "It's interesting to remember that it wasn't always easy to recruit people," says Godin with a laugh. "We were launching an information services consulting company, and very few were jumping on the band wagon. The only people who wanted to join us were those who knew us well." Other contracts were added in the following months, brought to them by personal friends with whom they had gone to school.

In 1977, CGI's first "real" office opened in Quebec City. The following year, they were joined by Jean Brassard, who opened their first office in Montreal. In 1979, the company generated its first million dollars in sales.

The rest is now history. Thirty years and eighty acquisitions later, CGI now employs 25,000 professionals in some one hundred offices in sixteen countries. The company generates sales of \$3.5 billion.

“About 50 percent of our development has come from internal growth and 50 percent from acquisitions, primarily since we became a publicly traded company,” continues Godin. CGI went public in 1986, taking advantage of the Quebec Stock Saving Plan (QSSP) created a few years earlier by then Finance Minister Jacques Parizeau. The capital raised through that public offering funded the acquisition of BST, a company where Godin was once employed.

Godin explains that the company had to grow through acquisitions to achieve the critical mass needed to obtain major contracts. “In 1992-93, we had some basic clients with whom we had been working for years on highly strategic projects, and when the day came when those clients decided to completely outsource their IT, we were not even considered,” says Godin. “Even though we were earning high scores of 9.9 out of 10 for the quality of our services, without the critical mass, we were not even invited to bid.”

The acquisitions experience gained over the past twenty years has enabled the company to refine its integration practices. It has set in place a process recognizing the professionals already employed by the acquired companies while at the same time encouraging them to adopt the basic values of the company and integrating the processes that have made CGI’s reputation and enabled it to achieve ISO 9001 certification.

CGI will continue to pursue this growth strategy in the coming years, according to Godin. Indeed, to serve clients that are developing their businesses around the world, CGI is considering acquisitions outside North America. “Of our 100 biggest clients, 65 do business in both North America and Europe, and 32 are active in Asia-Pacific.” To meet the global needs of these international clients, CGI plans to develop its critical mass on other continents.

After thirty years, these challenges are exciting to Godin, who still enjoys coming to the office each morning knowing that every new contract allows CGI professionals to benefit from new career opportunities. “It’s win-win,” he concludes. “It’s the smiles of the people here, who face new challenges with every new contract, and it’s the satisfaction of clients who benefit from our helping hand. That’s what drives me.”

Read the entire interview with Serge Godin in the July-August issue of the magazine Direction informatique.

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