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Schuberg Philis

*In a world rife with opportunism and promising more than it can deliver, 100% is hard to believe.
Because it is unconditional. Full commitment, without concessions or restrictions.*

100% is binding.

All the way.

It has no shades of grey, not one millimeter of slack.

100% is absolute magnificence.

And it is rare.

Our model and our approach work and will continue to work, even as we grow.

We will always keep putting our people in the frontline, in small independent units and with short communication lines.

In dedicated teams that place a central focus on the customer.

Complete commitment.

No concessions, no restrictions.

All the way.

100%.

— Schuberg Philis

In the early morning of December 10, 2010, Gerwin Schuring, one of the three owner directors of privately held Schuberg Philis (SBP), a Dutch IT service provider, pulled into the parking lot of his firm's headquarters in Amsterdam. He was relieved to see the BMWs of his two codirectors, Pim Berger and Philip Dries, among the few neatly parked cars. The three of them had already had their share of heated discussions this week, but an e-mail from last night was about to add further fuel. Having found their common office empty, Schuring strode across the open office space on the first floor and nodded to a few engineers looking up from their screens. Having no luck in finding his cofounders in the firm's high-end cafeteria restaurant, Schuring decided to help himself to a coffee and wait for them.

Watching the chef on duty prepare scrambled eggs behind the bar, Schuring realized how far they had come since they started out with just a handful of professionals in 2003. SBP had become a well-known player in the Dutch information technology outsourcing (ITO) industry, due in part to a yearly customer satisfaction survey that placed it ahead of industry players like IBM or Capgemini. It had also grown to a 150-professional firm with revenues in 2010 of €42.5 million (up 21% from 2009) and a 10% net profit margin (see **Exhibit 1** for key financials).

Schuring liked to think that SBP's 100% customer-focused nonhierarchical teams of engineers were the reason for its success. The downside of the firm's fast growth had been periods where high

Professor Thomas J. DeLong and Assistant Director of the Europe Research Center Daniela Beyersdorfer prepared this case. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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workload levels made it increasingly difficult to meet its self-prescribed quality requirements while maintaining the original company spirit. After seeing burned-out engineers over the past few months, a minor incident earlier in the week had prompted the directors to pause. At a private Saint Nicholas party over the weekend, an engineer's wife had complained about the strain that SBP's self-imposed pace had put on her family. For the directors, this had been the last straw. The three of them had debated whether they should introduce changes to their company's structure and ways of working, or whether they should begin to say no to new clients until they had worked through the backlog, or both.

Last night's e-mail would without doubt cause further tension. Royal Philips Electronics of the Netherlands (hereafter Philips), a perfect fit as a customer and on SBP's wish list for a long time, had approached them for a project. Knowing that Philips expected an answer today, Schuring hoped a chat with Berger and Dries would bring some clarity on whether or not they should accept the request.

Building a "Different" IT Service Provider

The IT Outsourcing Industry

By the end of 2010, almost fifty percent of all Dutch companies outsourced all or part of their software development, IT, and/or Internet-related work to external IT service providers. According to a Dutch survey, the companies' main motivations to outsource IT were to reduce operating costs, gain access to qualified IT resources, focus on core business expertise, and reduce time to market. While the majority of the surveyed companies said that outsourcing had been the right decision, many blamed service providers for not delivering on their promises.¹ (See **Exhibit 2** for selected outsourcing problems.)

ITO providers came in all shapes and sizes, from mammoth IBM-type companies to small boutique firms. Many of them offered a "three-line" (or three-tier, three-level) support, customer service model. In this system, "first-line" help desks or "frequently asked questions" sections supported customers with problems at their first contact. "Second-line," more-qualified problem analysis resources only became accessible to customers with more complex issues. Finally, "third-line" expert resources with specialist knowledge were even further removed from the customer. In addition, ITO providers' teams often specialized by project phase. A sales team handed over a project to the team building the solution, which subsequently passed it on to the team running it and to the one maintaining the solution. Berger said:

We've experienced the three-line approach and specialized teams in our previous careers and did not find them optimal. The senior engineers who can actually make a difference are hidden from the customer. Fights start between teams on who owns the customer, and knowledge gets lost during handovers. In large service firms, we often saw people more focused on becoming partner than on customer service. In the end, no matter how hard we worked, customers often were unhappy. We wanted something different.

Schuberg Philis's Origins

Berger opined on his career:

¹ Categories of outsourced functionalities included application development and maintenance, server maintenance and remote IT infrastructure management, IT security, website and e-commerce systems, etc. (Source: "European ITO Report 2011: The Netherlands," March 2011, www.itsourcing-europe.com/uploads/Dutch_ITO_Intelligence_Report_2011.pdf, access Sept 2011)

I started at a young Dutch IT firm and took evening classes for a university degree. During my long assignments in large client firms, I also saw how they did business. At the age of 28, I was promoted to business unit manager. Soon thereafter, we were taken over by a larger firm. I had to integrate one of their largest divisions. I managed hundreds of people, sat in important board meetings, and had a good salary, which I found pretty cool in my early 30s. But I missed meeting with clients. I hated the politics and power games. I asked my wife if it was all right with her if I left, and she said I should've quit sooner.

In early 2001, Berger joined a small U.S. provider of managed web-hosting services with the charge to build up its Dutch subsidiary. Berger recalled, "On my starting date, I got a call from my former colleagues Dries and Schuring, who asked if I would start a company with them. I could not see myself starting out of a garage, so I invited them to join me instead." A few months later, their company was acquired by a larger U.S. firm. Berger said, "So in mid-2001, I found myself again trying to integrate about 200 people from different entities." In early 2002, as a result of the collapse of the dot.com bubble, the U.S. firm filed for bankruptcy and downsized its European operations. Berger recalled, "Our Dutch entity was one of the most successful. With Gerwin and Philip, we had recruited our first large client, a U.S. automotive online marketplace, after only three months. So when many of the other subsidiaries got sold, we thought, 'Why not do a management buyout?'" To Berger's surprise, the firm's clients encouraged their plans. Berger said:

We wanted to build our company for the long term and focus on 100% quality instead of growth. And we wanted to do whatever it took to make our customers happy, starting with never selling anything we couldn't deliver, and putting senior engineers in contact with clients. So we scrambled our personal money together and took out loans, and bought the firm in 2003. And the three of us still own it, except for the approximately 10% of shares that we offered to our first 30 employees for the risk they took in joining us.

Berger admitted he would not have started the company without Schuring and Dries, "We share the same confidence and passion about what we do. I believe in combinations of three people, in disequilibrium. We are quite complementary and play to our strengths: Gerwin took on the sales, Philip the human relations, and I general management. And we can shuffle in each other's garden as long as it is for the best of the company."

SBP focused on a niche of the ITO market, "We specialized in outsourcing mission-critical parts of the customer's IT infrastructure. For example, for Rabobank, we ran the IT infrastructure of its international online banking operations. We promised a 100% functional availability of its online banking services," explained Dries. He added, "During our first few years, everybody around us, former colleagues, friends, business partners, kept saying, 'You guys are crazy; that promise is impossible to achieve.' But if you want to make your clients happy, no other standard is possible."

SBP began on a progressive growth path, adjusting directions from time to time. By 2007–2008, the senior team felt that energy levels had dropped. Dries recalled, "The engineers in one of our largest teams started to settle for 'good enough.' Gerwin surmised that most of them did not meet with the client anymore."

By 2010, SBP had built up a customer base of large and medium-sized corporations (see **Exhibit 3** for selected clients). The company, for example, managed the IT systems for a Dutch utility's energy operations and trade, and for several large savings banks. Berger noted:

The reliability of our service is crucial for these clients. When their systems go down, energy utilities risk losing millions of euros and banks risk losing client data or transactions. At

the start, we had to fight for each customer. We put much effort into getting to know and trust each other. Now some clients just choose us because of our customer satisfaction rating. That's the wrong reason. We need to find out if we click; otherwise it won't work. So the question we ask our salespeople is, "Can we make them happy?" If there is any doubt, we say no.

Typical contracts with clients were long term, between three and six years, and worth between €1 million and €5 million per year. SBP charged clients on a transparent and all-inclusive fixed-price basis, with fixed modular prices per service and service level. Berger said:

Many of our competitors have very exotic cost structures that make it almost impossible to estimate what the final bill will look like, as any change or modification not included in their initial service agreement will add costs. We believe in offering our clients full cost predictability, flexibility, and control with a no-surprises cost model. This implies that we sometimes have some explaining to do for new clients on why our initial offer at times appears more expensive, but once they understand our approach, they appreciate it.

The Schuberg Philis Style

100% in everything we do! Berger, Dries, and Schuring believed that part of their success was due to several grounding principles, which they had instituted to "do business differently." The 100% focus, for example, was a concept that they wanted to see applied to each area, be it customer service or internal "ways of working." Schuring said, "The first guideline is: *100% focus on the customer*; he is what we do it for! This customer satisfaction is our main goal, not financial targets. Customers might not always be right, but we must have the deepest respect for them! Don't be arrogant; learn from them every day." One engineer described what that motto meant for him:

In my former jobs, I focused on clients' IT problems. At SBP, for our client in energy trading, I enrolled in trading classes and went to the trading floor to see what it's all about. And when you realize that one abstract file contains orders worth millions of euros of energy that are transferred from one party to another, it completely changes your perspective. It allows you to have conversations with clients in their "business language," grasp a business problem, and say I can fix it by doing this or that IT adjustment. And it's personally mind blowing to come out of an IT expert meeting and jump in your car to discuss a client's strategic energy trade projects.

The requirement to meet with customers also applied to non-engineers, continued Berger, "Everybody has to be in contact with customers. Those who are not are in big trouble and should really worry about their jobs. I would, for example, expect our accounting people to regularly meet their counterparts within the customer organization and make sure they understand our billing processes. Our customers always pay on time, and I'm sure knowing them personally has helped."

The results of Giarte, a yearly benchmark of the Dutch IT outsourcing sector based on a survey of 500 Dutch organizations, seemed to confirm that SBP's efforts were paying off. In 2010, 100% of SBP's surveyed clients confirmed they would recommend the firm, and SBP also led the customer satisfaction ranking (see **Exhibit 4** for selected survey results). Marco Gianotten, CEO of Giarte, commented, "Schuberg Philis is prepared to listen to every form of criticism, no matter how small or latent, and learn from it. That is remarkable in this industry, in which many service providers brush aside or shirk criticism from customers."² Berger followed the ranking closely, "On a scale of 1 to 100,

² Schuberg Philis website, <http://www.schubergphilis.com/2010/10/07/giarte-outsourcing-performance-2010-schuberg-philis-receives-highest-customer-satisfaction-score-for-the-fifth-consecutive-year/>.

we want to get a customer satisfaction of 80 or higher. At that level, you can talk about the future with a client; that's when the fun starts."

Reaching this goal required a *100% commitment* from everyone, said Schuring. "That's the second guiding principle: 'Whatever you do, do as well as you can. Don't fool yourself with mediocrity.' We want to get things done but are also quality and detail freaks. Details should be right; it's not arbitrary. We need to make sure everybody feels that way, so we try to live it ourselves." He added, "The third principle is: 'Be 100% open.' If you have an issue with a colleague, go and tell him. When you talk about and not to people, politics start."

Committed people should also receive *100% support*, said Dries. "We tried to create an optimal environment up to our standards, such as the beautiful restaurant and bar with a good cook, the best professional coffee machine, and the living area with couches and table football. One of the things people need is good food. In the early days, we took turns going to the shop at lunchtime and putting milk and bread on a big table. And in the mornings, we found empty pizza or Chinese takeout boxes of the night before. That's not healthy."

The Organizational Structure

Schuring said, "We are very anti-hierarchy in the Netherlands; the distance to power is quite low. So at SBP, we consider it totally normal behavior to shout at the bosses and call them a moron if they have a bad idea. And we treat our colleagues as equals." He elaborated:

In many firms, you have great ideas about valuing your employees, and then have separate dining rooms or parking places for bosses. That's ridiculous. We all sit together at lunch. We have one-page employment contracts with short job descriptions and without all the legal stuff. We don't give revenue targets; it's not relevant. Our expense policy is "do as you think is right." Sometimes newcomers ask me if they can take a day off, and I say, "Why do you ask me?" We try to take away the stuff that is normally hindering people to emotionally connect with a company. But freedom also comes with responsibility. Less hierarchy means that teams need to take full responsibility for their actions. They need to solve their own issues, as they can't hand them over to managers. Everybody needs to do their part. It's a place where there should be nowhere to hide!

Underneath the director level, middle management was kept to a minimum. SBP's engineers all had the title of "mission critical engineers." Team leaders "naturally emerged" instead of being chosen.

Dedicated customer teams SBP assigned each customer a dedicated team that followed the project from day one. The team was responsible for the whole life cycle of a customer's outsourced IT infrastructure. Each team consisted of several experienced engineers, among whom one assumed the role of lead engineer. The team also included a sales manager and a customer operations manager who prioritized the plan with the customer and established the technical road map with the technical lead. An engineer described, "Here, the same engineers accompany the client through all the phases of a contract. In many other IT firms, you often have the database guys in one corner, the network guys in another, the system guys over here. And only when a crisis starts, you pull them together, give them pizza and coke, and say, 'Go fix.'"

One of the three directors also joined each team. Schuring said, "This means we see everything. We are on the distribution list for the odd 1,000 e-mails going out to the customer, join some

customer meetings, and participate in the regular team meetings. It helps us to know what's going on, pinpoint issues, and jump in to help. (See **Exhibit 5** for an organizational chart.)

"Cupfighters" SBP's engineers typically joined with about 10 years of experience. One reflected:

I was the IT manager in a European firm, the chief technical guy that everybody came to when they struggled with something. But when I joined SBP, people told me I'd have to prove myself again. I knew my IT stuff, but they also tried to make me understand the context, arguing if I corrupted that €5 billion file, the client's payment would not make it to the treasury. The high skill level was intimidating at first. Luckily for me, in my second week we had a major incident, a new bank went live, and everything started crashing. Everybody was jumping up and down trying to fix it. So I started to pitch in, and people suddenly realized, "Hey! There's a new guy here, and he seems to be helpful!" Since then I've been loaded with work.

Berger confirmed, "All our engineers are experts! That sometimes surprises new customers who start worrying about prices, until we explain our price concept and the fact that our experts offer much more value. I always say, 'If you think experts are expensive, try amateurs!'"

Skills alone, however, were not sufficient. Engineers needed to have the "right" mind-set, explained one engineer. "I know a few great IT guys that I would never ask to join us because they are geeky loners who would never make it here." The company had invented the term "cupfighter" to describe the required attitude. Interviewed employees came up with a whole array of definitions, such as: "Cupfighters don't leave the building before the problem is solved." "Cupfighters always give it a go, and never give up even in the face of adversity." "Cupfighters know what customers want, and then try to get ahead of them and go a step further. As a team." Schuring added, "I sometimes get asked how we motivate our people to work around the clock, but we don't force them. They are making the promises to the customers, which makes them feel responsible. We even sometimes have to slow them down."

Finding cupfighters Identifying potential cupfighters proved challenging, particularly given the limited number of "the right kind" of senior IT experts available on the market. Many new hires reported they had a feeling of "coming home," and agreed with the message flashing down from one of the company's wall posters: "There are not that many places where you can have so much fun with your pants on!" Other recruits had trouble adjusting. An engineer said, "It's a jungle. If you don't get used to the SBP lifestyle quickly, your team colleagues won't be nursing you. This can become your biggest nightmare." Schuring confirmed, "We have very low turnover. But when you are not good enough, this has a real impact in our tough environment. We always try to help at first and had a few great recovery stories, but sometimes we have to ask them to leave. It typically comes as a relief." Dries continued:

We try to find people who believe in our truths. This is our world, and we need to be on the same page here. So I don't give up until I'm able to make a connection. I need to know two things, their technical skills and experience, and where they stand in their personal development, what their intrinsic motivation is. I need to know if they are ready to be confronted with themselves, because everybody here, within 3 to 18 months, will run into their personal limitations as all other barriers are taken away. So will they be able to evolve beyond that, stop just doing a job in return for money or titles, become "selfless"? And will they be good enough to support us in SBP's next phase, in an even bigger company?

Once hired, engineers were evaluated on a yearly basis. Schuring said, "Our engineers are passionate about engineering. Often their problem in former organizations was that to get more salary or a bigger car, they had to move into management. At SBP, we don't have a glass ceiling for 'techies.' We offer them a real career path in engineering, with the goal to evolve from a 'rookie' to a 'yoda' in each skill and attitude, although being a yoda in everything is probably impossible." Engineers plotted their level of expertise on every technology and highlighted where they wanted to develop. Their progress was evaluated throughout the year.

At year-end, in the formal evaluation, the directors and customer operations managers rated each person's skills, attitude, and progress made since the previous year. Schuring said:

We sit in a room for four full days and discuss everyone, half an hour per person, until we have a common understanding. Based on this, we decide on a salary increase. With our system, no one has ever asked for a salary increase in this company. In a private meeting, the engineers' customer operations managers then discuss the salary increase, the bonus, and goals with the engineer. In terms of bonus, everybody gets the 15%, unless a person does not grow.

The Pressure Builds

Summer 2010 Although the company's revenues kept growing, some engineers were beginning to feel ongoing exhaustion because of customer commitments and workloads. (**Exhibit 6** shows selected key indicators over time.) One team's lead engineer, Hugo Trippaers, recalled:

When we were in the middle of signing the contract with the Dutch client firm in June 2009, they were taken over by a European energy leader. The project became huge compared to everything we'd known so far. We discovered they had a trading floor with 200 desktops and a data center to provide for. When I started ordering the equipment, we realized we needed €3.5 million worth of hardware, which put us in a risky position. And when we installed it, the problems started: mainly minor technical bugs like overheating network cards, or malfunctioning systems, but a lot more than usual. Everything we touched seemed to blow up, so we started lagging behind. The client wanted to go live on January 1, 2010, but not only did we have incidents on our side, we also could not get details on how their environment had been set up because people had left the company. We got increasingly tired; our customer operations manager even had a mental breakdown. Eventually we had to tell them we would not make the January deadline.

In June 2010, after having delayed the deadline twice more, the energy trading team's customer infrastructure finally went live. Trippaers explained, "We had no choice, even though we still felt the platform was not completely up to standards. Things got worse in the first months after that, which is a usual pattern before it should start getting better. But the problem was that we were already worn out, which made it harder to deal with clients' complaints."

The following months did not bring the expected relief for the energy trading team. "Everyone expected things to calm down in the operational phase, but they didn't. We still put in 11- to 12-hour days, worked through the evenings and weekends. We tried to add 'warm bodies' to the team, but it was hard to get new people up to speed on such a complex project, particularly when there was no time to train them. Plus, the team was already very big, 26 to 30 professionals, so adding one or two did not make much difference," said Trippaers.

In response to the high workload level and in order to prepare for future growth, SBP increased the speed of hiring. While this was generally welcomed, some senior professionals voiced concerns. An engineer reacted:

We need to be careful we don't grow too quickly. Four to five new hires per month is too much. The larger we become, the less you see people talk to each other. This means that less knowledge and culture is shared with newcomers. The larger team sizes also make it easier for them to hide and ride out the storms in a corner. I increasingly hear senior engineers doubting that new hires are willing to learn and work hard. They complain that our culture is not transferring well to some of them who seem to think this is a regular 9-to-5 p.m. job, and who don't pull their weight. And that causes tension within the teams.

Another added, "I think in our largest teams, efficiency actually went down. Of course, they have their share of senior guys working their butts off, but as everybody picks their own tasks, you can have others who stop taking responsibility without getting caught. Then they argue that nobody told them what to do. This was different when we all knew each other in the early days."

December 2010 Some SBP teams continued to feel pressure at year-end. The energy trading team was no exception. Trippaers recalled, "Servers kept collapsing and clients kept constantly interrupting us by calling in with new issues. All the little tasks this engendered and the switching between them made it impossible to get things done in a day, even if we sometimes stayed up until 4 a.m. and were back at 8 a.m. Personally, I was close to collapse at that point. Gerwin started to tell me, 'We think something is going wrong.' But I snapped, 'I can deal with it; just give me a break.'"

When Schuring arrived at the office one Monday morning, December 6, 2010, he noticed that one engineer of Trippaers team looked very discouraged:

I asked him if he was OK, and he told me had been at his wife's parent's home with his family over the weekend to celebrate Saint Nicholas Eve.³ When he had picked up the phone and took a call from the office in the garden, his wife had stepped out and shouted, "You have nothing to do here, go home or back to work, I don't want you here! Why don't you shove that job of yours . . . well, somewhere!" I realized that enough was enough! His wife used to love us, as do most of our families. They usually tell us they are OK with their spouses working very hard, because they are happier now than in their old jobs. So if she has such a violent reaction, it means we are in big trouble!

Schuring explained:

The incident also made us realize that by doing things more and more quickly, there was a risk that some engineers did not go for 100% anymore. I sensed we were developing an appetite for mediocrity in some areas, and knew we had to fix this before our customers would notice. For example, we were so busy with keeping the systems running that we started to be less proactive in preparing clients for future updates. Our satisfaction score was still high, but if we were honest with ourselves, there were at least 50 to 80 things that we could and should fix, both internally and externally.

Prompted by these worries, Schuring, Berger, and Dries started discussions on measures that could help them ensure that their company would deliver 100% again, in all aspects. The

³ The Dutch celebrate Saint Nicholas or *Sinterklaas* Eve on December 5 with festive family parties where gifts are exchanged. It remains one of the primary gift-giving occasions in the Netherlands, although Christmas is increasingly pushed by retailers.

conversations got controversial when they debated if fundamental adjustments were needed. Was SBP's organizational structure and philosophy still relevant to its current size and pace, and if not, what should they do about it? Schuring started toying with the idea that in order to figure all of this out, a first step would be to slow down on new projects and weigh carefully how and when to commit to new customers.

The Philips opportunity That same week of December, almost overnight, another business opportunity confronted the three senior leaders. One of the leading Dutch firms, Philips, approached SBP to explore a future collaboration. Philips had been on SBP's strategic wish list of future clients for years, due to its good fit with the existing client portfolio and its strong brand value. A sales manager, an engineer, and technology officer Willem Jan van den Brekel had presented what SBP could offer as a business partner. When they debriefed with customer operations manager Arjan Eriks, Eriks immediately sensed their enthusiasm. Philips had given them full access to the right people, and the discussion had been constructive and pleasant, all indicators of a promising cultural fit. The project itself looked like a perfect fit as well. Philips needed SBP's services to start in early 2011, and had asked for a confirmation by the end of the week on whether they would start the collaboration. Eriks felt the familiar rush of energy coming with promising projects. He used the rest of the day to consult several engineers to gauge how easily they could set up a team. By the end of the day, Eriks had made up his mind: "We should give this a go." His e-mail to Berger, Schuring, and Dries presented his arguments and specified they had until the end of the week to decide (see **Exhibit 7** for Eriks's e-mail).

Going for it or not? Finishing his coffee, Schuring thought back to his recurring conversations with Berger and Dries on whether and how quickly they should allow the company to grow. In principle, they all believed that with the right people, with whom you shared the same philosophy, any organizational model and size worked, so why not aim high? He recalled Berger saying just yesterday, "In the long run, growth is a result of the high quality we deliver every day. Being best in class will lead to having more and more customers, while showing the industry that our model works. Besides, I don't think we have a choice. If we don't keep growing, all the bright guys on our teams would quickly feel less challenged and leave. That would be the end of it." Dries had agreed, "Quality above everything, but growth is a natural consequence as existing customers ask for more services and actively recommend us to others. This means we have to find a way to scale and reach more people." While the Philips deal looked like the ideal next step on this growth path, Schuring for once was unsure whether this was the right time to push forward.

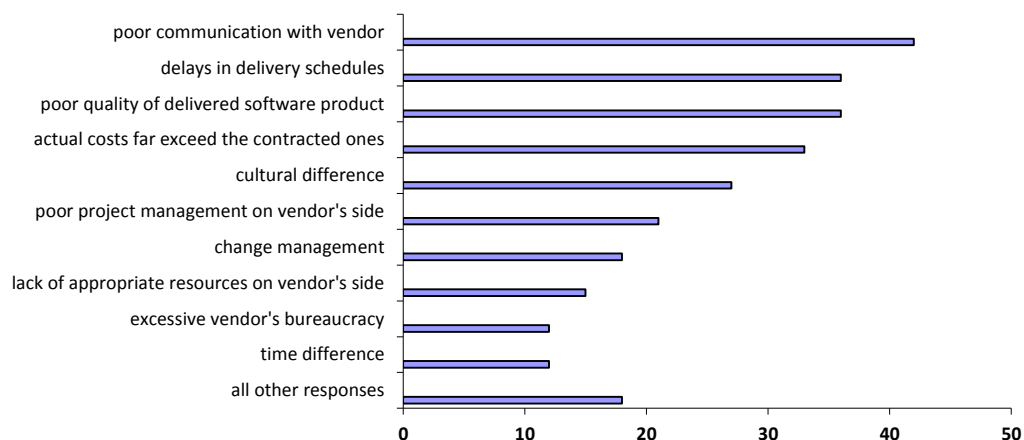
As he put his cup down and stood up to leave, Schuring noticed that a few engineers in the lounge area were discussing the Philips deal. He joined the group to take the internal temperature on the deal. One influential engineer offered his sentiment, "Gerwin, we should do this! Philips is one of the top companies, if not the most important Dutch company. Plus they need our help for a type of business that we have mastered pretty well so far. It's a unique opportunity! I can pitch in." Another engineer reacted, "That may not even be needed. We already know this type of architecture. This is a project that we could pull off with one hand tied behind our back!"

Schuring made his way down to his office. It was time for him to find Berger and Dries, and come to a decision. Should they accept this opportunity that could propel SBP to the next level in terms of reputation and growth? Or should they put at least a temporary stop on customer acquisitions in order to first get their house in order? He did not like making such decisions in a hurry, but a client, who could potentially represent their biggest and most prestigious project yet, was expecting a reply before the end of the week.

Exhibit 1 Schuberg Philis Selected Key Financials, 2008–2010

(in €1,000s)	2010	2009	2008
Profit & Loss Statement			
Total revenues	42,457	35,024	30,390
Net profit	4,410	3,673	3,911
Net profit margin	10%	10%	13%
Balance Sheet (as of December 31)			
Tangible fixed assets	12,188	13,198	14,058
Working capital	5,606	8,163	6,166
Debt	-	-	-
Equity	17,936	21,503	20,366
Employees involved in group operations			
Full-time equivalents	95	85	101

Source: Company.

Exhibit 2 Responses by Dutch Outsourcing Companies on Challenges Encountered with ITOs, in %

Source: IT Sourcing Europe, "European IT Outsourcing Intelligence Report 2011: The Netherlands," March 2011, http://www.itsourcing-europe.com/uploads/Dutch_ITO_Intelligence_Report_2011.pdf, accessed September 2011.

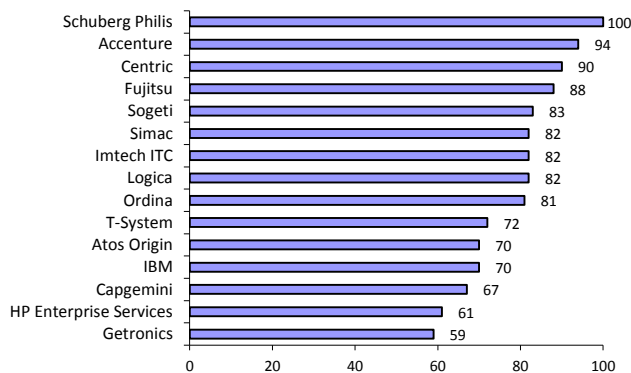
Exhibit 3 Schuberg Philis Selected Clients

Customers	Customers' Industry
ABNAMRO	Internet savings bank
Bol.com	Online retail
Deloitte	Enterprise risk services application
Eneco	Energy trading
ING	Public Internet site & Internet banking disaster recovery
KLM	Emergency response infrastructure / campaigning
LeasePlan Bank	Internet savings bank
Nuon/Vattenfall	Energy trading
Rabo Mobiel	Mobility banking
Rabobank International	e-banking
Robeco	Asset portfolio/risk management
Syntrus Achmea	Asset management

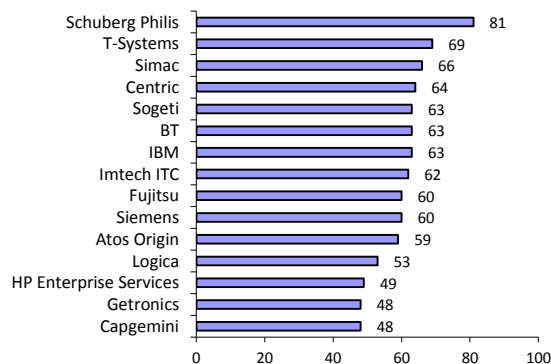
Source: Company.

Exhibit 4 Giarte Outsourcing Performance Survey, 2010

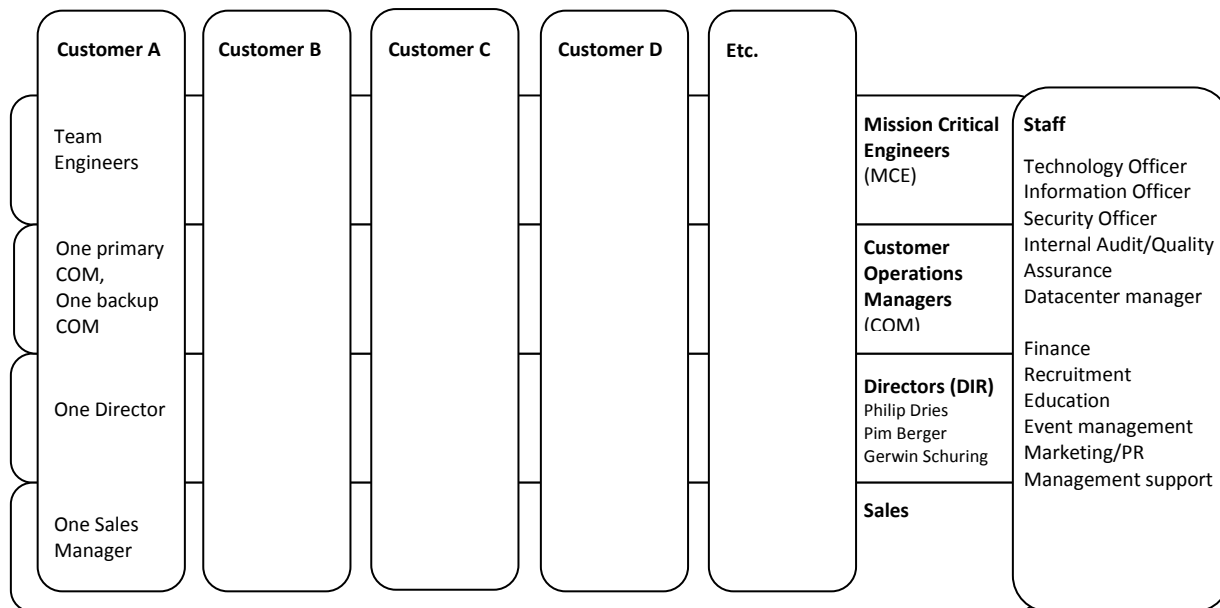
- a) Outsourcing Recommendation Index, Dutch Market: % of customers responding positively to the question, "Would you recommend this service provider?"



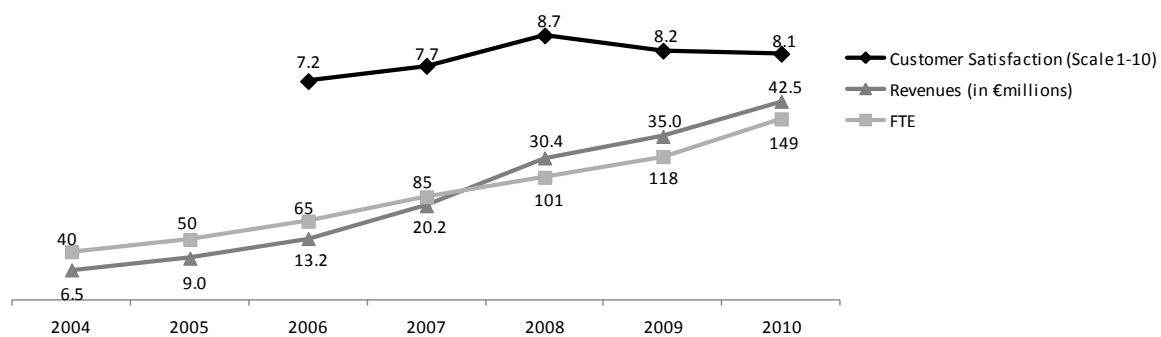
- b) Infrastructure Management – Satisfaction 2010: Satisfaction score in %



Source: Company.

Exhibit 5 Schuberg Philis Organizational Chart

Source: Company.

Exhibit 6 Schuberg Philis Selected Key Indicators, 2004–2010

Source: Company.

Exhibit 7 Mail Thread Related to Arjan Eriks's E-mails on Philips Opportunity, December 9 and 10, 2010.

From: Jack van der Gragt
Sent: Friday, December 10, 2010 9:12AM
To: Nordi Malih, Arjan Eriks, Mark van 't Kruijs
Cc: Managers Customer Teams, Willem Jan van den Brekel, Gerwin Schuring
Subject: RE: Philips update and question

The enthusiasm sounds good, but we should really pay attention to the 'chronic complainers' IMHO ...
 This can also fail due to enforced haste and it may deviate attention from quality goals in other teams.
 Open doors, and perhaps I'm exaggerating, but still ...
 Grtz,
 Jack, Internal Audit/Quality Assurance

From: Nordi Malih
Sent: Friday, December 10, 2010 8:49AM
To: Arjan Eriks, Mark van 't Kruijs
Cc: Managers Customer Teams, Willem Jan van den Brekel, Gerwin Schuring
Subject: Re: Philips update and question

Go go go, very good opportunity ...
 Can Gert be lead engineer? Who will take the customer operations manager role? We'll need to figure out the list of names, commitments, team transfers, etc. ..

Nordi Malih, Customer Operations Manager

From: Arjan Eriks
Sent: Friday, December 10, 2010 8:38AM
To: Mark van 't Kruijs, Managers Customer Teams
Cc: Willem Jan van den Brekel, Gerwin Schuring
Subject: Re: Philips update and question

We (Sander) must contact Philips today. For me it's a go. Anyone with serious objections?

Arjan Eriks, Customer Operations Manager

From: Mark van 't Kruijs
Sent: Thursday, December 9, 2010 9:23PM
To: Arjan Eriks , AMS-CORP-Com
Cc: Willem Jan van den Brekel, Gerwin Schuring
Subject: Re: Philips update and question

Great name and great challenge. We can definitely make a difference there, from what I know of their current situation. I can suggest some names for the team.

Some caution though on how we do this. Several teams are still "in the red" and need help. I think it only fair to first ask the question in these teams. It may be possible to postpone the sales cycle (e.g. after starting the summer). That would fit better I think.

If you aim at nothing ;-).
 Mark van 't Kruijs, Customer Operations Manager

From: Arjan Eriks
Sent: Thursday, December 9, 2010 9:09PM
To: Managers Customer Teams, Gerwin, Willem Jan
Subject: Philips update

Guys,

Today I had a chat with Sander about the size and characteristics of the Philips opportunity. The Initial Project (ATG Webshop, which we know from bol.com) appears to be an assignment we can execute with positive outcome. Today I already talked to the engineers in our development team. The people present are ready to take on this opportunity (Edwin, Arjen, Marcel, Hugo, Ilja, Eelco, Ad, Joris, Geurt, Kevin). They think we can handle it from a workload perspective. I feel the same btw. [...]

What do you think? We can assign a customer operations manager. We can assign a lead engineer (Gert e.g.). Next to those we can fill the team with engineers that joined the company recently and with engineers that need an extra team. If we do that we already have the team complete. The other reason that I am enthusiastic about this deal is that we already know the ATG Webshop architecture. We like the technique. On a relation level, we made a 'click' with Philips already (maybe early to tell, but it feels right). Besides this customer completes our customer base because it is a different company in a different industry.

Please let me know your opinion a.s.a.p.. Sander needs to respond swiftly (by week's end) if we want to continue negotiations. If it is up to me, I say GO!

Thanks,
 Arjan Eriks, Customer Operations Manager

From: Sander Verloop
Sent: Thursday, December 9, 2010 3:03PM
To: Arjan Eriks
Cc: Willem Jan van den Brekel, Gerwin Schuring,
Subject: Update Philips

Arjan,

As discussed here the Philips case. Willem-Jan, Gert Kremer and I visited the High Tech Campus in Eindhoven, SBP presented and we were introduced to the people who are involved in the program within Philips' Shopping 3.0 "and "Connected Business".

It was a very pleasant and constructive meeting. [...]

The current IT environment is maintained and hosted by [...], but this contract has not been renewed as they're dissatisfied. Contract ends beginning Q4 2011. Our concern is that this leads to a very ambitious schedule.

Philips is on top of our "wish list" and this project is a perfect fit. We agreed to discuss internally and see if we have the headroom to start collaborating.

The first estimate of Gert, Willem Jan, and me is that for this case we will need a team of approx. 6 engineers and 1 customer operations manager. Total workload during 2011 will be 5 FTE. Willem-Jan and I are very positive and Gert is interested in taking the lead role. My gut feeling is that our decision to do it is the biggest hurdle. Philips seems pretty convinced. Let's discuss.

Warm regards.
 Sander Verloop, Sales Manager

Source: Company.