



Computer Sciences Corporation

[about CSC](#) [world solutions](#) [career opportunities](#) [investor relations](#)

[press releases](#)

[calendar](#)

[contact us](#)

[search](#)

[CSC home](#)

CSC Gains Momentum With First GM Outsourcing Bid for I/T Services

Except for a fleeting glimpse of a long freight train churning through a mountain pass, or waiting at a crossing as a speeding metro rail streaks by, most Americans have no idea of just how crucial railroads are to their daily lives. According to an Interstate Commerce Commission report released in 1996, more than 1.1 trillion tons of food, timber and a myriad of other goods were transported in 1.2 million freight cars over 200,000 miles of track by some 600 railroads. Railroads are very big business.

So it should be no surprise that the largest company in the world is interested in trains -- in a VERY BIG way. When you think General Motors what comes to mind? Chevrolet? Cadillac? Jimmy? How about the sleek SD80MAC, a little number with a V-20 under the hood that puts out 5000 horsepower; or the gleaming F59PHI, with a top speed of 110 mph? Not exactly catchy names, but without GM's locomotives, many of those 1.2 million freight cars would be left sitting idle on sidings around the country.

Besides locomotives, General Motors Locomotive Group (GMLG) designs, manufactures and markets medium-speed diesel engines, locomotive components, power generation units, and light-armored vehicles. With its headquarters in LaGrange, Illinois, GMLG is a \$2-billion unit within GM that also has a manufacturing facility in London, Ontario, and an engineering design operation in Goleta, California.

CSC Moves Full Steam Ahead

Recently, GM decided to outsource a major portion of its information technology services, formerly handled by Electronic Data Systems Corp. (EDS), which GM had acquired, then spun off in 1996. The 10-year deal with EDS was due for renewal and GM elected to put the I/T contract out for competitive bids. Over the next three years, GM can open to bid up to six percent of its EDS-related contracts, totaling about \$200 million annually.

In April 1998, CSC was awarded a major portion of these contracts, with this one having the potential to exceed \$100 million in value over five years. This puts CSC in a strong position to bid on other GM contracts that EDS holds, according to Heidi Trost, a vice president at CSC. "This is the first test case that GM has put through the system," she said. "And the fact that we won it, positions us to be pretty high on the list."

The contract with CSC covers help-desk services, distributed computing, engineering computing, application development and maintenance, and local area networking. EDS will continue to run

the group's WANs and mainframes, said Dana Deasy, GMLG's chief information officer.

No longer considering it desirable to rely on one vendor for I/T services, GM initially considered nine companies for the outsourcing contracts. They invited five to make formal bids. The company was concerned about six key areas, including: pricing, service level agreements, compliance with RFP, metrics, quality of the management team and value-added solutions the vendor would be bringing to GMLG. Ultimately, CSC was chosen because it had the best on-the-ground management team; were best aligned with GM's vision for I/T; and offered superior service levels at a competitive price.

During a 90-day transition period, CSC has 11 requirements to meet and will perform a complete asset inventory. Additionally, about 128 former EDS employees will be offered positions with CSC, Deasy said. CSC will provide additional staff and technology specialists to support GMLG as needed.

GMLG sees CSC's first and most important task to be the smooth transition of as many of the former EDS employees as possible in order to stabilize the I/T environment. Secondly, it looks forward to a series of new technology initiatives, including a new integrated help-desk function, upgrading its network monitoring system and introducing automatic software distribution and server consolidation. Finally, GMLG is looking to a new SAP implementation to replace its legacy systems.

Making Tracks and Blazing Trails Together

"One of the things GM likes about CSC is its flexibility and skill at really listening to the customer and understanding its I/T agenda," Deasy said. "It's a strength GM has grown to appreciate about CSC and it plays well in the multi-vendor environment GM will be creating in the next few years. GM wants the strongest players in the industry on its team, and CSC has demonstrated that it's one of them."

According to Deasy, the CSC contract is a "test case" within GM on how to bid on future deals. CSC is looking at more than a billion dollars of opportunity at GM over the next five years. GMLG is aiming for a new SAP R/3 implementation to replace its legacy system, and even though "we haven't committed that CSC will be the exclusive provider...we are going to be looking at them first," Deasy concluded.