Chief Executive’s review

Flexibility is key to resilient growth

“...We have a record of rising successfully to the challenges we set ourselves.”

OLIVIER PIOU
CHIEF EXECUTIVE OFFICER

We are now midway through the Long Range Plan we began in 2014. The essence of this plan was to transform the shape of our business, rapidly growing our Platforms and Services (P&S) activities to balance our Embedded Software and Products (ESP) operations. Our aim remains to triple our P&S revenues, and in the process to double our profit from operations.

The rebalancing is progressing well. In 2015, P&S sales reached €898 million, giving us a real prospect of reaching our 2017 objective a year ahead of plan. We are also making good progress towards our profit target: while the shutdown of Softcard has made that goal more demanding, mobile payment is just one of our ten market opportunities and we have a record of rising successfully to the challenges we set ourselves.

Simpler and more agile

One key to this success is flexibility in response to change. We are now a larger organization than before, serving uncorrelated sectors, and the breadth of opportunities we are addressing can make us appear complex. But across our many different markets we deploy essentially the same two core technologies, for authenticating identities and protecting data. It is hence not that hard for us to transfer technologies, redeploy people and leverage their skills across the organization. Looked at from the technology perspective, our business is simpler and therefore more agile than it might seem when looked at from the application viewpoint.

Going forward, in the second half of our Long Range Plan, we will earn increasing returns from the considerable investments made in the first half. These have given us the capacity to handle continuing growth in global demand for our banking cards, with contactless cards to follow, and the predictable expansion of both our Government and Enterprise Security lines. We will drive increasing volume of business through an infrastructure we now have in place.

And our IoT* business is also poised for a long period of growth.

Flexibility backed by excellent execution

We will hence continue to allocate resources flexibly between our ten strategic growth opportunities, focusing on the markets that are developing fastest. And – crucially – we will aim at maintaining our record of excellence in execution and customer satisfaction.

Indeed, effective execution depends on people: our customers, and our employees. Our technological leadership and innovation do not exist for their own sakes – they are driven by our focus on our customers’ satisfaction. Similarly, the commitment of our people is not something we take for granted – we support it through constant attention to our employees’ engagement and motivation. We value our customers and people because our success depends on them, and I take the opportunity here to thank them for their trust and their contribution.

OLIVIER PIOU
Chief Executive Officer

* IoT: Internet of Things