

Keane's New President and CEO Will Support Growth Plans

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Keane has made a smart move by appointing highly experienced IT service executive John W. McCain as its new CEO.

NEWS ANALYSIS

Event

On 12 August 2009, U.S. services company Keane announced that John W. McCain, a former services executive at HP and EDS, has joined Keane as its new president and CEO. Mani Subramanian, who acted as Keane's CEO following its 2007 purchase by Caritor, will continue as chairman of the board.

Analysis

McCain's appointment will benefit Keane. He brings strategic and operational experience from his time as head of HP Services' consulting and integration business, his time as North American CEO at Capgemini, and his leadership of EDS's E.Solutions business. McCain told Gartner his top priorities will be revenue growth, service excellence, expansion of key practice areas and building the Keane brand.

Tremendous changes at Keane during the past few years have left the company's direction uncertain. These included multiple leadership changes during 2006 and 2007, followed by the announcement of Caritor's purchase of Keane in February 2007 and an extended "silent period" after the acquisition closed. All this created questions about Keane's future in the services market. The appointment of an experienced executive like McCain sends a positive message to shareholders, clients and the market — and, most importantly, to employees — that Keane is serious about repositioning itself in the services market.

The Caritor acquisition stabilized the company financially and preserved the Keane brand and logo; it also changed Keane's status to a private company, which freed it from the scrutiny of the capital markets so it could redefine its organization and strategy. Despite some positive change and repositioning, however, Keane lost considerable market visibility. Growth languished in 2008: the overall services market grew 8.2% that year, while Gartner estimates that Keane's 2008 revenue was \$956 million, up a mere 1.2% from 2007.

This appointment comes at a critical time, since the global economic crisis has hurt most service providers. McCain must restore market confidence in Keane, communicate important changes in its operating model and approach to client relationships, and reposition Keane's value for clients. His experience should help him meet these challenges, but he must move quickly to reverse two years of Keane's relative market silence by assuming a highly visible leadership role to drive new business. Keane also needs to prioritize raising portfolio awareness outside of its client base. The Keane brand remains strongest in application services but is less known in business process outsourcing and infrastructure services.

RECOMMENDATIONS

Keane clients:

- Request opportunities to meet directly with the new CEO to understand his goals and to communicate how and where Keane can better support your needs.
- Request an update from Keane on its full suite of IT services.

RECOMMENDED READING

- "Appointment of CEO Signals a New Era for Keane" — Keane has a new CEO, Kirk Arnold, after several months of leadership uncertainty and languishing growth. **By Allie Young and Christine Adams**
- "Changes Likely at Keane With Caritor Acquisition" — Caritor plans to take Keane private and create a combined company to compete as a global service provider. **By Allie Young, Lewis Clark and Martin Lee**

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