

Q4. How will Capita's growth be sustained?

Now you're aiming to maintain strong growth for the foreseeable future. Is that sustainable? How do you resource that?

Paul: We believe that strong growth is sustainable, and I think you probably need to look at it from two perspectives.

First of all, the external forces: is the market for what we do large enough to sustain Capita's growth? We believe it is. The marketplace is measured as being somewhere between £95bn and £100bn a year for the sort of services that we deliver. So although Capita is, by some distance, the market leader at what it does, there is still a huge amount of growth potential.

I think you also need to look at our internal capability at sustaining that growth and the sort of systems and processes and procedures that we have in place to help us with that.

And how do you manage it?

Paddy: If we look at people for instance, we are very fortunate in that a number of the contracts that come to us through some of the outsourcing arrangements actually bring numbers of people with them.

Obviously, you can't sustain all of your growth through that kind of input, so we're constantly also looking in the outside marketplace to bring senior management into the group of the quality and type that we need to continue to grow our business.

And presumably you have infrastructure and resources that they can draw on?

Simon: One of the key things that we've been doing within the Group over the years is consolidating a lot of our infrastructure, and we've been developing what we call business centres. In these business centres we're able to run a whole range of shared services, and what these do is provide both cost efficiency to customers and also much higher service quality.

We've also now developed an offshore facility in India. There are two or three locations within India that we now operate from. And we actually offer clients a blended model of service delivery, both onshore and offshore, to enable them to have the best of both worlds in customer service, customer quality and cost efficiency.

Gordon: Another important point out of all this is how you financially control the business. We are very rigorous in our day to day and monthly financial management. I think we've got fantastic disciplines in terms of controlling the business and understanding it.

Also, in terms of corporate finance, we are very cautious in how we develop the Group. We will be making acquisitions that we can very much bolt on to our existing infrastructure. We spend modest sums of money – £10-20m – so there's no big funding requirement from an acquisitions point of view.