

For the year

April 2012 - March 2013

# Annual report

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13



report 2013

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**Microsoft** Partner

Gold Business Intelligence  
Gold Data Platform  
Silver Application Integration  
Silver Enterprise Resource Planning  
Silver Portals and Collaboration  
Cloud Accelerate





about

# our attitude is customer first

Founded in 1995, Theta is an information technology consultancy with offices in Auckland and Wellington. Our team of more than 100 experienced professionals provide services to a growing number of customers throughout New Zealand and Australia.

We work across many industry sectors, helping organisations to select, implement, enhance, maintain and integrate systems.

The company is organised into specialist Practices or Centres of Excellence, headed up by experienced managers. Our services encompass software development, integration, business intelligence (BI), data warehousing, database and system administration, energy consulting, enterprise resource planning and project management. We also cover most areas in between.

# our people are our greatest asset



## Chair/Chief Executive's report

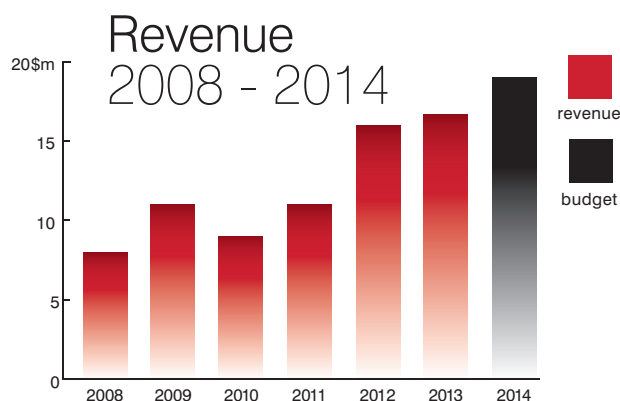
# continuing growth and expansion

### Expanding our customer base

2012-13 was a year of high activity for Theta. We had a net gain of 41 customers – an increase of 44% – while maintaining strong relationships with those we've worked with for ten years and more. 60% of our revenue now comes from eight customers, up two on last year, and this broader foundation positions Theta well for the future.

### Continuing growth in a listless economy

Top line growth was modest, as expected, with several large projects coming to an end. The muddling economy continues to cause uncertainty and capital investment is carefully considered, which inevitably means slower decision-making. This year's 5% growth in revenue does mean that we have almost doubled revenue in the past three years, and thanks to carefully controlled costs have more than doubled our profit in the same period. We had a strong final quarter for both revenue and new orders and exited the year with good momentum.



### Geographical diversification yields strong results

The 2012 acquisition of Wellington-based Microsoft business intelligence specialists Prophecy has worked out well, with the Central Region south of Taupo exceeding targets across the board. We are one year ahead of financial goals set for the acquisition, have retained all staff, made new additions to the team in Wellington and beyond, moved into new premises and expanded our customer base in this region.



## Chair/Chief Executive's report

# the year of product

The coming financial year will see the launch of many new Theta-developed products. The first to launch is Bestim8, a cloud-hosted project estimation tool, followed by VeraciData. VeraciData is part of a suite of VeraciBI tools and products measuring the on-going accuracy of data in a data warehouse and BI environment. This enables users to have visibility of, and confidence in, the quality of data that they are using to make business decisions. All new products have been developed to meet existing customer needs via our research and innovation initiative to deliver business value. Matching product capabilities to market needs and contributing further to these products is part of our investment future. We expect to release additional cloud based and mobile products in 2013-14.

Our maturing partnerships with other software providers, including Microsoft, IBM, SAP and QlikView, and our recognised, certified expertise with their products, establishes a foundation for vendor product sales in the year ahead. We are committed to even more

co-marketing with these highly relevant and capable companies.

Together, these two product strands provide a strong opportunity to diversify Theta's revenue stream.

2013-14 is expected to be a year of double digit growth building on the strong finish to 2012-13, our backlog of work, and a very solid pipeline.

Now we are more established in Wellington, we will focus our efforts in this region on developing central and local government business. It will be a year of investment as we reach out to be considered a valued provider to a wider range of customers.

Financially Theta remains in a robust position with no external debt and a strong balance sheet. We are soundly positioned to fund growth, and in addition to organic growth, we will continue to evaluate merger and acquisition opportunities in complementary areas.

*Susan Paterson, Chair, and Rob Lee, CEO*



project highlights

# innovative insurance application a spectacular success

Last year we delivered a revolutionary new insurance claims assessment solution for market leader Southern Cross Travel Insurance. This innovative bespoke system streamlines the end-to-end process of assessing claims by replacing all paper sent in by customers with digital scans of documents, fully automating workflow including workload management, and automating

correspondence generation and tracking.

Since go-live SCTI can now assess claims incredibly fast, resulting in great customer service plus competitive advantage. The new claims management application has also delivered improved operational insights and better monitoring, which helps SCTI to tune their business and products.

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Southern Cross Travel Insurance's new claims management application, built for us by Theta, is now 10 months old. It has been a spectacular success in terms of claims turnaround times and operational efficiencies since its launch in July 2012. Since launch, the turnaround time for assessing a claim for an SCTI customer has consistently been just one day, even during the winter months that are the peak season for claims volumes for SCTI (most Kiwis and Aussies like to go on holiday during the winter!). In addition, SCTI's customers continue to provide unsolicited feedback to us every day, about how impressed they are with our claims and customer service.



Craig Morrison, CEO, Southern Cross Travel Insurance

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## project highlights

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We needed a BI vendor that could provide a robust strategy, implement some quick wins and do so in a collaborative fashion with our business users. Theta have delivered on-time, within budget and with professionalism in all aspects of the project.

**Brett Hartman**, Freight BI Manager, KiwiRail Freight

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### KiwiRail Freight

KiwiRail Freight is New Zealand's rail freight mover. Each week approximately 800 freight services carry domestic goods, import/export goods and bulk commodities around the country. As is the case for many businesses, identifying, validating and accessing data to support business decision-making required significant effort. KiwiRail Freight recognised the value of a strategic business intelligence (BI) approach and engaged Theta to provide an appropriate BI strategy and deliver a BI solution foundation.

The resulting solution uses Business Objects on a Microsoft SQL Server 2012 database. An information portal allows business users to query and analyse train operations, locomotive performance, rolling stock utilisation and revenue – on desktops in the office and out in the field on iPads. KiwiRail Freight has now engaged Theta to design and deliver a data warehouse as the next phase of their BI programme.

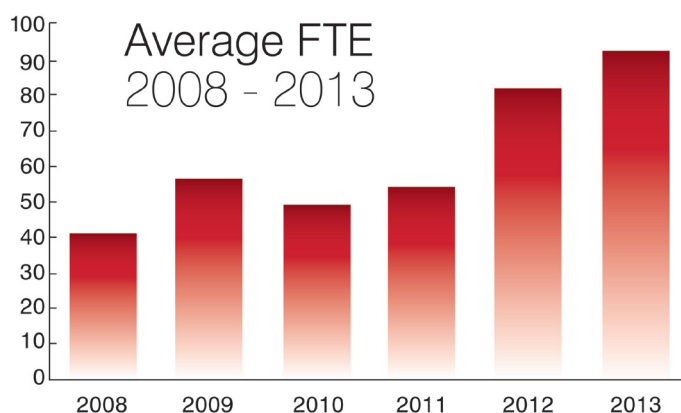
### BI delivers business benefits for Z Energy

Fuel company Z Energy works with complex and interrelated supply chains. Our BI solution, which makes full use of the Microsoft stack – SharePoint 2010, SQL Server 2008 R2, SSIS, SSAS and SSRS – and has a custom developed web site for easy data visualisation, has helped Z better manage this supply data. Better BI means Z can act quickly to meet product delivery commitments – critical to customer satisfaction and business productivity.



our people

# what sets us apart is the calibre of our people



<sup>1</sup> One full time equivalent is defined as 248 days billed

Average FTEs<sup>1</sup> are up 13% on last year. We have retained a very high number of our valuable staff, and with an eye to the future we continue to build and invest in our team – especially our senior team leaders and thought leaders. Here are some of their stories.

NAME:

Grant Archibald

EXPERTISE:

Microsoft Development Practice Lead, Theta Software



Grant is an elite-level Microsoft development architect who travels to Microsoft headquarters every year and contributes directly to the direction and code base of Microsoft's .NET frameworks. This intimacy with Microsoft extends Theta's thought leadership capability and raises profile among customers and potential employees through events such as TechEd and .NET User Group speaking engagements. As a result we anticipate strong growth in the Microsoft bespoke development area.





## our people

EXPERTISE:  
Project Management Office Team Lead

NAME:  
Victoria van Bokhoven

Prior to joining Theta Victoria had always been a project manager on the client-side, so fully understands a customer's perspective. Victoria and her team take a no-surprises approach to project management, and can be counted on to communicate clearly and take responsibility right through to resolution. The number of re-engagement requests from both customers and Practice Managers is a sure sign the PMO team is performing.



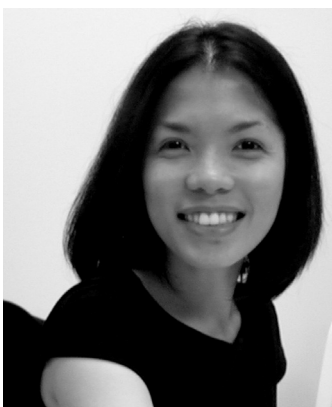
I joined Theta nearly a year ago and every day I love coming to work with so many intelligent and talented people. My aim for the next 12 months is to continue to build on this strong foundation, ensuring every project manager is focused on a quality delivery while maintaining Theta's values

**Victoria van Bokhoven**



NAME:  
Grace Lopez

EXPERTISE:  
Service Desk Lead



In her two years with Theta, Grace has been nominated three times for the monthly Giraffe award for outstanding contribution, and is well known for her willingness to go the extra mile at critical times. Drawing on a decade of production support experience with Accenture in the Philippines, Grace plays a critical customer-facing role. She leads the team managing production issues for our clients and works hard to ensure service operation is restored as quickly as possible. Grace is also responsible for the growth and development of her team members, and in managing our relationships with hardware, telephony and printing vendors helps keep the office running. Where would we be without her?



customers

# effective partnering alongside to achieve

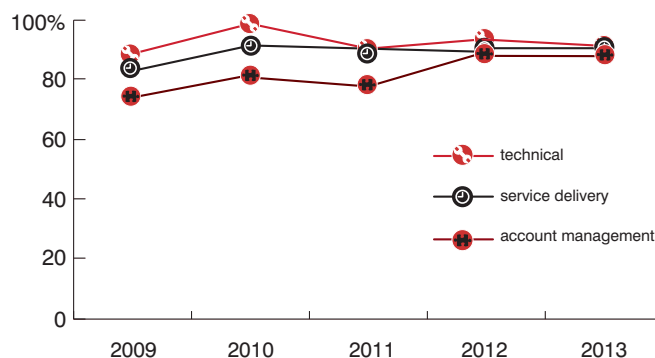
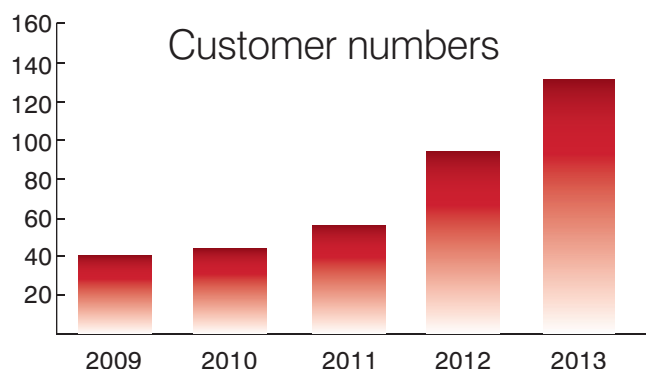
In 2012-2013 we created smart technology solutions for 135 customers – including 47 new customers.

Customer satisfaction remained at 90% or higher across all three areas of delivery.

We're now in the second year of using the "Net Promoter Score" to measure customer loyalty.

The score, which measures likelihood of customers recommending us to others, has improved from 36% last year to 50% in 2012-13. 50% is regarded as a very good score.

Customers satisfied or extremely satisfied with performance





practices

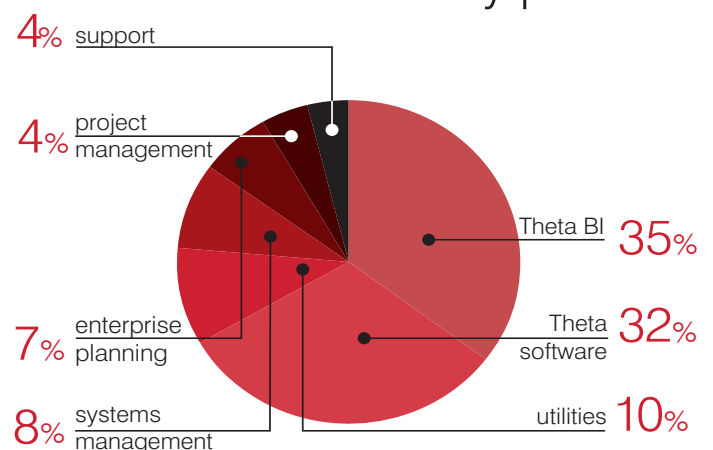
# specialist services integrated delivery

Theta is organised into six specialist practices supported by project management services. We use many popular technologies, both proprietary and open source. Our partnerships include:

- Microsoft Partner:
  - Gold: Data Platform, Business Intelligence
  - Silver: Application Integration, Enterprise Resource Planning, Portals and Collaboration, Cloud Accelerate
- QlikView
- WhereScape
- IBM
- Oracle
- Bestim8
- Jet Reports

Skill sets are complementary and practices often work together to deliver different components of a project.

Revenue by practice





## practices

### Theta Software

Theta Software had a steady year, consolidating after the significant growth of 2011 and 2012. Theta Software accounted for 32% of company revenue and 25% of margin for the 2012-13 financial year. A total of 33 consultants worked in the practice during the year, with an average team size of around 30 – an increase of three on the prior year.

We are now known as one of the biggest and best Microsoft integration teams in New Zealand. Our Integration Practice Lead, Wagner Silveira, was invited to talk at TechEd 2012 and is also now a member of the Microsoft Virtual Technical Sales Professional team.

Our BizTalk project for Visionstream, provider of field services for Chorus, integrated cloud and on-premises systems and is a great example of this increasingly prevalent type of integration.

We were particularly delighted to see a successful delivery of the Claims Management Application for Southern Cross Travel Insurance. This complex and highly innovative project has already delivered huge benefits to SCTI and has brought our companies even closer together.

Our engagement with long-term customer Southern Cross Healthcare remains strong. We completed several important projects for them during the year and continue to provide high-quality on-site application support services.

During the year we also started the development of an Open Data Platform for Otago Regional Council. This exciting project will be a leading edge solution that uses

on-premises and cloud components to expose council data to external users.

Cloud computing and mobile platforms continue to be important trends for the practice, in customer projects as well as internal



research and innovation initiatives. One outcome is the Theta-developed project estimation tool, Bestim8.com, which is now ready for use. We have high aspirations for this cloud-hosted product and expect global interest.

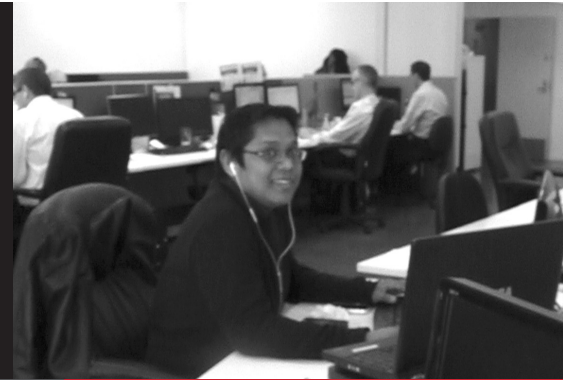
Theta's Wellington presence has started to bring new opportunities for Theta Software and we look forward to more in the year ahead.



I think Theta's broad range of skillsets makes them a pretty versatile partner to deal with and I would have no hesitation recommending their services to partners who are struggling with service delivery from other vendors.

**Johann Lazarus**, IT Systems Manager, VisionStream





## practices

### Theta BI

Theta BI had a very successful year, particularly in Wellington. Our revenue increased by 43% on the last year, accounting for 35% of Theta's revenue and 32% of margin for the 2012-13 financial year.

Our customer base has grown with the addition of KiwiRail Freight, Inter-Islander and Passenger, Craigs Investments, KiwiBank and Otago Regional Council to the stable of Theta BI customers. We have also delivered significant BI projects for existing customers Z Energy, Genesis Energy, Fulton Hogan, Sovereign and Ports of Auckland this year.

We have implemented new solutions using Microsoft's data visualization tool PowerView and the SAP Business Objects Data Services ETL product, further expanding our BI skillset, and our planned IBM SPSS training means we can start offering services in the advanced and predictive analytics area.

### Energy Consulting

We work with energy sector clients in the areas of energy trading, energy risk, power generation, business intelligence and business-to-business integration. Our customers include organisations in New Zealand, Australia and the United Kingdom involved in generation, distribution, retail and risk.

We also continue to work closely with our main Australian customer Lacima, specialist provider of energy risk management systems.



We've been working with Theta since Genesis Energy was established in 1999, and have delivered many successful projects together. Theta consultants bring expertise and insight to projects as required, and know our business so well they are an integral part of our team. Our partnership has stood the test of time, and has helped us respond with speed and flexibility to the many changes in the New Zealand energy market.

**Adam Gower**, Delivery Manager, Genesis Energy



In the New Zealand energy market, change is a constant. Last year saw the introduction of new financial products including Financial Transmission Rights. New metering arrangements through Metering Equipment Providers resulted in changes to the Electricity Industry Participation Code. There were also changes to the physical grid (HVDC changes) and use of smart meter data for retail customers increased. These changes continue to drive demand in the energy consulting area.





## practices

### Enterprise Planning

Our growing team of seven Microsoft Dynamics NAV specialists provided support and development services for 16 customers in 2012-13.

We upgraded more customers to NAV2009 R2 and we even implemented our EDI server solution for a customer running SAP. Theta was the first Microsoft partner to implement Microsoft Dynamics NAV 2013 for a new customer in New Zealand.

We attended Convergence 2013 in New Orleans, the biggest Microsoft Dynamics conference with 11,500 attendees, and have established new partnerships to extend our Microsoft Dynamics NAV mobile warehouse and web shop offering.

Customer feedback on Microsoft Dynamics NAV 2013 has been positive and interest is high, so we are looking forward to many more implementations and a busy year ahead.

### Systems Management

We have seen continuing strong growth in Microsoft technologies and have re-skilled and up-skilled to meet this demand.

BI support has grown as forecast, with new contracts from SCIRT, ECL, OnePath and NZ Lotteries in place and firm prospects for further contracts.

We already have support contracts with customers running on hosted platforms such as Vocus and Amazon and we expect more opportunities like this in the

future. A key goal for 2013-14 is to build a partnership with a hosting provider to address this natural extension to our services.

In the year ahead we will continue to extend our customer reporting and monitoring tools offering, and align our services with growth in other areas of the business, such as BI.

Our internal environment has remained stable throughout the year. We now have an Orcon-hosted firewall in place, and will continue to move core services to the cloud for improved business resilience and flexibility.

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Fast and easy access to the entire data set enabled us to stay ahead of the game with the high-pressure start up period of SCIRT. With quick and easy access to the base data, reports could be developed, refined and deployed with amazing speed and agility.

**Richard Wesley**, Business Systems Manager, SCIRT

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## practices

### Support

The Service Desk has continued to excel this year with overwhelmingly positive feedback from both external and internal customers.

We've restructured the team to increase technical capability and ensure responsiveness to technology change. We now have enhanced skillsets and increased depth in the team, and anticipate further additions in coming months.

Support contract volumes have increased and we have continued to improve our already strong SLA monthly reporting performance. Genesis remains the most important of our support contracts. Their feedback is consistently positive, and they have transitioned several more applications to us to support.

Service enhancements last year include improved email integration with Autotask. We plan to implement additional tools in the coming year, including a large-screen SLA dashboard for at-a-glance monitoring.

### Project Management Office

Our Project Management Office (PMO) now has six permanent, full time project managers – five in Auckland and one in Wellington – as well as a project administrator and our first business analyst. The entire team is focused on quality delivery.

Under Victoria van Bokhoven's guidance, we are continuing to strengthen our methodologies and

processes – resulting in even more control over the projects we manage.

“

Our CEO threw a challenge to IT and Theta to deliver his requirements within a month. We delivered everything he asked for within the timeframe and budget using a practical, agile approach and he was blown away, it exceeded his expectations.

**Paul Bainbridge**, Manager, ICT, Ports of Auckland Ltd

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governance

# conceptual thinking and strategic planning

Theta is a privately owned company with 12 shareholders, up from 8 a year ago. The shareholders elect the Board. Directors are elected based on the value they bring to the Board. Each is experienced in business and provides value by contributing to corporate governance matters, conceptual thinking and strategic planning. The directors play an important part in providing support and guidance to management to enable them to increase the profitable growth of Theta in the years ahead.

The Board has a policy of annual evaluation of individual and Board performance. Any opportunities or issues identified are discussed and action taken to improve on those areas.

This year's review was positive and the composition of the Board has remained unchanged. Members are independent chair Susan Paterson, independent directors Bob Gray and Terry Allen and two executive directors, Matt Owen and Lee Benson.



## governance

In 2012-13 there were eight board meetings and three strategic planning sessions with the following attendance:



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### Director independence

Theta's constitution requires 50% or more of the directors to be independent.

For a director to be considered independent, he or she must not be an executive and must have no disqualifying relationship with the company.

### Ethics and managing risk

The Board is committed to the highest standards of ethical conduct and provides employees and representatives with clear guidelines on those standards.





giving back

# getting involved, digging deep



Our main focus for 2012-2013 was, once again, participation in the CureKids Great Adventure Race. CureKids is a hugely worthwhile charity that supports research into potentially fatal childhood diseases. The whole company got behind our team's efforts, as support crew and fundraisers. A significant portion of funds raised came from staff-initiated charity auctions.

Our team of four took 7.5 hours to complete the multi-discipline event, came third overall, and most

importantly we raised almost \$14,000 for the kids – definitely one of the highlights of our year.

During the past year we also supported:

- Loud Shirt Day supporting the treatment of child hearing disorders
- Daffodil Day for the Cancer Society
- Leukemia & Blood Cancer NZ – through participation in the Pork Pie 2013 Charity Run