



2016

Annual Report



Contents

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.....
.....
.....
.....

Theta in 2015-2016: **the numbers**

178

Customers

4.83

Average employee tenure in years

192

Staff

3

Offices - in Auckland,
Wellington and Christchurch

3

Finalists in the Microsoft New
Zealand Partner Awards 2016

\$31m

Revenue

\$72k

Raised for Cure Kids
(2011 - 2016)

15

Shareholders
(13 of whom work in the business)

29

Nationalities in our diverse
workforce

5

Specialist practices

1145

Projects completed

60

Managed services contracts

Chair & CEO report



Taking stock at

20



► This year we celebrated twenty years of Theta. Twenty years is a long time in tech, and provides a good opportunity to look back, take stock, and see how we're doing.

So how are we doing? This annual report aims to answer that question, by taking an integrated look at our business activities and performance. We value openness, and think it's useful to share how we work and how we're getting on. Hopefully you do too.

A little bit of history

Back when Theta started we didn't have email. There wasn't much in the way of internet either, and we had to look things up in books. Software came on diskettes and mobile phones were big and expensive. We didn't have staff, or an office, or a service desk – if you had a problem, you just had to solve it yourself.

“

Interest in digital has exploded, as organisations see the opportunity and consider the potential cost of digital transformation and disruption.



Fast forward twenty years. We now have three established offices, in Auckland, Wellington and Christchurch. We have almost 200 staff, a CEO, independent directors and five specialist practices. Two of our founders still work in the business, as does our first ever staff member. And of the four customers we had when we started out, three are still customers.

Digital, everywhere

Interest in digital has exploded, as organisations see the opportunity and consider the potential cost of digital transformation and disruption. We held a series of events this year, in partnership with IDC, to help customers navigate this changing landscape. Key technologies include cloud, mobile, social, analytics, cognitive and machine learning, bots and internet of things, and we've built capacity and delivered many projects this year across these digital technologies. We appointed a new Head of Digital, to lead on digital projects.

We've also established a new Microsoft CRM practice,

doubled the size of our SharePoint team (with revenue gains to match) and have new expertise in the Cortana Intelligence Suite, data science and machine learning. When it comes to digital, and in particular the Microsoft digital ecosystem, Theta can do all the things.

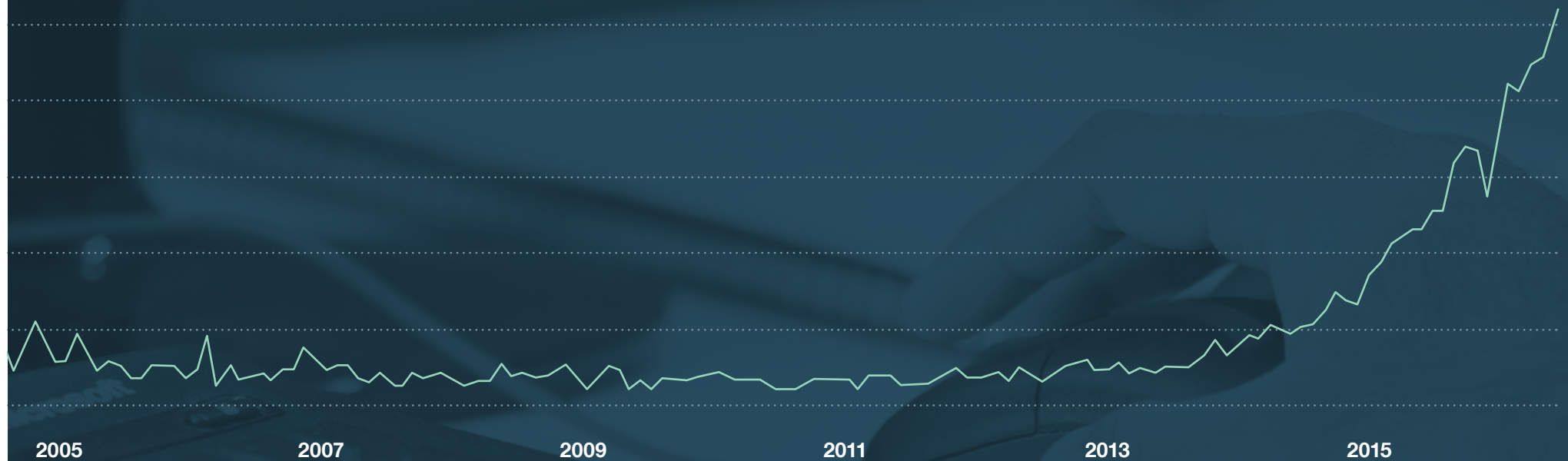
Research and innovation

We continue to increase our investment in research, innovation and staff education, to ensure that we remain at the technical forefront, ready to help our customers innovate, grow, and do business better. Digital is a strong theme in this area too.

Financial performance

Revenue this year of \$31 million was 6% ahead of target and up 24% on last year. We've maintained a particular focus on product and annuity revenue, to enhance Theta's resilience. Product revenue comes from existing Theta products - Veracidata, VeraciTrack and Six Degrees - as well as license

Google Trends:
Interest in **digital transformation** over time



fees for partner software and cloud subscriptions, and is approaching our 10% target. Our goal is to grow annuity revenue – which includes service level agreements and open support agreements as well as product support revenue – to 30% by next financial year. We are on track to achieve this.

We met profit targets this year and have grown at faster than market rate. This trend is set to continue, particularly in key areas of digital and analytics.

Expanding in New Zealand and around the world

Staff numbers are up 24 this year, with growth across all three centres. We moved into new, larger premises in Wellington and expect to do the same in Christchurch next year. All centres now

have practice leads and relationship managers on the ground, and new business wins in Wellington and the South Island are strengthening our position in these markets.

Theta's geographical diversification extends beyond New Zealand. We now have customers in Australia, Fiji, Samoa, South Korea and the US, and reseller agreements for our Six Degrees product in the US, Canada, South Africa and Europe.

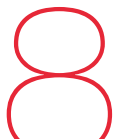
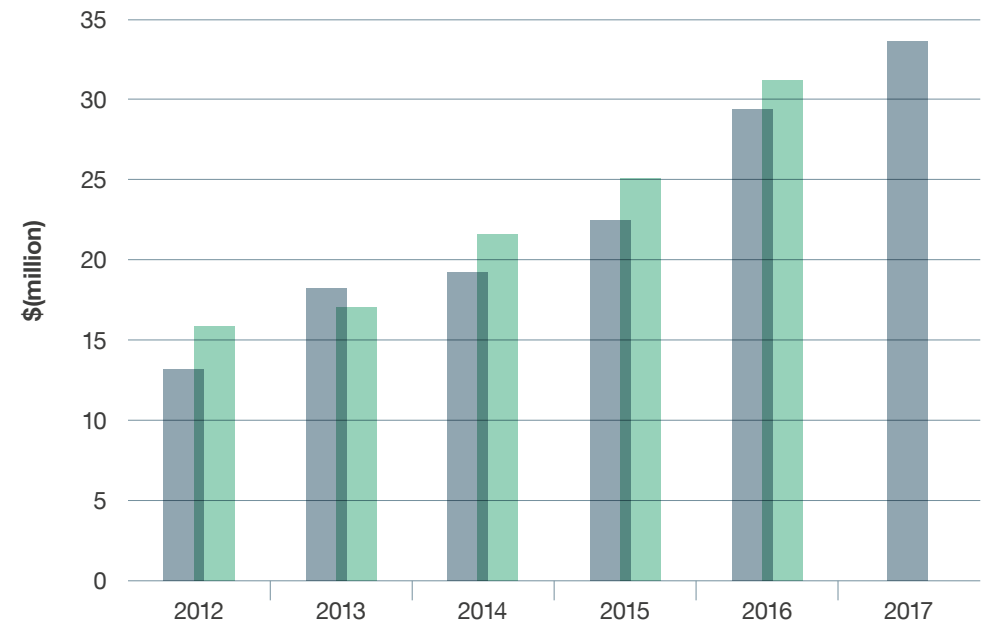
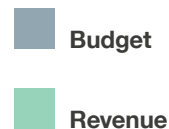
External recognition

We had a strong showing in this year's Microsoft New Zealand Partner Awards, with one SharePoint and two NAV projects shortlisted as finalists.

“

We met profit targets this year and have grown at faster than market rate.

Five year growth





Growing up

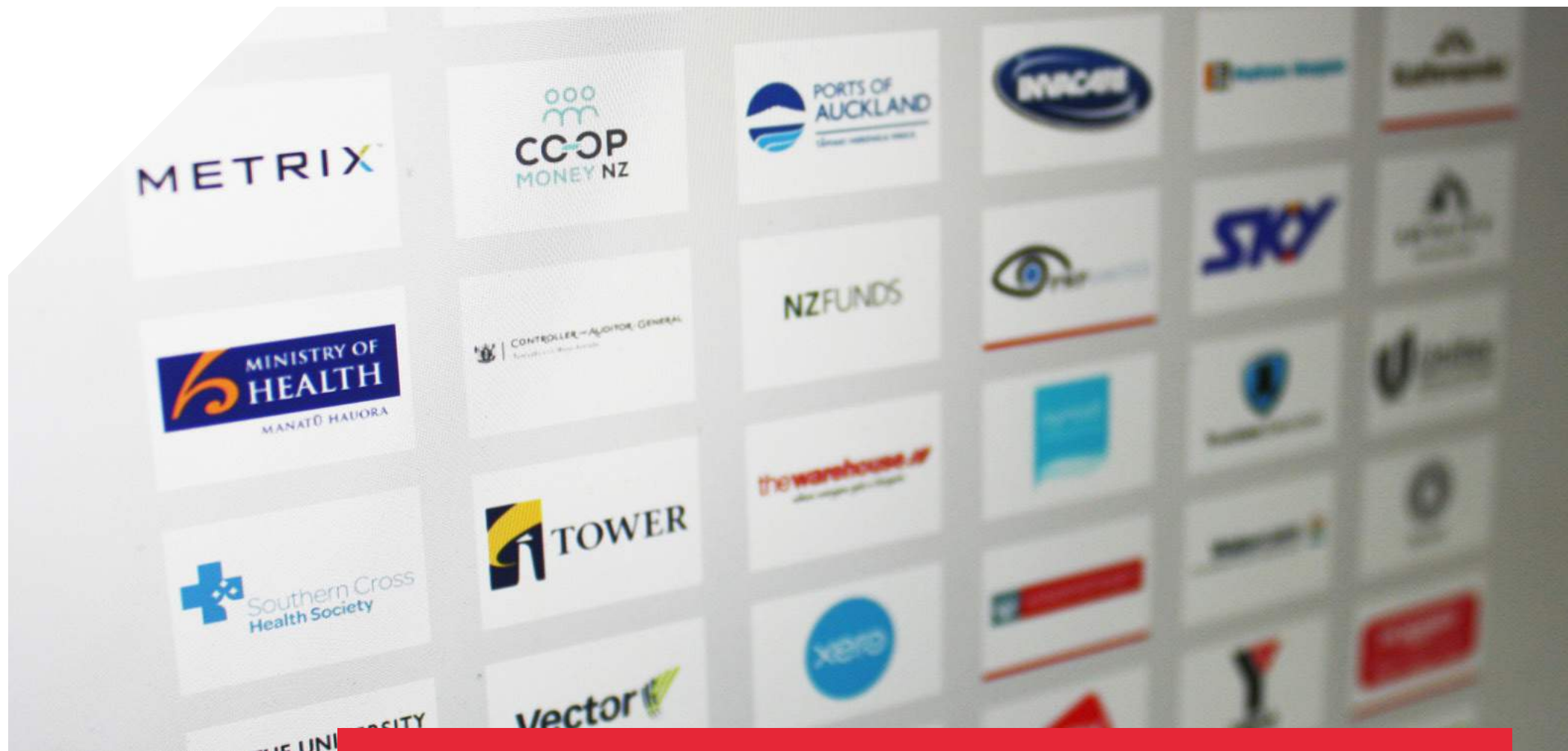
Milestones are a good opportunity to reflect, and to think about the future. As we enter our third decade in business, we feel pretty good about how far we've come. We are now much bigger than we used to be, with many more staff, customers and areas of work. Our management structure and governance team are strong, and we have the processes, practices and infrastructure to operate at this level.

We've learned plenty along the way, and we're always on the lookout for new opportunities and better ways of working. So we're doing some digital transformation of our own. This includes moving core services to the cloud, and implementing Microsoft Dynamics CRM to manage and track customer engagement. We're also excited about a planned analytics overhaul. We know that intuitive, intelligent reporting will deliver new insights, highlight opportunities to maximise productivity and help us plot our future course with confidence. Which is all part of growing up!

“

Many companies make bold statements that people are their greatest asset and that they have a great workplace. Often this is not true. Theta really supports these values and it is something we can all see coming right from the top.

Our customers





“

With Theta you get the full package – people who know what they’re doing technically, and will go beyond the normal tour of duty to get things done and get them right. They have a great attitude, and you really get the sense that they care about their customers.

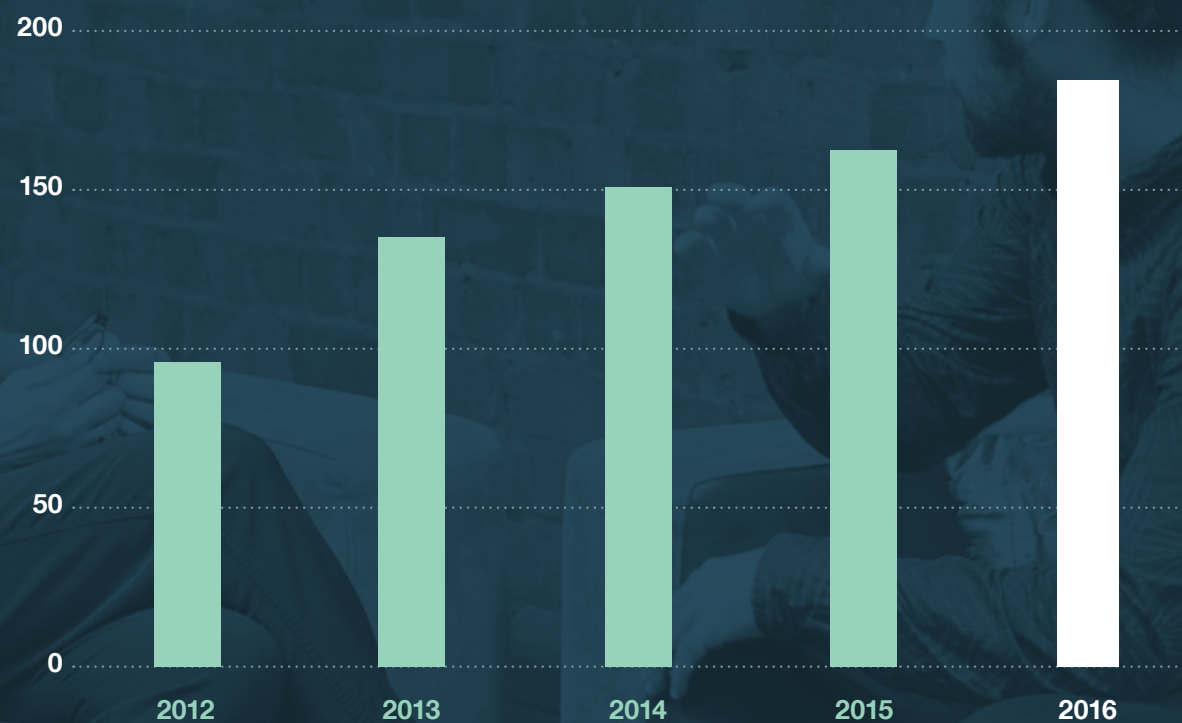
Afa’ese Farane *Business Information Manager, National Bank of Samoa*

► In 2015-2016 we created smart technology solutions for 178 customers¹ – including 30 new customers. This represents a net gain of 14.

Eleven customers contributed 50% of revenue, up from eight last year and just two in 2012, representing a further broadening of our customer base. This of course makes for a more resilient business.

We’ve expanded and restructured our sales team, with Brent Wilkinson taking the role of National Sales Manager, Kevin Fong taking the lead in marketing and three new relationship managers joining the team – Emily Wong in Auckland, Tony Milne in Wellington and Richard Malloch in Christchurch. To support the work of this busy team, and new digital and content marketing activities, we have implemented customer relationship management system Microsoft Dynamics CRM and marketing automation tool Click Dimensions.

Number of **customers**





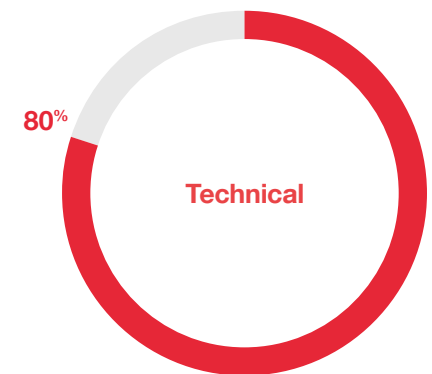
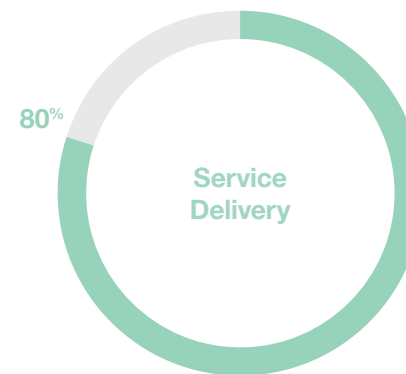
Delivering great work and great service is a key tenet of our business. We survey all of our customers annually to check how we're doing and identify areas where we can do better. This year we're pleased to see an increase in the numbers of customers satisfied with account management and service delivery, and to see all satisfaction scores at 80% or above.

Our net promoter score, measuring the likelihood of customers recommending us to others, has climbed to 15 this year. We're pleased to see this metric improve, and to be well ahead of NZ benchmarks in both the business consulting and IT services sectors.²

Of course there's always room for improvement, and we continue to look for ways to serve our customers better.

² New Zealand NPS® Benchmarking April 2016

Customers *satisfied or very satisfied* with performance



People power



“

A really good mix of clever people and leading edge technology.



► We're a diverse bunch. At last count we had hired the best and brightest from 29 different nations, and in the past year recruited eleven staff from overseas on talent visas. This diversity is a real advantage, helping us look at problems from a range of perspectives. It also made for another delicious international lunch – a firm favourite on the Theta social and fundraising calendar.

We again surveyed all staff and are pleased to see our employee Net Promoter Score – which measures the willingness of staff to recommend their workplace to friends and acquaintances – is a creditable 49. We've included some comments from staff throughout this report. Average tenure for employees is 4.83 years, and overall staff retention is around 80%. On balance, it looks like our people are pretty happy to be here.

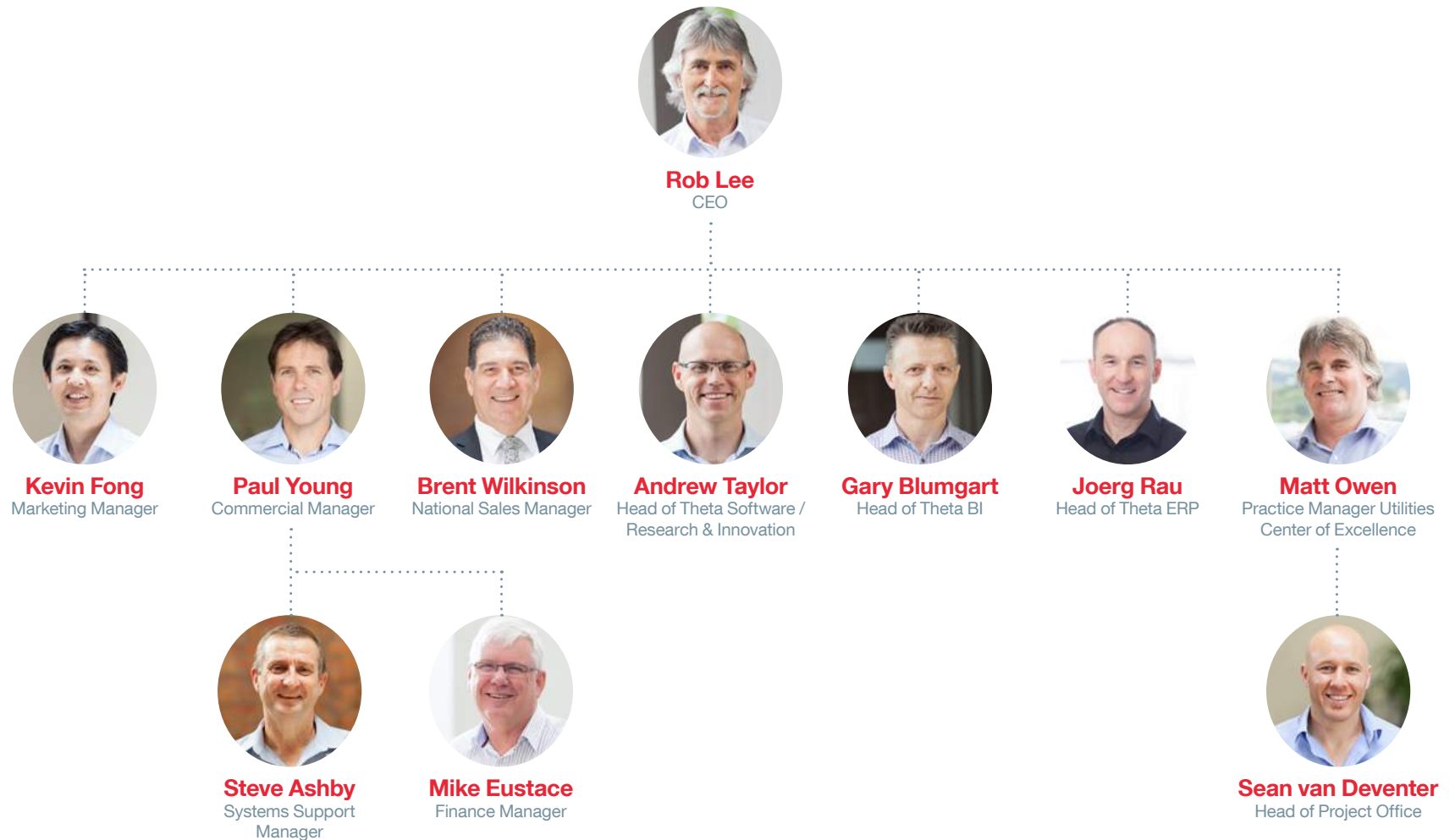
Investing in our people

We've supported Theta consultants attending tech events in NZ and around the world – including Directions EMEA (Germany), MicroStrategy World (US), Microsoft's first ever Cortana Analytics Workshop (US), and Ignite NZ – all opportunities to see what's next in tech and how to plan for it. And sixteen staff attended a twenty-hour business English course.

Health and safety

We fully embrace health and safety in the workplace and recognise just how much this contributes to the wellbeing of us all. Recent changes to the Health and Safety act presented us with the perfect opportunity to strengthen our commitment and further educate and involve our staff.

Organisation chart

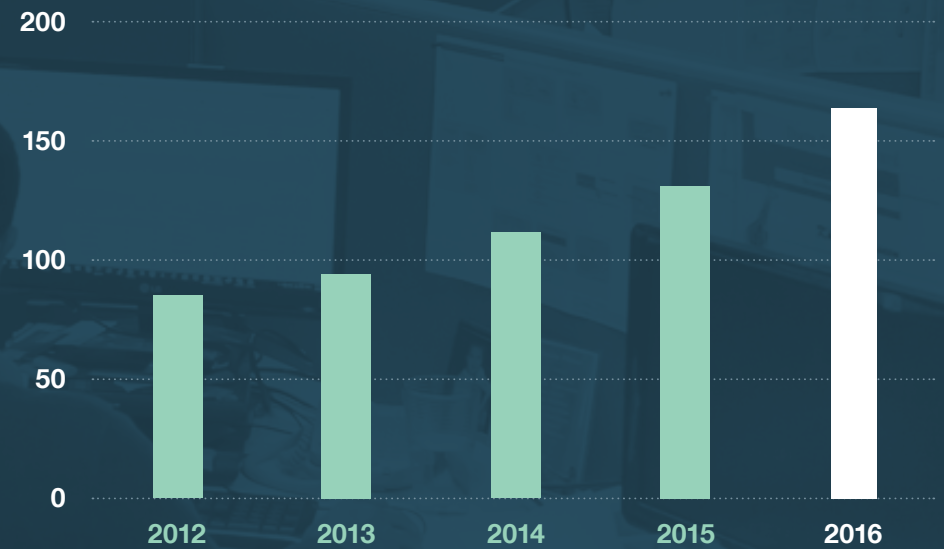


EXIT

Staff **nationalities**

Number of **consultants**

► At the end of the year, we had 165 billing consultants, out of a total staff of 192.



“

We have a company culture with family values, which contributes greatly to attracting and retaining really great staff. The people at Theta like building smart things, and we want to provide a cool environment to work in for these seriously smart people. **Rob Lee**

Giraffe Award

► Every month a staff member or team is recognised for sticking their head above the trees; going that extra mile for our customers. We appropriately call it the Giraffe Award. This year's recipients were:

Hector Parada
Achal Singh
Rodger Maduri
Jim Taylor
Nathan Smith
Jorge Contreras
Andy Charlton
Shannon Naslund
Daniel Compton
Jorge de Silva
Michael Baxter
Vincent Choo

Alan Moore
Haixia Qu
Kathleen Tsao
Robb Fergus (twice)
Vashrin Govender
Allan Cansana
Wagner Silveira
Adrian Blows
Chris Horsman (twice)
Sid Raj
Eduardo Ponzoni
Charl Muller

Joe McKenna
Lance Roberts
Gerad Botha
Keren Smith
Hong Kuan
Blair Thorn
Bob Pentney
Sunil KS
Khalid Yaseen





Sina Tupou

► Sina studied and tutored Mathematics and Computer Science at the University of Canterbury. After graduating, she joined Theta in June 2005 as a Support Desk Analyst and Junior Developer, and has worked in a variety of roles since – from business requirements and system design to development and implementation across a range of sectors and technologies.

Sina moved to Wellington in 2011 and was our first staff member there – before we even had a Wellington office. For Sina, Theta's people and culture are the best thing about working here, as she explains below.

“

At the beginning, I knew everyone. Though that's harder to maintain now we have 200 staff, the team I work with is excellent. Even though we were all in different locations on a recent project, we still had a great team dynamic. I also appreciate the flexibility at Theta. As long as I get the work done, where and when I do it is up to me. This means I can be at home for my children when I need to be.



Jorge Contreras

► Jorge joined Theta in 2014, and since day one has been a wunderkind of the digital team. He's a fantastic front end developer, with design nous, a creative approach and a positive attitude no matter how tricky the problem. Alongside a full portfolio of customer work, he's designed logos and user interfaces and developed websites - including a relaunched Theta website soon after he started. Jorge also knows quite a bit about Mexican history, all things bikes, and his current passion - Taekwondo. Jorge recently won a gold medal in Tauranga and a silver in the Gold Coast competitions so is well on his way to competing in the Australian Open.

“

Jorge loves to be busy and that's easy to achieve given how in demand his front end dev skills are. We are really lucky to have such a great talent on the team.

Nathan Smith *Head of Digital*



Erandi Samarasinghe

► Erandi joined Theta back in February 2012, after working for PriceWaterhouse Coopers in Sri Lanka as a Dynamics NAV consultant. She is the first point of contact for all NAV customer support issues. Erandi triages and manages the support tickets and ensures rapid closure and customer satisfaction.

During the last year she has also been instrumental in our Dynamics NAV upgrade projects, working with an external overseas vendor. Erandi identifies and escalates potential issues as soon as she sees them, and adapts quickly from technical to functional consultant. She's also a Microsoft Certified Trainer.

“

Her quiet and positive manner makes for productive outcomes when she engages with customers and with our team. I can rely on Erandi to drive her tasks to completion with a smile. And she has immense patience. She's a great asset to Theta.

Stefnie Davies *Principal Consultant*

Great adventures

► For the fifth year running, the focus of our community and fundraising activities was participation in the [CureKids Great Adventure Race](#). The race – which raises funds for research into potentially fatal childhood diseases – is always a highlight of the Theta year. The whole company again got behind our team's efforts, as support crew and fundraisers. We barbecued, ate, drank, ran, walked and talked our way through a series of fun fundraisers and auctions, and raised a total of \$17,646 for the charity, up \$1,600 on last year. This brings the total raised over the five years to more than \$72,000.

The team of four – Alan Moore, Adrian Simpson, D'Vida Otto and Jason Free – again did us proud on the day, defending the IT Cup and coming sixth overall in a field of 22 teams. And in a particular highlight of the day, Alan Moore, the driving force behind Theta's Cure Kids fundraising and adventure race participation, was awarded the Spirit of the Race award for his enduring commitment to the race and for services to Cure Kids.

We've also competed in Round the Bays (Auckland and Wellington), and fielded successful social teams in the Wellington Floorball and Auckland Indoor Cricket leagues. We supported the Cancer Society through Daffodil Day.

We supported two individual staff members representing New Zealand on the world stage this year. Relationship Manager Chris Lines plays the E Flat Horn in the [Waitakere Auckland Brass Band](#). The band was invited by the Chinese Government to spend 10 days in China, performing at the Shanghai Tourism Festival and representing Auckland City, sister city to the City of Ningbo, in a concert to commemorate the 20 year sister city relationship.

And consultant Lewis Taiapa captained the New Zealand Men's Inline Hockey Team in the IIHF World Cup Qualifier, beating India, Chinese Taipei and Japan to qualify for the World Cup finals in Slovakia 2017.



Spirit of the Race award winner Alan Moore presents Cure Kids ambassador Jax with a t-shirt Jax designed for the Theta team.

Our practices



Revenue by practice

► Theta has five specialist practices supported by project management services. Skill sets in the various practices are complementary, and practices often work together to deliver different components of a project.

Business Intelligence

42%

Software Development

28%

Enterprise Resource Planning

10%

Systems Support

10%

Project Office

6%

Utilities

4%

Our practices

Theta BI

Consultants

70

Revenue

\$13.1 million

Key areas

Advanced analytics

Data warehousing

Cloud BI

BI Governance

BI Strategy

CRM

Practice leads

Adrian Simpson

Johan Strydom

Sefton Thesing

Blair Clarkson

Peter Hanley

Head of Six Degrees

Ivor Whibley

Head of CRM

► Advanced analytics, including machine learning, data visualisation and governed self-service BI, has been very much in focus this year. These technologies help customers maximise the value of their investment in BI, gain new insights from their data and become more self-sufficient, but in a managed and secure environment. We're also seeing increasing numbers of customers moving to the cloud.

BI governance goes alongside this, as more customers are further along in their BI journey, and look to resolve data quality issues. Two Theta-developed tools, VeraciData and Veracitrack, are designed to help with this, and are beginning to make inroads in the market.

MicroStrategy is now embedded in our BI portfolio, following the acquisition of Indigo in 2014. We have completed large MicroStrategy projects for Sky City and the University of

Auckland this year, and now have 14 MicroStrategy customers.

Six Degrees, a Theta-developed budgeting, planning and forecasting system built on the MicroStrategy platform, has gained momentum this year, with new partners in Europe, South Africa and the US.

And rounding out the portfolio, Microsoft Dynamics CRM - a new offering within Theta BI, led by Ivor Whibley - is a strong growth prospect. It complements other Microsoft products we work with, allowing organisations to get a 360° view of their business from within the Microsoft product stack.

Notable work this year includes a strategy engagement, leading to implementation work, for nib Australia and NZ. We have also completed BI projects for the NZ Defence Force, Z Energy, Ministry of Health and Partners Life.



Our practices



Case study

Future-proof business intelligence in the cloud

► Partners Life is a Kiwi owned life insurance firm. Information is the company's lifeblood, and after five years of rapid growth they wanted to make sure they were getting maximum value from their data. Theta implemented a Microsoft Internet as a Service business intelligence solution on Azure. Partners Life is already seeing benefits from their cloud setup with better, faster, more accessible and more user-friendly reporting and analytics.

“It's so great not to have servers lying around any more. I just don't have to worry about hardware at all. Now my focus can be on what we need to do to fulfill the needs of our users – it allows me to be much more proactive and forward looking.

As our company has grown fast, in a highly regulated industry, we have increasing regulatory requirements to meet. Our reporting was no longer fit for purpose - we needed a business solution backed by robust support, ongoing development and auditing. Theta's proposal for BI in the cloud, on Azure, ticked all those boxes.

Mark Lewis GM Software Development, Partners Life

Theta Software

Consultants

50

Revenue

\$8.8 million

Key areas

SharePoint

Digital

Integration

Practice leads

Jeff Wogen

Software Practice Lead

Jim Taylor

Product Solution Architect

Wagner Silveira

Principal Integration Architect

Ignacio Montenegro

Head of SharePoint

► It's been a year of strong growth for Theta Software, particularly in the key areas of digital and SharePoint. Revenue is up 20% and the team has increased by 25% to 50 consultants.

We identified the digital opportunity some years ago, and have built a mature digital team, with plenty of design, mobile, web, app and front end development expertise. Key digital projects this year include digital transformation work for QV, and web and ecommerce projects for NZSki and Intouch. We're also increasingly using DevOps techniques in projects like these, to aid digital transformation.

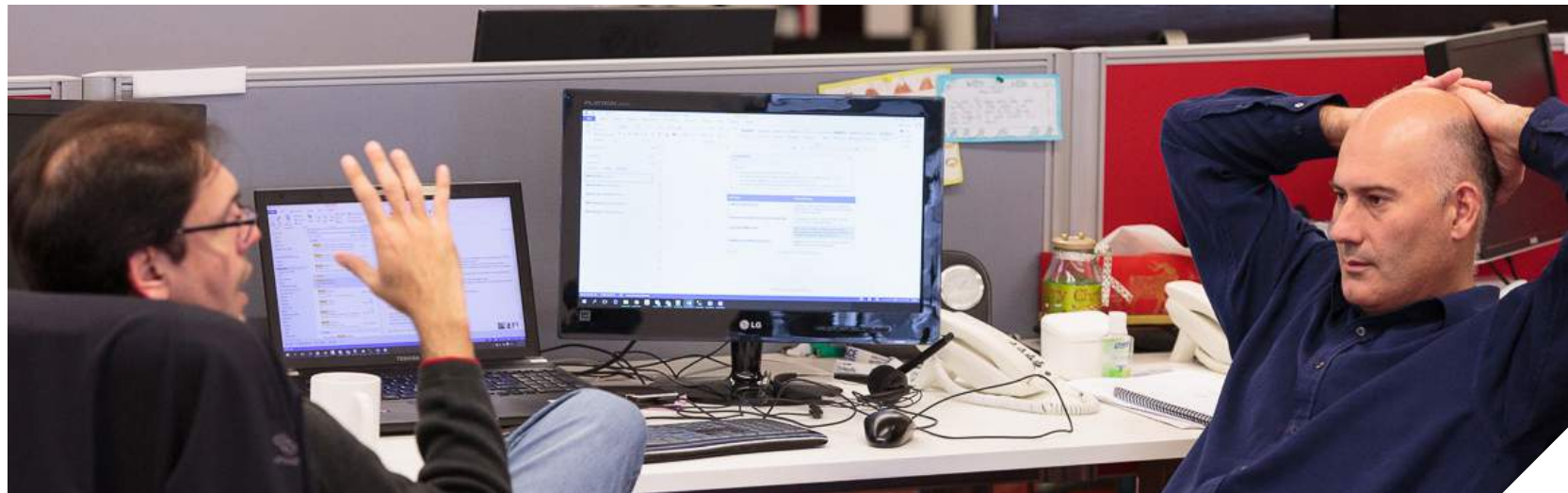
We acquired SharePoint specialists IGA at the end of the last reporting period, and have doubled SharePoint revenue to almost two million dollars since then. Alongside existing IGA customers – including Auckland International Airport Ltd and Auckland Council - we have won lots of new work to keep the

pipeline full. IGA's SharePoint credentials and Theta's size and scale are proving to be a compelling combination.

Integration is evolving rapidly, with API-centric models and integration in the cloud blurring the lines between traditional software development and integration. Like everything else, integration is becoming cloud first, mobile first, and with expertise across all these areas, Theta's integration offering is competitive. We delivered big integration projects this year for Watercare, Ports of Auckland, Metrix and government clients.

IT strategy engagements are another persistent trend, and we have appointed Andrew Nelson, ex-Enterprise Strategist for Microsoft, to work exclusively in this area.

On the horizon, the rise of the chatbots and conversation as a platform offer exciting new digital possibilities, and we're already working on our first bots for customers. [Watch this space.](#)



Our practices



Case study

Export success for integrated ski area technology platform

► Intouch, a leading provider of POS, ticketing and reservation software for ski areas, resorts and attractions worldwide needed a new, future-proof ecommerce solution to take to their global customers. The resulting application, built on Azure using the latest Microsoft technologies and frameworks, is already an export success, with sales to ski fields in the US and Japan within months of launch. It integrates with on-premises systems such as point-of-sale, scales seamlessly to meet the seasonal demands of the sector, and reduces friction across a typically complex buying process.

“It’s a mobile-first approach – who wants to wade through several screens of registration and data gathering when you’re buying on your phone? We’ve already had feedback from a large US customer that this approach to web store implementation is a game changer in the industry, and they’re really excited about it.”

Arjen Noordhoek Chief Technology Officer, Intouch Technology Group





Consultants

14

Revenue

\$2.6 million

Key areas

Microsoft Dynamics NAV

Practice leads

John Mellows

John Murdoch

Stefnie Davies



ERP / Business Solutions

► It's been a steady year within the ERP team, with expansion into the South Island and some significant project highlights. We've continued to grow our customer base and now have 33 NAV customers.

Two Microsoft NAV implementations – for Postie Plus and Port Taranaki – were finalists at this year's Microsoft Partner Awards.

We completed our first South Island implementations, and now have NAV specialists on the ground in Christchurch to support increasing volumes of work in this region.

Upgrades have been streamlined this year through partnership with 1ClickFactory, allowing us to offer customers a wealth of upgrade experience at a keen price. We also completed our very

first upgrade to NAV 2016 shortly after its release.

We have partnered with SI Foodware, a vertical solution based on Microsoft Dynamics NAV ideal for NZ food companies, and have seen strong interest from this sector.

We've also contributed to Theta's tech blog and developed new formats such as #NAVtip and "NAV in your coffee break" to share our team's expertise with customers and the wider NAV community.

In the year ahead, we expect business solutions to follow the wider cloud trend, with more customers opting for subscription-based NAV in Azure, on Office 365.

Our practices

Case study

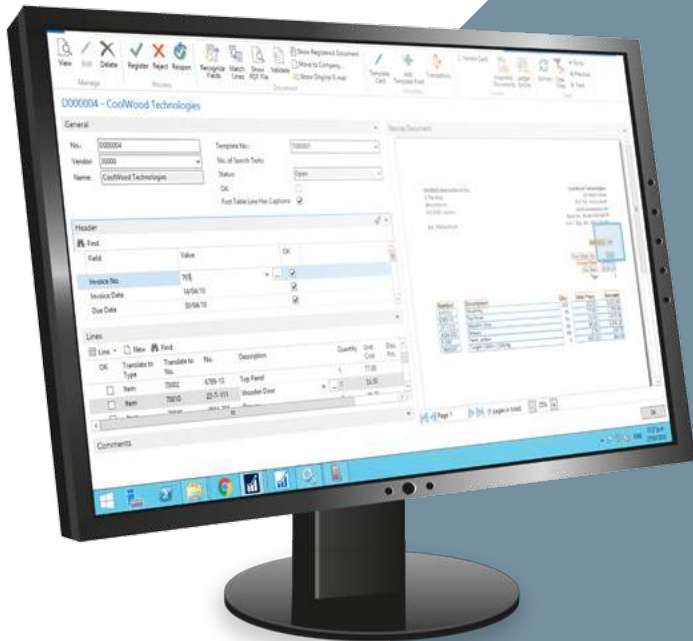
Retail chain streamlines procurement with Dynamics NAV

► NZ retailer Postie Plus worked with Theta to replace their existing financial management system with Microsoft Dynamics NAV. The resulting integrated solution streamlines Postie Plus' entire procurement process, improves reporting and analysis, saves time and is easy to maintain.

This project was a finalist in the ERP category of the Microsoft New Zealand Partner Awards 2016.

“Someone can come to me and say they want something and I can pull it out in 10 minutes. I can do things on the fly that previously would take days to turn around or just wouldn't be possible.”

Kelly O'Neill Finance Manager, Postie Plus



Systems and support

Consultants

20

Revenue

\$3 million

Key areas

Cloud services

Infrastructure

Database

Application support

Architecture

Service desk

Managed services

Practice leads

Alexis Wainstein

Infrastructure Lead

Bhupinder Dalal

Apps/DBA Lead

Jacques Groenewald

Service Desk Lead

► With a team now numbering twenty we have expanded our systems management and support offering across the country, and have feet on the ground in Wellington and Christchurch supporting growth across all regions. We now have three fulltime Service Delivery Managers and two Service Delivery Coordinators.

Cloud services such as Office 365, Azure and Amazon Web Services continue to grow in popularity. This trend means significant change for infrastructure and database services and we have ensured – through investment in training and infrastructure – that our team and service offering are aligned with this changing landscape.

Managed service contracts have increased steadily and numbered sixty at year end.

Significant customer engagements include the [National](#)

[Bank of Samoa](#) (Oracle banking application and infrastructure support), [Balle Bros](#) (Office 365 migration) and the Oracle E-Business upgrade at Genesis Energy.

Internally, we have migrated many core services to the Vocus datacenter and the cloud. The Theta website is now hosted on Azure. We are rolling out VoIP to replace our telephony systems and have continued other planned system upgrades to ensure we are well placed to support the rapidly growing business in the three Theta offices.

In December 2015 we completed a full severity one business continuity planning test, with excellent results. We have our own offsite disaster recovery facility, with standby power generator, for crisis team staff to work from in an emergency. This gives us and our customers confidence that our systems are resilient, even when unexpected events occur.



Our practices



Case study

Office 365 migration for NZ fresh produce company

► Produce supplier Balle Bros has been involved in growing, packing and marketing New Zealand fresh produce for more than three generations. The company recently acquired iconic potato processor Mr Chips. When Balle Bros needed to consolidate email infrastructure across the two brands, they turned to Theta, already a trusted ERP partner.

“ We see our relationship with Theta as an ongoing one, and really value the external perspective they bring. They keep up with the latest technology – which is great, as Azure is evolving so fast – and are very familiar with both the application and infrastructure environment here.

Nathaniel Changco IT Manager, Balle Bros.





Project office

Consultants
17

Revenue
\$1.8 million

► Theta's project office supports a portfolio of up to 300 projects at any one time, and completed 1145 projects in this financial year.

The team of 17 includes senior project and programme managers, junior project managers, and invoicing and billing staff.

We have increased our service offering this year to include programme management, and in the year ahead will also be targeting higher value project office outsourcing and consulting engagements.

We have refined our internal approval, invoicing and billing processes, and are always on the lookout for ways to work more efficiently and make projects run smoothly.



Governance



Strategy, support and guidance

► Theta is a privately owned company with 15 shareholders at the end of March 2016. Shareholders elect board members based on the value they bring. 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.

Susan Paterson serves as Chair of the board, Bob Gray and Terry Allen as independent directors and Matt Owen and Andrew Taylor as executive directors.

Meetings

In the 2015-16 financial year there were six scheduled board meetings, five special board meetings, two board/management planning/update sessions and one shareholders meeting.

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.



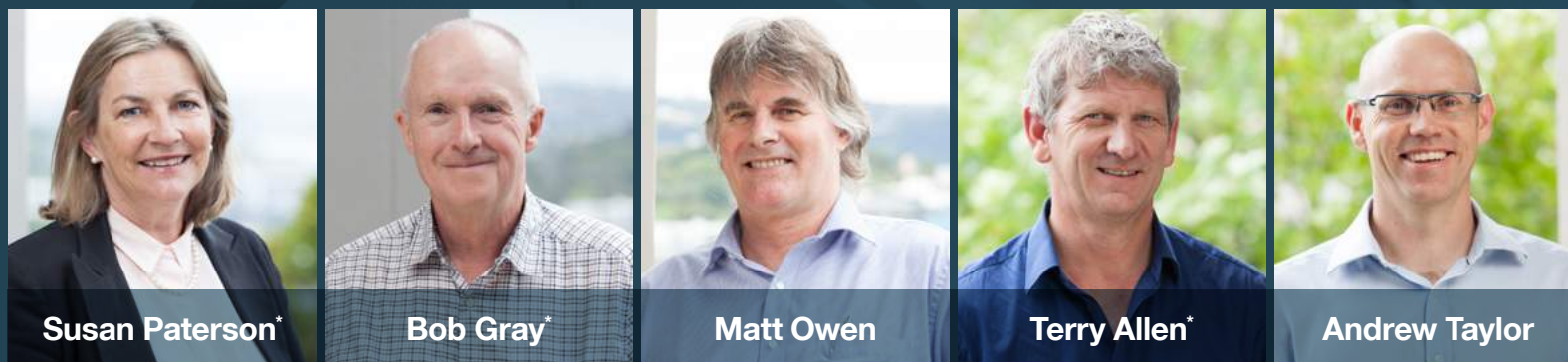
The Board has overall responsibility for the company's system of risk management. Financial statements are prepared monthly and are reviewed by the Board to monitor management's performance against budget goals and objectives and the Board requires managers to identify and respond to risk exposures.

All directors are members of the Institute of Directors to ensure that they keep current with governance best practice.

Sustainability

We aim to operate in an environmentally friendly and sustainable manner. We monitor and regularly evaluate the way we work for things we can do to reduce our impact on the environment, including reducing energy consumption and paper use.

Meetings attendance



Board meetings	6	6	6	6	5
Board/management planning meetings	2	2	2	2	2
Special meetings	5	4	5	4	5
Shareholders meetings	1	1	1	1	1

*Independent director



We create smarter solutions, together.

Auckland
Wellington
Christchurch

0800 4 THETA
(0800 4 84382)

enquiries@theta.co.nz
theta.co.nz

► Established in 1995, Theta is a technology consultancy with offices in Auckland, Wellington and Christchurch.

We help organisations – in New Zealand and around the world - transform their businesses with technology. We design, deliver and support solutions across four key areas - business intelligence, software development, business solutions and systems management.

Our team of 200 experienced professionals – from technical experts to project delivery specialists - work with our customers to get projects across the line and get them right. First time.

Ngā mihi.

 theta