



Smart solutions. Sustainable results.

# Annual report

For the year: April 2011 – March 2012

20  
12

# contents



ORACLE PARTNER



Chair/CEO report: performance	3
highlights	5
our team	7
company	8
looking forward	9

Customers	10
-----------	----

About Theta	12
-------------	----

Practices	13
-----------	----

Governance	18
------------	----

## Microsoft® Partner

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

# Extraordinary growth in ordinary times

2011-12 was an outstanding year for Theta in a continuing subdued business environment hampered by the flow on effects of a weak US economy, a weakening Australian economy, the European economic crisis and tempestuous Middle East politics.

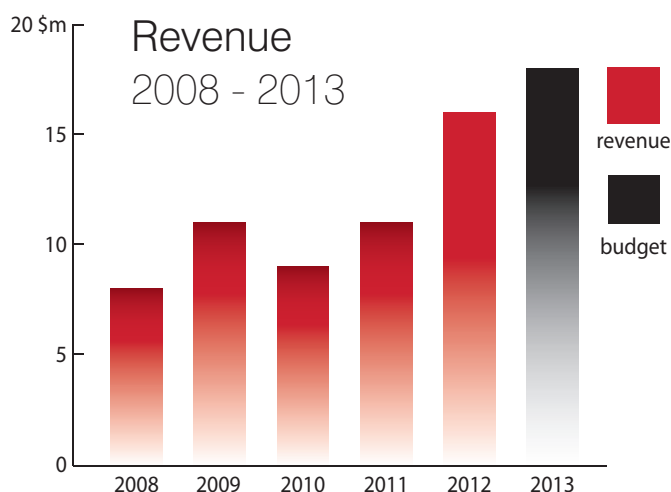
A challenging revenue target was set at 20% above the 2010-11 result and management and Board are delighted to have surpassed this goal with 46% growth.

The acquisition of Wellington Microsoft business intelligence company Prophecy was a major highlight for the year achieving two strategic goals in one hit: expansion by acquisition and geographic diversification into Wellington.

And it was an award-winning year as we took out the Microsoft Dynamics ERP Solution of the Year award for our Dynamics NAV implementation for Holdfast. We also gained two new MS Dynamics NAV customers in 2011-12 and this part of our business is now well established.

60% of revenue came from six customers, the largest being Genesis Energy and Southern Cross Medical Care Society. We appreciate the loyalty, and continue to provide sustaining value through the smart use of technology for all our customers.

We exceeded our targets across all measures. Revenue



increased by \$5M on 2010-11 mainly due to three major new projects and a net increase in customers of 65%. With low attrition and our ability to attract high calibre people we were able to seamlessly deliver this increased workload.

Costs were well controlled resulting in another year of solid profit growth. And as sustainability is an important focus for Theta, we're pleased to now be implementing the recommendations from a 2012 review of our environmental and sustainability practices.

### Expansion through acquisition

2011-12 has been a year of rapid growth for Theta, accelerated by the acquisition of two complementary companies. The first, Prophesy, is a Wellington based Microsoft BI specialist with a strong stable of government and private sector clients, including Ministry of Agriculture and Forestry, Maritime NZ, Fulton Hogan and Z Energy. Rob Hawthorne, Prophesy's founder, is now Central Region Manager and leads a talented Theta team

in Wellington and Christchurch. Central region is broadly everything south of Taupo. The Central team are now well positioned to offer the full range of Theta services and the early signs are that this is welcomed by existing and new customers.

We also acquired Divizo, an Auckland company specialising in data warehouse and BI solutions for small to medium sized ERP systems. These acquisitions, and a growing customer base, has seen the Theta BI team increase to 35 this year.

### New premises, refreshed look

The acquisition of Prophesy provided the perfect opportunity to refresh the Theta brand. Theta BI and Theta Software have emerged as brands in their own right but the core Theta promise – "Smart solutions. Sustainable results." – remains the same.

So we polished up the logo and our new larger Wellington offices in Featherston Street will be the first to sport the new signage.

### evidence from within

NAME:

Rob Hawthorne

EXPERTISE:

Microsoft Technology Strategist



“Great minds, passionate people, what more could you ask?”

# our success & yours go hand in hand

## BI solution for SCIRT

Stronger Christchurch Infrastructure Rebuild Team (SCIRT) is responsible for co-ordinating the rebuild of Christchurch's earthquake damage to roads, fresh water, waste water and storm water infrastructure. With the need to manage over 500 repair and construction projects and a weekly expenditure of more than \$10M, SCIRT quickly realised it needed a business intelligence (BI) solution to help it manage a huge amount of data and enhance decision making.

Theta designed and developed a BI solution using Microsoft SQL Server 2008 R2 with SharePoint 2010. By

using in-built features like PerformancePoint Services, PowerPivot and Reporting Services, SCIRT now has a single portal view on key measurements ranging from project time and budget through to health and safety targets. The solution provides day-to-day visibility that would normally have required two to three full time staff to deliver.

## Metrix Foundation Project

Last year we embarked on a very large project for Metrix, the biggest provider of electricity meters and metering services in Auckland. To support their new smart meters Metrix needed a better platform



**Theta receiving the Microsoft Partner award**

to enable reliable and efficient delivery of smart data services to their customers.

Our solution for Metrix is already delivering huge benefits in terms of both reliable and accurate smart meter reads. The solution has several parts but at its core is an integration platform designed and built by Theta's integration team and leveraging Microsoft BizTalk Server. This complex architectural feat was delivered in a challenging environment with very aggressive SLAs, high availability and high throughput requirements.

## Award-winning ERP

We are very proud of our Microsoft Dynamics NAV team, winners of the "Microsoft Dynamics ERP Solution of the Year" award at the Microsoft New Zealand Partner Awards in November 2011.

The award was for the Microsoft Dynamics NAV distribution solution we implemented for Holdfast. Here's what Holdfast Managing Director Brett Henderson said about our work:

“

Theta really understood our requirements, and gave us excellent advice. They presented a product with a great track record, extended it to integrate with existing business systems, and implemented it quickly. It all works seamlessly. The system runs our business more efficiently, saving us a lot of money and freeing up my time to focus on growing the business. We wanted the best system supported by the best people, and we have achieved this on both counts.

**Brett Henderson, Managing Director, Holdfast**

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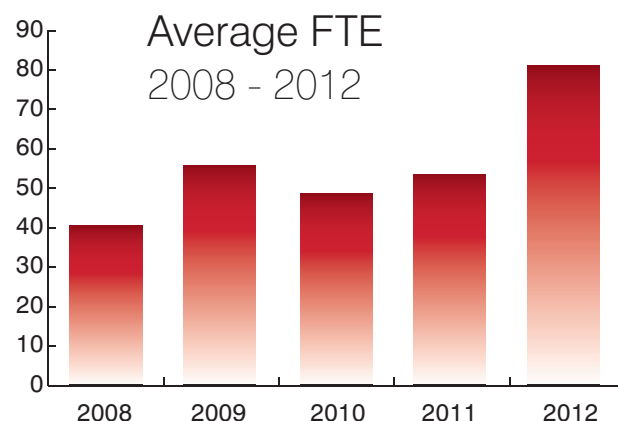


**A family day at the movies as a way of saying thanks to our loyal customers**

# our people are the difference

Our people are our lifeblood. It's something we will continue to say year on year, that you are only as good as your people. Our people are our core asset and are the key to our reputation throughout the IT industry as a high quality partner with experienced staff and specialist skills.

In our staff of 110 we maintain a mix of core staff and associates, who give us the flexibility to access specific skills and scale up for particular projects. The number of permanent employees has grown significantly to 60 and we endeavour to make each feel highly valued and engaged. In return they contribute well in their individual areas of expertise expressly for the benefit of our customers.



This year we reinstated our graduate programme, providing opportunities for graduates to work, develop and build meaningful careers at Theta.

In 2011-12 we billed an average of 81 full time equivalents (FTEs), where one FTE is defined as 251 days billed.

# we are evolving

Our shareholders have grown from four to eight: Rob Lee and Andrew Taylor through our employee share scheme, Rob Hawthorne through the acquisition of Prophecy for a combination of cash and shares, and the investment in Theta by Brent Wilkinson.

Theta has strong governance and management. The Board is made up of a majority of independent Directors whose competencies are reviewed annually. We have a robust strategic planning cycle, a dedicated and capable management team, and good monitoring and reporting to the Board and shareholders. We are very grateful to our whole team, who always go the extra mile to deliver value for our existing customers and who actively promote the company thus contributing to growth.

## evidence from within

NAME:

Steve Ashby



EXPERTISE:

Systems Management &amp; Support

“Theta’s strength is its people and a common desire to deliver what our customers want”

NAME:

Gary Blumgart



EXPERTISE:

Business Intelligence

“Chance favours only the prepared mind”



# a year of consolidation

After our significant expansion in 2011-12, the year ahead will be one of consolidation and modest growth. To that end, we have identified the following areas as targets for investment:

- Increased internal capability and marketing activity
- Business development in larger enterprises
- Introduction of the full Theta portfolio into Wellington and Christchurch
- Innovation, especially mobile, cloud and big data technologies
- Development of our people and their technical capability (especially from our major partners Microsoft, IBM, Oracle, QlikTech and Wherescape).



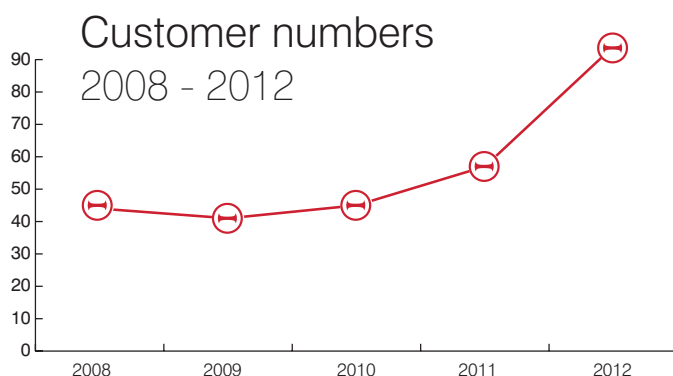
**Rob Lee, CEO and Susan Paterson, Chair**

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

customers

# active customer engagement

In 2011-2012 we created smart technology solutions for 94 customers – including 57 new customers. Customer satisfaction remained at a high level, with notable increases in the number of customers satisfied or extremely satisfied with our account management



services - up 12% on last year. Impressively, 96% of our customers are satisfied or extremely satisfied with our technical performance.

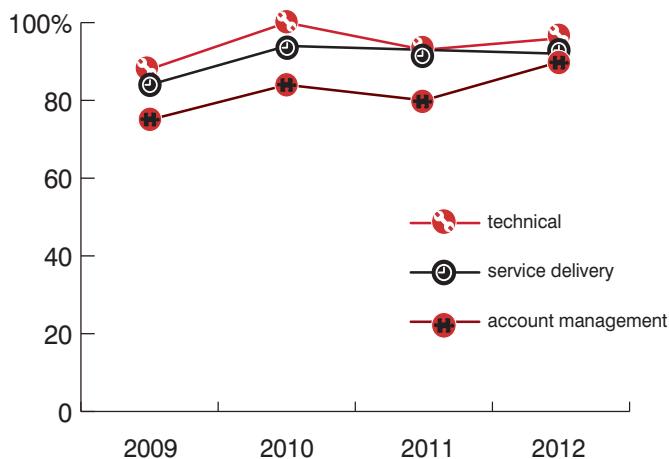
“

We are very pleased with the outcome of this project. Theta performed very well, and we're now working with them on a number of ongoing projects.”

**Graham Yan, CEO,**  
Heritage Hotels

”

## Customers satisfied or extremely satisfied with performance 2009 - 2012



Theta at the 2012 CIO Summit

“

The websites are in a stable continuous improvement cycle and achieve five-9's availability with a robust hot-standby data recovery system in place.

Working alongside Theta, we continue to innovate, allowing us to implement real-time updates to our websites, ensuring customer satisfaction and lowering the overall IT spend per policy issued. As a result SCTI has built and maintained strategic and tactical competitive advantages in the market.

**Craig Morrison** CEO,  
Southern Cross Travel Insurance

”

## evidence from within

NAME:

Andrew Taylor

EXPERTISE:

Software and Integration



“Talent and a pragmatic focus on getting things done is our winning formula”

about Theta

# smart solutions sustainable results

Founded in 1995, Theta is an information technology consultancy with offices in Auckland and Wellington. We have a staff of more than 100 experienced professionals and provide services to 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 attitude is customer first and we regard our people as our greatest asset.

## evidence from within

NAME:  
Matt Owen

EXPERTISE:  
Utilities Centre of Excellence



“We focus on doing the job properly from start to finish, and always deliver – irrespective of obstacles or challenges”

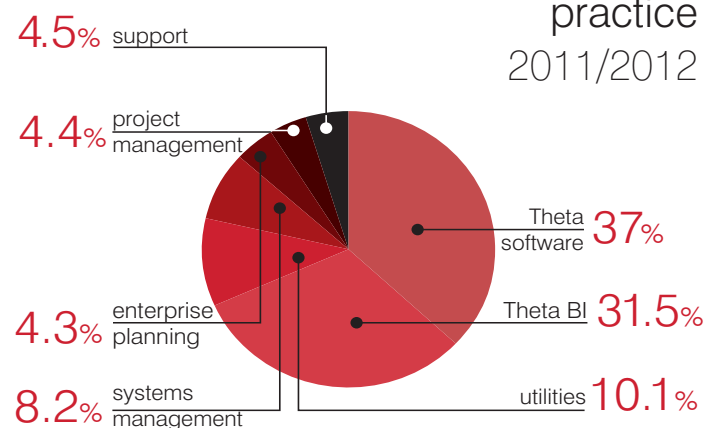


# specialist services, integrated delivery

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 Business Intelligence, Data Platform
  - Silver Application Integration, Enterprise Resource Planning, Portals and Collaboration;
  - Cloud Accelerate Partner
- QlikView implementer
- WhereScape developer
- IBM
- Oracle

Revenue by  
practice  
2011/2012



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



## Theta Software

Theta Software had another excellent year, building on our significant client acquisitions of 2011. We have exceeded revenue targets and grown our team by 12%.

Theta Software accounted for 37% of Theta's revenue and 34% of margin for the 2011-12

financial year. A total of 40 different consultants worked in the practice during the year, with an average team size of around 27.

Our engagement with long-term customer Southern Cross Healthcare remains strong, and the series of projects at Metrix, commenced in the last financial year, will keep us busy well into 2013.

We were delighted to see our nomination of Southern Cross Travel Insurance's Debbie Hollows for CIO of the Year recognised with a finalist nod at the Microsoft New Zealand Partner Awards 2011. Our programme of work with SCTI is well established and already delivering great results for the online insurer.

We continue to build our unique offering in the integration space and are becoming known as one of the biggest and best Microsoft integration teams in New Zealand. Our current BizTalk project for Visionstream, provider of field services for Chorus, looks set to enable

innovation and deliver significant productivity gains.

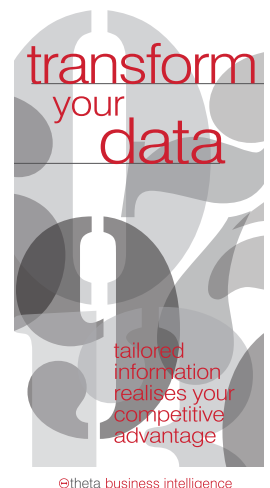
Cloud computing and mobile platforms continue to be important trends for the practice, while Theta's growing Wellington presence brings new opportunities for Theta Software in this market.

## Theta BI

Theta BI had a very successful year exceeding expectations for both revenue and margin. Our revenue increased by 56% on the previous year, accounting for 31% of Theta's revenue and 31% of margin for the 2011-12 financial year.

Our BI client base is growing steadily and our existing customers remain very satisfied with the quality of service we deliver. Engagement with long-term customers such as Genesis Energy and Heritage Hotels remains vital whilst our partnerships with newer customers such as Z Energy, Ports of Auckland and ANZ Wealth are growing stronger.

Theta BI has extended its Microsoft data warehouse and BI capability into Wellington by acquiring the Wellington based Microsoft BI specialist company Prophesy. Theta BI also acquired Divizo, an Auckland based company specializing in data warehouse and BI solutions for small to medium sized



ERP systems. This has taken the average number of dedicated data warehouse and BI consultants to 35.

We have expanded our base of customers using QlikView, the in-memory data visualization product.

Big data, self-service and mobile BI continue to be important trends for the Theta BI practice.

## Energy Consulting

The Utilities Centre of Excellence works 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 that are 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.



In New Zealand, the energy market is undergoing significant changes such as the planned partial privatisation of some state owned enterprises, and regulatory changes that affect how the energy market operates. These changes continue to drive demand in the Energy Consulting area.

## Enterprise Planning

Our growing team of six Microsoft Dynamics™ NAV specialists provided support and development services for 11 customers in 2011-12.

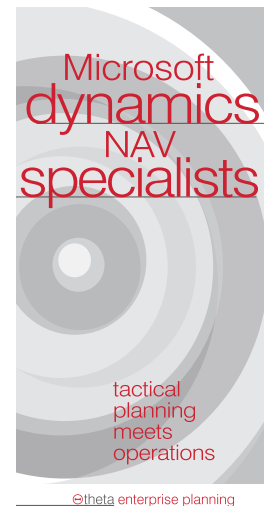
We upgraded Holdfast to the latest version, NAV2009 R2 and extended their EDI server implementation with additional

business partners. Our NAV solution for Holdfast was named “Microsoft Dynamics ERP Solution of the Year” at the 2011 Microsoft New Zealand Partner Awards.

Companies already running Microsoft Dynamics NAV chose Theta as their new support partner and were immediately able to improve their processes using our import and distribution add-ons range. We have also added another reseller of our QlikView Connector for NAV in Central America.

The outlook for 2012-13 is very positive and the NAV team is looking forward to the new release of Microsoft Dynamics NAV 2013, which is Microsoft’s first ERP product launched in the cloud. This version has also much richer business intelligence and KPI capabilities.

Our dedicated Oracle FMS team in 2011-12 continued to support several clients. With our successful upgrade experience we are well positioned to benefit anyone wishing to upgrade.



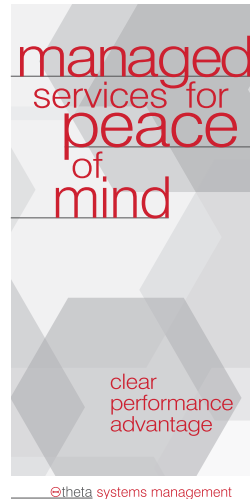


## Systems Management

2011-12 was a year of growth for Theta Systems Management. Our team increased by one and has a stronger infrastructure and MS SQL capability. Revenues also increased.

We won additional managed service contracts this year, with wider support services such as server and infrastructure support. Three contracts have customers on hosted platforms (Amazon and Maxnet) with high levels of customer satisfaction and opportunities in this space likely to increase.

We delivered an upgraded Oracle database and middleware layer and a managed service contract at new customer Orix. Other highlights include the continuation of excellent delivery at Unitec, a smooth



transition for new managed service client NZ Trade and Enterprise, involvement in the large scale Metrix Foundation project, and consolidation of services for existing customers.

We applied several enhancements to our systems management platform this

year with very few outages or disruptions. We have implemented the new and improved support tool Nagios XI and are now positioned to continue with new support initiatives.

Opportunities on the horizon include enhancing our central region presence and Oracle services. We are also beginning to see growth in BI managed services.

## Support

We added three new roles to our service desk and delivery team: a fulltime Service Delivery Manager, a Service Delivery Co-ordinator and a Level 3 Analyst. We now have a stronger than ever delivery team and can provide improved services in areas such as problem management.

Genesis remains our largest customer. Our track record there of outstanding delivery continues: core SLAs have remained green through most of the year.

## evidence from within

NAME:

Kevin Fong

EXPERTISE:

Sales Manager



“The thing about working at Theta is the great company culture: supportive, balanced, committed and loyal”



The transition of ticket management services to new customers - including those from the central region - has gone smoothly. The support team has also worked on mechanisms to improve automation and efficiency in areas such as monthly reporting.

Autotask has proved to be a very stable and useful tool since we moved all customers to it last April. We are now looking to use some of Autotask's additional functionality, such as email integration.

“ We've got the system running like a dream. It has been the absolute key to Holdfast's success. Without good back-end information systems, nobody can run a good business today, regardless of what industry you're in.

**Brett Henderson, Managing Director, Holdfast**



## Project Management

Our Project Management Office practice continued to expand in the last year with 6 project managers and 2 project administrators working full time to lead and support customers' programme and project initiatives.

Our well-defined methodology incorporates best practice,

is tailored to meet customer needs, and includes an agile approach where required. Two consultants are now trained and certified as ScrumMasters as well as Microsoft Dynamics™ NAV certified project managers.

Customer feedback has been positive, with the majority of projects exceeding expectations and very few issues reported. The practice will continue to grow in the year ahead and we expect to start taking on some programme management roles as well.

## evidence from within

NAME:  
Joerg Rau

EXPERTISE:  
Enterprise Planning



“ Theta has such great people that working here is really a joy ”

# structure and strategy

Theta is a privately owned company with eight shareholders. 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.

Theta's constitution requires 50% or more of the directors to be independent. This year we were delighted to welcome an additional independent director, Terry Allen, to the Board. Terry's senior roles in multinational technology companies include 12 years at Microsoft, and significant start-up and business incubator experience. Terry joins two other independent directors, Bob Gray and chair Susan Paterson, and two executive directors, Matt Owen and Lee Benson.

In 2011-12 there were 7 Board meetings and 1 strategic planning session with the following attendance:



**Susan Paterson**

**8**  
meetings  
attended



**Lee Benson**

**8**  
meetings  
attended



**Bob Gray**

**8**  
meetings  
attended



**Matt Owen**

**8**  
meetings  
attended



**Terry Allen**

**8**  
meetings  
attended

The Board has a policy of annual evaluation of individual and Board performance. Any issues identified are

discussed and action taken to improve on those areas.

### Director independence

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.

## Each year we contribute to the community in many ways

### giving back



Theta wins the IT cup at the CureKids race

Our main focus for 2011-2012 was participation in the CureKids Great Adventure Race. Our team of four took 6 hours 40 minutes to complete the multi-discipline event, came second overall, and raised more than \$11,000 for CureKids – a charity that supports research into potentially fatal childhood diseases. During the past year we also supported:

- Loud Shirt Day (toward the treatment of child hearing disorders)
- Daffodil Day for the Cancer Society
- Royal NZ Foundation of the Blind