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01

overview





Susan Paterson was made an Officer of the New Zealand Order of Merit at the 2015 New Year Honours, in recognition of services to corporate governance. Congratulations Susan on your well-deserved accolade – we're glad to have you as our chair!

Susan Paterson *Chair* & **Rob Lee** *CEO*

Chair & CEO report

Acquisitions fuel strong revenue results

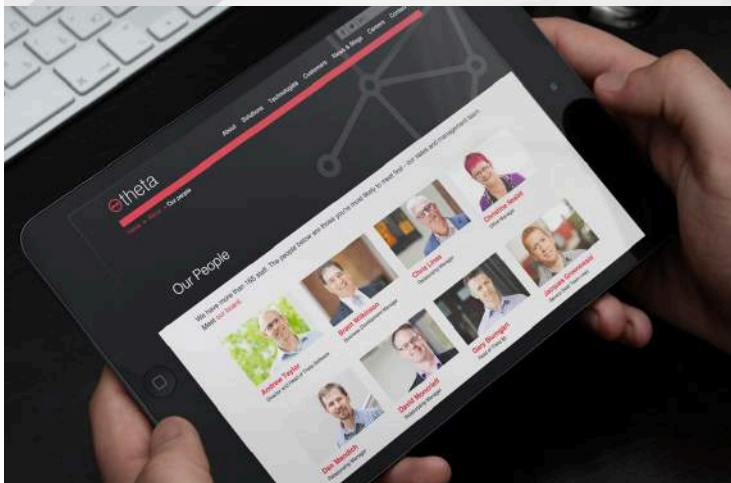
► 2014-15 is again a story of top-line growth and expansion for Theta. We exited the previous financial year with no external debt and a strong balance sheet. This meant we could fund the acquisition of two companies this year, Indigo and IGA Systems. Each is a recognised market leader in their specialty area (business intelligence and SharePoint). Their purchase has allowed us to expand capacity and customer base in these strategic segments of the business, with BI now contributing 39% of total revenue. The Indigo acquisition in particular, completed in November, has been a significant factor in results ahead of target this year. As part of the deal, Theta gained 16 new customers, 17 specialist consultants and became the NZ agent for enterprise BI application MicroStrategy.

Revenue this year of \$25 million was 11% ahead of target and up 16% on last year. Product sales were 50% ahead of target and now contribute 7% of total revenue, thanks to strong partnerships with Microsoft, MicroStrategy, IBM and other vendors. We have also secured two North American reseller agreements for Six Degrees Planning, a new product we've taken on as part of the Indigo acquisition. And annuity revenue now contributes 27% of total revenue – approaching our goal of 30% for this income stream.

Profits are stable and reached 91% of target. This is a strong result given significant expenditure around the two acquisitions.

More people, more space

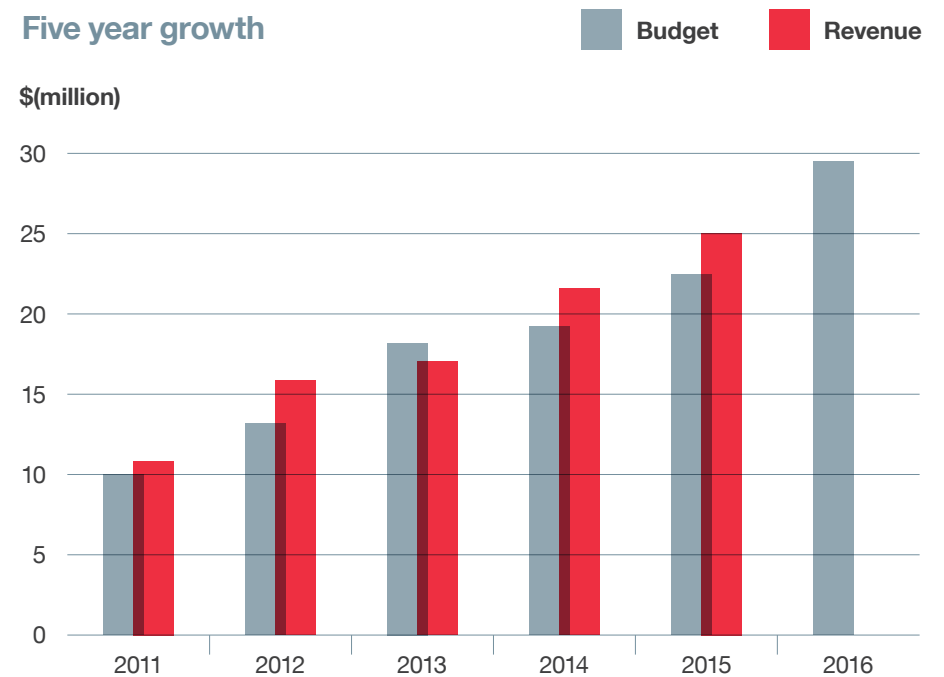
► Staff numbers are up 33 this year. By mid-year we had filled the new “Ballroom” space leased last year, and took on a third connected office in Auckland, “The Studio”, to accommodate our growing ERP team, which doubled in size and almost doubled its customer base this year. Wellington continues to perform well, with more public sector work this year. And we



have opened a new office in Christchurch. With staff on the ground - two in the last financial year and now six and growing - and a permanent hub in the South Island, we are well placed to support our growing customer base and build long-term partnerships in this region. Key South Island customers include NZSki, Intouch and Synlait.

In fact, our geographical diversification now extends beyond New Zealand. We have customers in Australia, Fiji and Samoa and product sale prospects in North America.

Five year growth



Strategic engagement

► Across our two largest practices, Theta Software and Theta BI, we've delivered many more IT and BI strategy reviews this year than ever before. Organisations including nib Australia and New Zealand, Auckland District Health Board, Unitec, Simply Energy and Les Mills NZ have engaged us



“ *You want something done, we get it done for you.* ”

Grace Lopez
Project Manager

to advise on technology direction, strategy and governance. This signals increasing recognition of Theta's leadership and organisational maturity, and positions us well for future growth in this area.

Maturing brand

► We refreshed the Theta brand and launched a suite of new marketing materials this year. Highlights include a printed brochure and responsive website with features like blogs to help us better tell the story of our company and the people who make it great. We also produced a video and multimedia profile with employment broker Workhere to help us recruit the best and brightest from around the world.

External recognition

► Our Open Data Platform, featured in last year's annual report, was recognised as a finalist in the Excellence in Innovation category at the ALGIM (Association for Local Government Information Management) IT Awards. And our BI solution for Restaurant Brands earned a finalist nod in the data analytics category of this year's Microsoft New Zealand Partner Awards.

Coming up

► After two company acquisitions in quick succession, 2015/16 will be a year of consolidation, but as always with an eye to new opportunities. Just four years ago we had fewer than 70 billing consultants. Now we have almost 150* – we've become a much bigger company. We have built a great management structure, a strong governance team, and the processes, practices and infrastructure to operate at this level and respond dynamically to change - which in the technology business is a constant. With a new office and more consultants in the South Island, a growing number of customers outside of New Zealand, and product sale prospects worldwide, we're poised and ready to make the most of the year ahead.

*From a total of 168 staff.

A grayscale photograph of two men in an office setting. The man on the left is in profile, looking towards the right. The man on the right is partially visible, also looking towards the right. They are both looking at a computer monitor which displays some text. The background is slightly blurred, showing office equipment and papers. The overall tone is professional and collaborative.

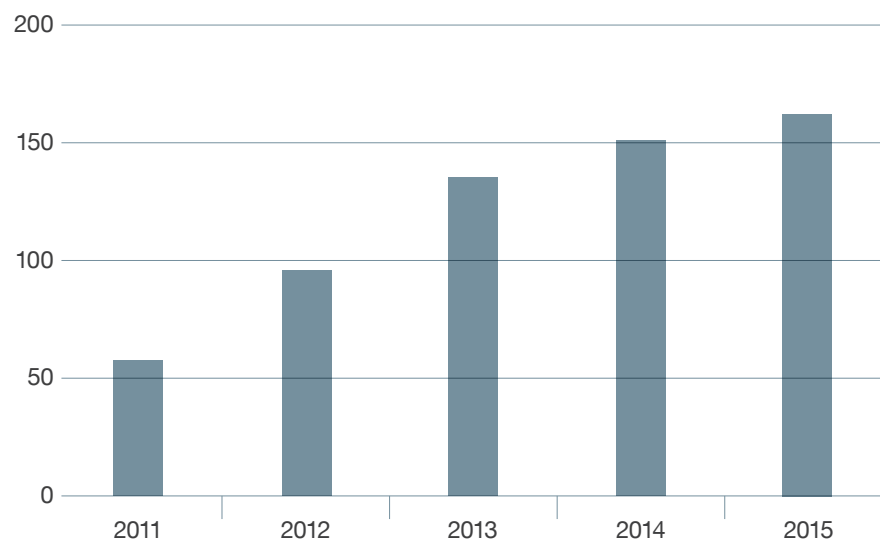
02

**our
customers**

Broadening base

► In 2014-2015 we created smart technology solutions for 164 customers* – including 36 new customers. This represents a net gain of 13. Eight customers contributed 50% of revenue, up from six last year and just two in 2012, representing a further broadening of our customer base.

Number of customers



* Customers contributing to this count were billed at least once during the last financial year.

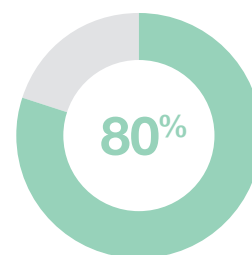


Performance

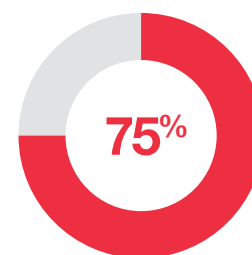
► As we build our business, we recognise the importance of delivering great work and great service. We survey all of our customers annually to check how we're doing and identify areas for improvement. This year we're pleased to see an increase in the numbers of customers satisfied with account management, and we're focused on lifting our score across all three areas surveyed - account management, service delivery and technical - in the year ahead.

Our net promoter score, measuring the likelihood of customers recommending us to others, is down this year. Although it's still a positive score, and within the range typically achieved in this sector, we would like it to be higher. We've identified a period of fast growth, one or two difficult projects and a number of new customers with whom we're still to earn our stripes as factors that may have contributed to a lower score this year. We have made some structural changes to our project office, and expect a period of consolidation in the year ahead, which should see the scores climb back up.

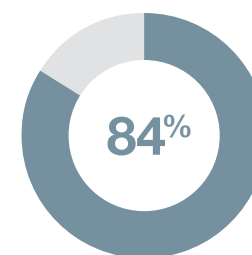
Customers satisfied or very satisfied with performance



Account management



Service delivery



Technical

“ Overall I've been very satisfied with Theta and with the services I have received. I find the communication with the account management excellent and the technical resources are extremely reliable and experienced.

Graeme Petch - PortConnect

Fresh insights fast

Project highlight

► Restaurant Brands Limited (RBL) employs more than 4,000 staff and every day serves over 60,000 customers throughout New Zealand. The company generates a lot of data – millions of records every day – and worked with Theta to prototype a new way of accessing and analysing that data. Using Microsoft business intelligence, RBL can now better understand what's happening in key areas of the business, store by store and cost centre by cost centre.

This project was recognised a finalist in the data analytics category of this year's Microsoft New Zealand Partner Awards.



Find out more

Read the full case study at theta.co.nz



Our users love having this system, it's much easier to access data than ever before, and there's been a lot of very positive feedback.

The speed and ready access to data at a detailed level is astounding. Goodbye to the days of waiting for your report to run and then dropping it into excel for analysis.

Geoff Holton

General Manager - Information Systems
Restaurant Brands Ltd



Fisheries efficiencies with Microsoft Dynamics NAV

Project highlight

► Aotearoa Fisheries Ltd (AFL) is New Zealand's largest Māori-owned fishing business. Its primary activities include fishing, aquaculture and food processing.

By implementing the latest version of Microsoft Dynamics NAV, and drawing on Theta's extensive NAV customisation expertise, AFL has transformed many aspects of its business.



Find out more

Read the full case study at theta.co.nz

“ *Theta advised how to do things effectively, reviewed our systems and showed us how our interfaces could work better. They were also very good to work with too.* ”

NAV was the right decision financially, the right decision for the performance benefits it delivers and the right decision for our size of business.

Doug McIntosh

ERP Project Manager, Aotearoa Fisheries Ltd





03

**our
people**

People power

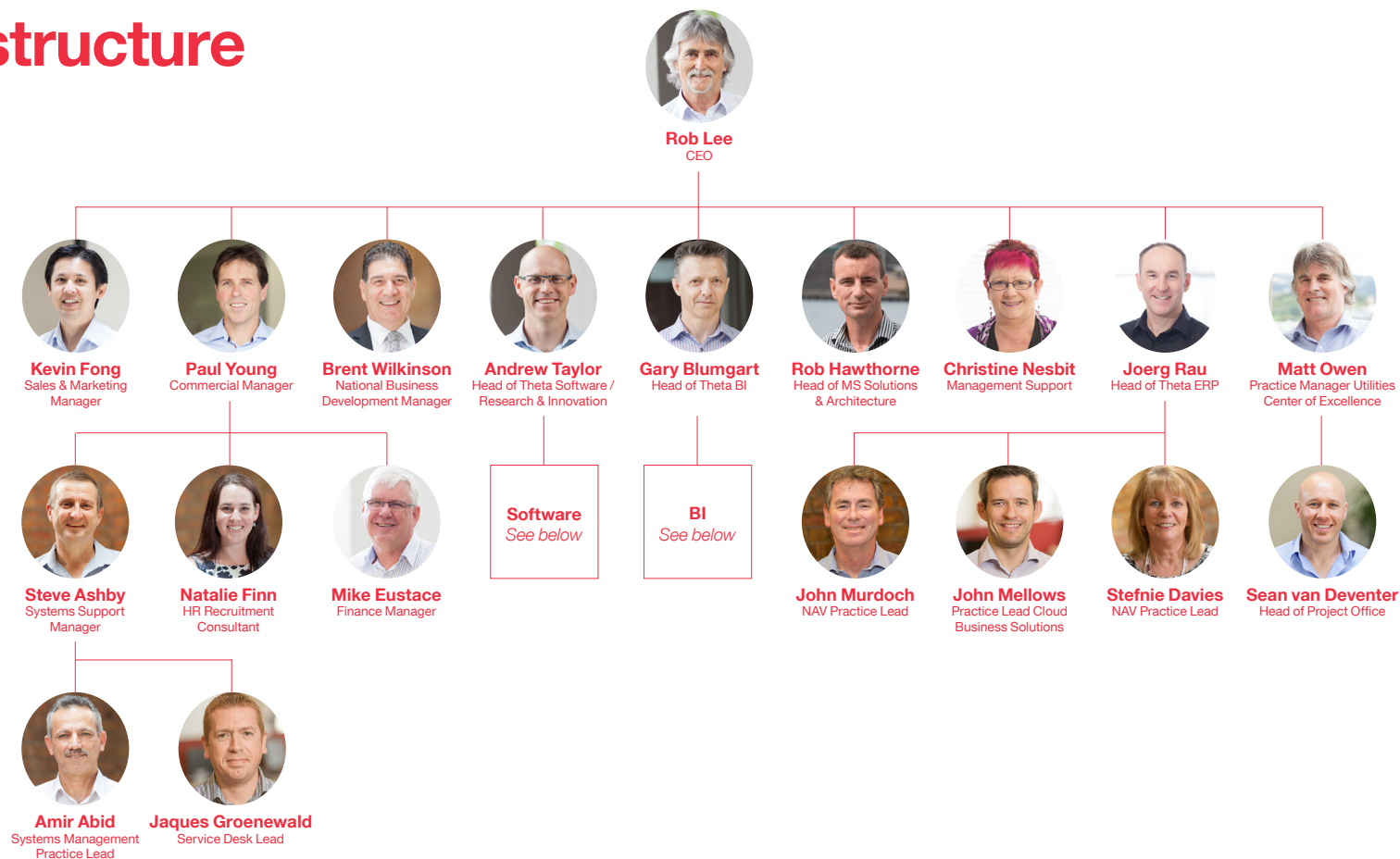
► At the end of the year, staff numbers had risen to 168, up 33 on the previous year. This 24% increase reflects Theta's overall story of growth. Seventeen of the new staff members came from Indigo, and others are a result of ongoing recruitment to service increasing volumes of work.

We're a diverse bunch. At last count we had hired the best and brightest from 34 different nations. This is a real advantage, helping us bring a range of perspectives to our work. It also made for two delicious international lunches last year – now set to be a regular fixture on the Theta social and fundraising calendar.



“ Theta helped me overcome my fear of working overseas, as we are a very diverse company with different cultures. It is a good environment to share ideas and gain knowledge from the best people around the world.

Our structure



Software



Jim Taylor
Product Technical Architect



Ignacio Montenegro
Head of SharePoint



Jeff Wogen
Software Practice Lead



Wagner Silveria
Principal Integration Architect



Andrew Trainor
SharePoint Development Lead

BI



Peter Hanley
Head of Six Degrees



Sefton Thesing
BI Practice Lead



Adrian Simpson
BI Practice Lead



Johan Strydom
BI Practice Lead



Peter Deefholts
BI Practice Lead

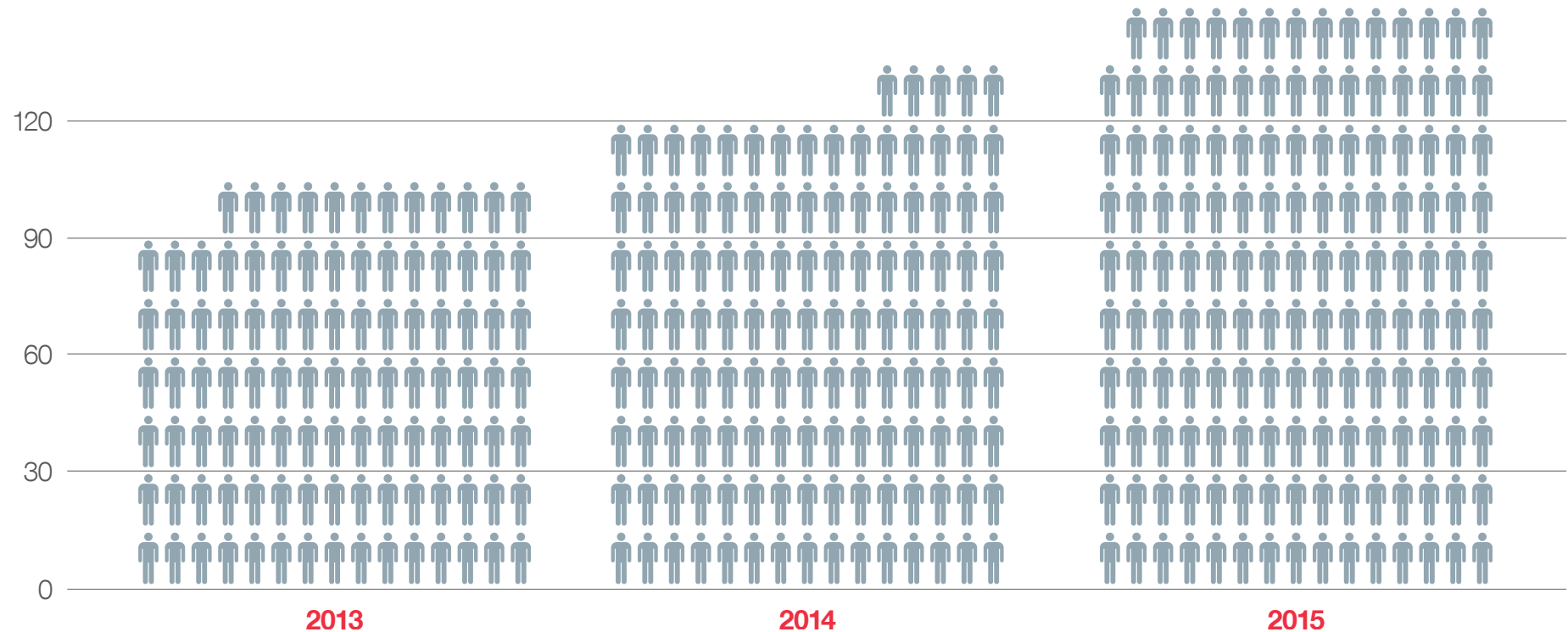


Bruno Ferreira
BI Practice Lead

Consultants

► Our consultant workforce is growing steadily year-on-year, in line with revenue targets and overall company growth.

Number of billing consultants at year end



Our people

Jim Taylor

► Jim Taylor heads up our product technical architecture team. He works on innovation and emerging technologies – like cloud, machine learning and HTML5. In 2014 he moved to NZ from the UK, where he had chalked up 12+ years' experience using web based Microsoft .NET technologies across healthcare, charity, e-commerce and e-learning sectors. Since joining Theta last year he has been instrumental in getting LoCoMo, our HTML5, cross-platform rapid mobile application development framework, ready for use. He's also an inspiring technical leader, launched our new tech blog this year, and generally can be relied on to know what's happening at the bleeding edge of technology.

“ *Jim's a great asset to our software development team. He's very good at understanding new technology and applying it to business problems in a pragmatic way. He gets his head around problems incredibly quickly, and his strong architectural background means the solutions he builds are well-structured and maintainable.*

Andrew Taylor - Head of Theta Software



Our people

Sefton Thesing

“ *Sefton has become part of Theta BI in a very quiet, positive and productive manner. It is never easy transitioning to a new company, learning its culture and processes, but Sefton has made this look incredibly easy. He has quickly become an integral part of the team and always takes on a project or a task with a smile and with enthusiasm. It has been a pleasure bringing Sefton on board, and it feels like he has been here for years instead of only 6 months.* ”

Gary Blumgart - Head of Theta BI

► Sefton joined Theta this year from Indigo. He has 25 years of IT consulting experience and a substantial track record implementing business intelligence, data warehouse and financial management solutions. As a Theta BI Practice Lead he heads up a team of BI consultants, as well as consulting on major client projects.

Our people

Haixia Qu

► Haixia joined Theta back in April 2007, after graduating from AUT with a masters degree in information technology. She has been busy ever since. Her broad technical skills have been put to great use in a variety of system design, development, testing, release manager and consulting roles. She has also been a member of the Cure Kids support crew for the past three years – involving early starts, long days, fundraising and efficient delivery of snacks.

“ *Haixia has worked for me since soon after joining Theta in 2007 on a wide range of projects and technologies. She is always willing to get stuck in, learn the technology and fill any role required on the project team. She is particularly good at engaging with our customers and other team members and identifies and escalates potential issues as she sees them. I know that if I ask Haixia to get something done then I can rely on it being done.*

Matt Owen - Manager, Utilities Centre of Excellence

Giving it heaps!

► For the fourth year running, the focus of our community and fundraising activities was participation in the Cure Kids Great Adventure Race. The race raised more than \$500,000 this year for research into potentially fatal childhood diseases and is always a highlight of the Theta calendar. The whole company again got behind our team's efforts, as support crew and fundraisers. We cooked, ate, drank, ran, walked and talked our way through a series of fun fundraisers and auctions, and raised a total of \$16,000 for the charity, up \$2,000 on last year. The team of four – Julia Moore, Alan Moore, Jason Free and Adrian Simpson – again did us proud on the day, defending the IT Cup and coming twelfth overall in a field of more than thirty teams.

We've also competed in the Auckland Marathon and Round the Bays (Auckland and Wellington), and fielded successful social teams in the Wellington floorball and Auckland indoor cricket leagues. We supported Theta BI's serial adventurer Alan Moore in the High Five-O Challenge raising funds for the Mental Health Foundation of New Zealand, and supported the Cancer Society through Daffodil Day.

“ I really like that Theta is very “rounded” in the activities it is involved in. It's not just about work - the social events such as Round the Bays and Theta's commitment to Cure Kids make it a great place to work.




doing our bit
for cure kids



04

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.





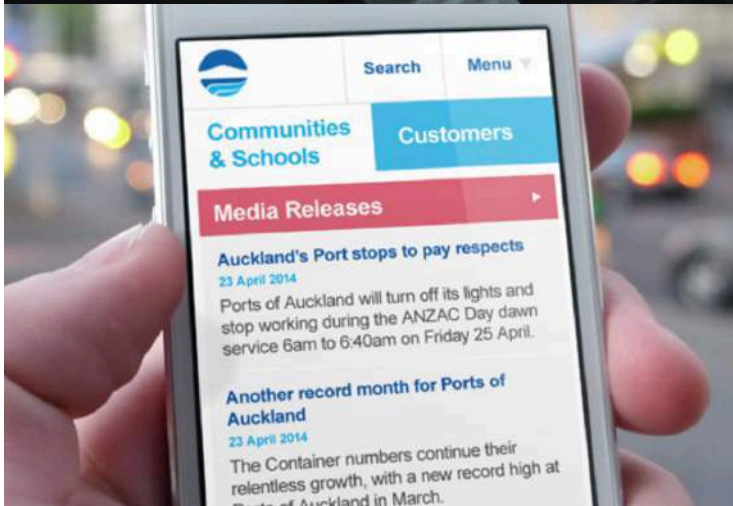
Theta BI

► Theta BI is our largest practice. With sixty business intelligence consultants it's one of the largest specialist BI practices in New Zealand too. Revenue continues to increase year-on-year and is up 23% on last year. The acquisition of Indigo in November last year made a significant contribution to this growth, as well as adding the enterprise reporting, analytical and data visualisation product MicroStrategy to our BI portfolio.

There has been more BI work in the South Island this year, including a significant engagement for Synlait, where we have introduced BI governance and are advising on strategy, alongside ongoing project and support work. Other South Island BI customers include Fulton Hogan, Kathmandu and Invacare, and the opening of our Christchurch office supports growth in this area.

Self-service BI has featured in many solutions delivered this year, as business customers seek to become less dependent on IT departments for analytics. Customers are also moving to the cloud to reduce infrastructure costs, looking for mobile BI solutions, and asking about new functionality in BI tools to make it easier to spot trends and insights. More customers are becoming interested in using advanced analytics such as propensity modeling for creating up-sell and cross-sell opportunities and reducing churn.

Beyond the implementation of BI and data warehouse solutions, we have been involved in many more BI governance and strategy engagements this year, where customers - including nib Australia and NZ, Partners Life, Fisher & Paykel Finance, Unitec and Auckland District Health Board, amongst others, seek our help with their overall BI roadmap.



Theta Software

► Our software team structure is mature and stable, with a now well-established leadership group bringing both breadth and depth of experience to all software development engagements. Revenue is up 10% on the previous year, while the team has been consistently around 40 consultants right up to the IGA acquisition at the end of the year.

We've made great use of an in-house designer and expanded front-end development team. As well as a brand new, fully responsive website for Theta, they have worked on significant projects for Ports of Auckland, NZSki and Intouch. Digital design is becoming an increasingly important part of our software development practice, and we're looking to expand capacity in this area next year.

Our SharePoint team has more than doubled in size as we enter the new financial year, bolstered by the acquisition of SharePoint specialists IGA Systems at the end of March. As well as IGA's customers, new SharePoint customers this year include Ports of Auckland, Vector and Auckland District Health Board. With many more on the books for the year ahead we anticipate significant growth in this area.

2014/15 was our busiest year yet for IT strategy, with six engagements plus an architecture review.

We've spent some time this year developing LoCoMo, our own HTML5 cross-platform rapid mobile application development framework. This has built and showcased our capacity in mobile, and is beginning to translate into projects won in this increasingly important area of software development.

We've delivered several large integration projects too, plus ongoing Java work. And our dedicated test team of four works on Theta projects and provides direct services to customers, rounding out our software development offering.



ERP/business solutions

► Our ERP team has doubled in size this year from seven to fourteen consultants, including two new practice leads. We now work with 28 customers (up from 16 last year), and service revenue has almost doubled.

While our focus remains Microsoft Dynamics NAV, we have extended our offering through integration with Office 365 for a complete business solution that's well suited to the size and scale of New Zealand companies. John Mellows heads up our Cloud Business Solutions area, which also includes Ramco HCM, a cloud-based HR and talent management solution.

Our first implementation of NAV2015, for Port of Taranaki, was a highlight

this year. This implementation replaced Oracle FMS and included the custom development of a new cargo and voyage management module and integration to an existing asset management application. We've also completed a multifaceted reimplementation for Aotearoa Fisheries Ltd, and a challenging NAV2013 R2 upgrade for Open Country Dairy, who operate 24/7, 365 days of the year.

Upgrades like this are likely to be a focus in the year ahead, with existing customers keen to upgrade to the latest version of NAV and make the technology change from the Classic to Role Tailored Client.



Systems and support

► Systems management and support revenue is up four percent on the previous year, and our team of eighteen is set to grow by two in the year ahead.

Cloud is a persistent trend in this area, and we have already moved many core Theta services to the cloud. With both Amazon Web Services and Azure now available in Australia, more NZ companies are looking to the cloud, and we are building services accordingly.

We now have more than 35 managed services contracts, including several migrated from Indigo and IGA, contributing to a higher than ever annuity

revenue this year. We continue to achieve excellent customer delivery and SLA results. New customers include Paymark, DTL and Fidelity Life.

We continue to see growth in MS SQL environments, but are also involved in the implementation of two new Oracle engineered solutions this year. We've increased our DBA and network capability too.

Internally, we have upgraded hardware, upgraded our business continuity planning IT platform, provisioned new offices, resourced the company for growth and delivered a stable platform of services that allows our teams to get on with their jobs, without interruption.



Project office

► 2014 was a busy year for the Theta project office – supporting a portfolio of up to 260 projects at any one time. By March 2015 the team had grown by three, to 11 project managers and two project administrators, and in December Sean van Deventer was appointed Head of Project Office.

We have reviewed and re-implemented some key processes this year –

including statement of work creation and review and internal approval - to improve efficiency and reduce turnaround time. Our focus continues to be delivering high quality service and customer satisfaction, and adding value. We're also seeing increasing numbers of pure project management engagements, on customer projects where Theta is not otherwise involved.



05

governance

Governance

Strategy, support and guidance

► Theta is a privately owned company, with 15 shareholders at the end of March 2015. 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.

During the year, Susan Paterson and Terry Allen completed their terms as independent directors and both were re-elected. Susan Paterson remains Chair of the board; Bob Gray continues to serve as an independent director and Matt Owen and Andrew Taylor as executive directors.

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.




Meeting attendance

► In the 2014-15 financial year there were seven board meetings, two board/management planning/update sessions, four special meetings and one shareholders' meeting.



Terry Allen
Independent Director

7	Board meetings
2	Board/management planning meetings
4	Special meetings
1	Shareholders' meeting



Andrew Taylor
Executive Director

7	Board meetings
2	Board/management planning meetings
4	Special meetings
1	Shareholders' meeting



Susan Paterson
Independent Director

7	Board meetings
2	Board/management planning meetings
4	Special meetings
1	Shareholders' meeting



Bob Gray
Independent Director

6	Board meetings
2	Board/management planning meetings
4	Special meetings
1	Shareholders' meeting



Matt Owen
Executive Director

7	Board meetings
2	Board/management planning meetings
4	Special meetings
1	Shareholders' meeting

smarter solutions, together.

► 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 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.

We create smarter solutions, together.



Ngā mihi



Auckland • Wellington • Christchurch
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