



realigning the Datacraft business in FY2004

business review

MARKET OVERVIEW

For the first time in three years, business conditions across Asia Pacific improved during FY2004, providing the company with a stable environment in which to consolidate its service and solutions-led business strategy. Economies which were hard-hit by SARS the previous year bounced back, and other markets grew steadily.

The enterprise sector was particularly responsive, and saw IT spending on an upswing from the low point reached in much of the region during FY2003. While budgets continued to be scrutinised for demonstrable return on investment (ROI), large local and multinational enterprises were prepared to invest in new technologies in order to maintain regulatory compliance and experience the operational advantages of IP Convergence. For this reason, Datacraft's growing solutions portfolio, designed to provide rapid ROI, was well received.

The Service Provider sector remained stable, and the company won several major contracts in the mobile service provider sector.

OPERATIONAL HIGHLIGHTS

Managed Services Business Unit: Transformation and Expansion

It has been a highly satisfactory year for Managed Services. This was marked both by the establishment of an upgraded platform for delivering consistent, high-quality services and the award of several large, multi-year annuity contracts. Continuing to focus on ongoing improvement, the Managed Services team undertook several initiatives during the year to increase efficiency and enhance service quality.

The key initiative has been the consolidation of multiple Managed Services operations into a Global Service Centre (GSC) in Bangalore, India. Singapore serves as the Disaster Recovery Centre for this facility. Delivering high-quality, consistent services to clients both regionally and globally, this state-of-the-art facility operates in areas such as Call Management, Help Desk services, and the end-to-end monitoring and management of the IT environment. This consolidation will make servicing customer contracts a more efficient process, and will also reduce in-country administration costs.

In parallel with the Bangalore consolidation project, the company has fully implemented the Global Services Operating Architecture (GSOA) baseline. Developed in conjunction with Dimension Data, the GSOA forms the backbone on which all Datacraft services are built and enables a seamless service delivery to customers on a global basis.

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The traditional Uptime and Insite services were re-launched during the year with some new features. These will lend additional strength to the Managed Services portfolio. With a view to securing a unique place for the company in Asia Pacific's IT landscape, Managed Services has aggressively expanded its skills base to support the company's thrust into the Managed Security, IP Telephony, Cisco Advanced Technologies, EMC and Microsoft practices.

As a result of these initiatives, the company's customer satisfaction levels have risen significantly. Combined with a cost-effective delivery mechanism, improved utilisation and increased scale efficiency, Datacraft is well-positioned to compete more effectively against our benchmarked top-tier IT services competitors.

Professional Services Business Unit: Refining the Model

Major project wins in Thailand, Korea and Japan, as well as the expansion of the consulting and project management business in New Zealand, Singapore and India, have helped Datacraft Professional Services achieve a 20% increase in revenue during FY2004.

Key performance indicators for Datacraft Professional Services continued to improve throughout the year with utilisation and billable time peaking above expectations. Improved communications and the capturing of consultants' skills in our People Dimension System significantly enhanced the sharing and leveraging of resources between countries. More work needs to be done, however, to develop services that are truly unique to Datacraft, in order to command premium billing rates.

Although the Solution Development Group has evolved into a stand-alone unit, collaboration with Professional Services continues to bring benefits. This can be seen in the establishment of Solution Practice, which fosters knowledge management, skills development and highly differentiated solutions.

As part of Datacraft's go-to-market model, Professional Services provides solutions architecture and design services to sales units. This helps ensure that proposals fully document potential business benefits. Our ability to understand our customers' business is greatly enhanced by our consultants' direct customer contact during professional services assignments.

During the year, several new services were developed and released, such as "Primer-Lite" for smaller scale of project management and Surveyor solutions for IP Convergence and Security. Surveyor services are the key tools for customer engagement and open the way for down-stream engagement on project management of solution delivery and software integration.

An active Professional Services engagement with customers at the CXO level during IT definition and planning will enable Datacraft to shape the customer's technology vision, expectations and requirements. In turn, this will allow us to become a trusted advisor and business partner for customers, reducing the likelihood of competitive bidding when solutions and services are purchased, and enhancing the customer's perception of Datacraft's value proposition.

Solutions Development: ROI ASAP

Datacraft Solutions Development Group (SDG) started operating independently from Professional Services at the beginning of FY2004. This group performed strongly during the year, proving to the market that Datacraft can deliver innovative solutions which enable businesses to take control of their networks and maximise return on IT investments. A large portfolio of pre-packaged, service-rich solutions has been developed with an average of two new solutions being delivered to the market place each month.

Solutions delivered during FY2004 address the areas of Security, Storage, Microsoft Consulting, Instant Collaboration, Contact Centre Management and Root Cause Analysis.

Security Solutions

- The Worm Killer solution provides "Day Zero" protection that enables organisations to stay protected from Internet worms. The solution detects worms by their behavioural patterns, immediately containing them and suppressing the spread of infection throughout the network.
- Traffic Auditing and Provisioning System (TAPS) detects sudden surges in Internet traffic, thereby triggering alerts and protective measures in the event of virus attacks. This service helps protect Service Providers' network infrastructure from network degradation and congestion.
- BS7799 Policy Gap Analysis is a security service which identifies deficiencies and determines the steps necessary to bridge gaps and elevate security posture. This enables organisations to ensure their information security practices conform to the BS7799/ISO17799 standard.

Microsoft Surveyor Consulting Services

- Microsoft Surveyor Consulting services provide Windows platform migration and consolidation assessment, aimed at reducing IT costs, increasing operational efficiency and improving platform manageability. It identifies consolidation, storage, security and directory service requirements intrinsic to Windows Server migration and evaluates managed service options.

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Instant Collaboration Solution

- Leveraging Microsoft technology, Datacraft Instant Collaboration solution enables Service Providers to offer business customers more effective collaboration. It uses secure instant messaging, enhanced with audio calling, conferencing and web presentations, directly from the user's standard Internet browser.

Branch Office Data Protection

- Datacraft Branch Office Data Protection solutions offers global organisations a means of replicating their branch office data to the corporate head offices — and vice versa. Centralised backup through data consolidation provides a robust data protection strategy.

IP Telephony/Contact Centre Management

- Datacraft IP Telephony and Contact Centre Management solution ensures the successful implementation and management of voice-over-IP systems. It encompasses network readiness assessment, equipment testing, and real-time monitoring of performance to pinpoint call set-up and quality problems.

Root Cause Analysis

- Studies estimate that 80 to 90 per cent of downtime is spent analysing data and events in an attempt to identify the problem that needs to be corrected. Delivered out-of-the-box, Datacraft Root Cause Analysis helps reduce the mean time needed to repair network faults by automatically identifying the root cause of the problem across a broad spectrum of network types.

Training Services Business Unit: Further and Deeper

Training Partners, Datacraft's Training Services business unit, celebrated its 10th anniversary this year by turning in a strong performance. This was based on a resurgence in demand from countries hit hard by SARS last year. In China, where business was down as much as 90% during the height of the public health crisis, business momentum has recovered substantially.

Though Datacraft has now been in the IT training business for a decade and is a market leader in this segment, it is clear that great growth potential still exists across the region. In particular, China, India, Korea and Taiwan present major opportunities which the company intends to pursue aggressively. Training Partners is also stretching into new geographies, such as Sri Lanka, Myanmar and Fiji, as well as seeking partnership opportunities through resellers.

The strongest demand among IT professionals is for training on advanced technology solutions, rather than basic certification. This puts Training Partners in a strong competitive position since that has been its direction for the past three years. To differentiate from competitors, Training Partners has been judiciously building up its own intellectual property and upgrading its trainers' skills in line with the company's solution focus.

In our desire to compete as a knowledge-based organisation, Training Partners has developed its own Course Development Methodologies — effectively creating a one-stop training organisation. The aim is to engage customers at the point of skills assessment and offer consulting on training requirements that leverage the company's in-depth industry knowledge. Ultimately, this will allow us to develop and deliver customised training solutions for these customers.

KEY BUSINESS WINS

Bangkok's futuristic airport gets a future-proof network

Datacraft landed a US\$12.1 million contract from Bangkok International Airport Co. Ltd to implement a multi-service network for Suvarnabhumi Airport. It is the most important infrastructure project in the Kingdom of Thailand. Due for completion in March 2005, the network will channel data, voice, video and building automation traffic onto a single IP infrastructure, enabling the airport to offer numerous additional services to airlines, travellers, freight forwarders and government agencies.

Quang Trung Software City

Datacraft has been selected to build the US\$3.57 million turnkey infrastructure for Quang Trung Software City (QTSC), Vietnam's leading centre for software development, IT investment and trade promotion. This multi-faceted project includes a metropolitan area network, an advanced voice-over-IP system and the development of a secure data centre. Datacraft will also provide QTSC with integrated billing and customer care systems for its voice, data and wireless services. In addition, an integrated system to handle device management, fault analysis, quality of service management, security management and service provisioning will be implemented.

Hanaro Telecom's 10 Gigabyte backbone

The company won a US\$10 million contract from Korean high-speed Internet service and local telecommunications provider, Hanaro Telecom, to upgrade its nationwide backbone network. The contract covers the extension of 10 Gbps infrastructure across Hanaro's entire backbone network in order to accommodate increased demand for bandwidth from its customer base — up 50 percent in FY2003.

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Datacraft implemented a converged IP network for the Civil Aviation Authority (CAA) of New Zealand.

Supporting educational excellence in Thailand

Thailand's largest e-learning centre, located at Assumption University's Srisakdi Charmonman IT Centre, got a US\$1 million high-speed network implemented by Datacraft. The new infrastructure will help establish the university as Thailand's centre of excellence in IT Learning. The network consists of high-speed backbone and secure wireless LAN over 10 floors for which Datacraft will provide dedicated system support for two years.

In addition, thanks to Datacraft, staff and students of Rangsit University's Satit Bilingual School now have secure access to e-learning and other services — any time, anywhere. The US\$475,000 development was undertaken to support the school's expansion into secondary education starting in June 2004, as well as to provide new services to teachers, students and parents.

Convergence at Civil Aviation Authority of New Zealand

Datacraft implemented a converged IP network for the Civil Aviation Authority (CAA) of New Zealand. This has enabled the agency to integrate voice, unified messaging and wireless local area network traffic onto a common IP platform that spans its operations. With offices in Wellington, Christchurch and Auckland now equipped with Cisco IP phones, CAA's staff can benefit from customised, feature-rich voice communication as well as improved data performance.

US\$2.5 million Telkomsel network expansion

Indonesia's cellular market leader, PT Telekomunikasi Selular (Telkomsel), selected Datacraft to extend its Multi-Protocol Label Switching network to another 33 locations across the country. This would provide guaranteed services for delay-sensitive applications such as billing record information, voice-over-IP and WAP. Telkomsel expects the build-out to help it raise customer satisfaction levels and revenues through innovative services. Datacraft Professional Services also extended Telkomsel's previously-installed iBOSS integrated network management system, consolidating event and performance management of the new infrastructure.

Million dollar service deal with TELKOM Multimedia

TELKOM Multimedia, a division of full service network provider PT Telekomunikasi Indonesia, awarded Datacraft a US\$1 million support and maintenance contract. The company will provide assured 24x7 support and professional services that optimise and enhance TELKOM Multimedia's operational support systems (OSS), security systems and infrastructure. Datacraft's engagement strengthens TELKOM Multimedia's ability to deliver on its customer service level guarantees. Formerly, disparate aspects of network

support - such as hardware maintenance and OSS configuration - have been combined under a single point of contact, leading to greater manageability and reduced operating costs.

Paxar consolidates data for improved business

Faced not only with capacity constraints, but also with integrity issues, Paxar Far East Ltd, the leading provider of garment tags and labelling systems to the region's apparel industry, called on Datacraft to consolidate its operational data. An EMC network attached storage system, software and related infrastructure provided by Datacraft has given Paxar the non-stop data storage foundation it needs to ensure that it continues to meet the demand for rising customer service levels. Paxar's business in Asia has doubled since 2000 and data volume has been growing rapidly, increasing by 300 Gigabytes a year.

Increased disaster readiness at Citibank Taiwan

Citibank Taiwan's business continuity capabilities now include a full disaster recovery site implemented by Datacraft. The new site supports the bank's Taipei data centre and island-wide branch network through real-time backup of all critical business data. The Datacraft solution is based on open standards for storage, and is capable of acting as a consolidated backup platform for Citibank's disparate systems. These include ATM and Internet banking systems running on a proprietary high-availability platform, and back-end banking systems. During the project a Professional Services team operated as an extension to Citibank's IT organisation.

Taiwan ISP improve storage efficiency

Asia Pacific Online (APOL), one of Taiwan's top three Internet service providers, now has Datacraft-designed network attached storage infrastructure handling its data from web, mail and media servers. APOL benefits from efficient use of resources, stemming from data consolidation and central management. With no single point of failure, storage uptime has improved and APOL's customers now enjoy faster access to their email and websites.

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