



future directions

Looking ahead, Datacraft sees continued opportunities to up-sell solutions and services to its blue-chip customer base. To capitalise on these opportunities, the company's strategy will focus on reinforcing the Datacraft brand positioning as an innovative and value-enhancing provider of IT solutions and services.

Increasingly, the company intends to create differentiated offerings that leverage its market insight and intellectual property. Equally important, the company will continue to grow its annuity revenue stream with longer-term contracts, to help improve earnings, visibility and stability.

The Solutions Development Group (SDG) provided a flow of new solutions to add to the Datacraft portfolio in FY2003. Thus far, the company's strategy has been to leverage generic, industry-independent solutions that can easily be replicated across multiple industries. This has facilitated our transition into a solutions and services provider, but has brought little differentiation or improved pricing power.

Going forward, the SDG will work closely with Professional Services to leverage Datacraft's insight and intellectual property to create solutions that address industry-specific needs. These will enable us to differentiate ourselves in the market and command premium margins based on delivering business value. With our deep penetration and domain expertise in key market segments, including the financial services, manufacturing and service provider sectors, we are well placed to execute in this direction.

The IT services market continues to be driven both by global pressure to reduce costs and improve return on investment, and the need to comply with increasingly complex regulatory requirements. Over the medium term, Datacraft believes the following trends will continue to feature strongly in the IT services market:

IP Convergence

IP Convergence (IPC) remains a dominant IT trend. It enables the migration from previously separate networks carrying distinct services such as voice, video and data, to a single network based on Internet Protocol (IP). IPC continues to underpin activity in both the enterprise and service provider markets. This year, Datacraft engaged fully in the business of providing application solutions such as unified messaging, conferencing and collaboration, directory integration, XML applications and contact centres that leverage IPC to help customers streamline operations and deliver new business application functionality.

The momentum created by IPC is likely to continue to grow for the next few years. It is being driven by demand for integration and application deployment, particularly using existing and emerging Web Services standards. These standards are key to creating a "service-oriented architecture" — one that enables customers to increase the business value they get from their IT systems.

Outsourcing

The trend amongst corporate enterprises towards outsourcing IT and networking presents significant opportunities for Datacraft. The service providers are in turn

engaging proven system integrators to support this out-tasking trend. As Datacraft enjoys strong partnerships with many of Asia's leading providers, the company is well positioned to benefit from this.

Data Storage and Management

Storage is one of the fastest-growing enterprise solutions in the Asia Pacific region, as businesses are increasingly using storage technology to fuel business growth. According to an IDC forecast, the Asia Pacific (excluding Japan) storage solutions market is expected to expand from US\$4.7 billion in 2003 to US\$6.9 billion in 2008. In this area, Datacraft aims to provide a range of innovative solutions and services that enable clients to simplify yet enhance their storage utilisation and optimisation needs for improved business continuity and real-time decision making. These offerings include back-up and recovery, high availability and consolidation, virtualisation and datacentre services.

Security

Another recurring IT theme is security, an area comprising two different facets: prevention and enablement. To date, the majority of Datacraft's security consulting and solution delivery has addressed the prevention side. However, security is also the key enabler for new business processes. For this reason, the company will put greater emphasis on security-enabled solutions in the areas of remote access, electronic commerce and enterprise mobility. These can be sold on a business value basis, rather than on the traditional basis of purchasing security "because you have to."

Enterprise Mobility

Datacraft believes this market segment holds a great deal of opportunity. Market analysis identifies enterprises as seeking to boost organisational productivity by "uncoupling" staff from traditional office environments, and enabling them to take business process into the field. Consequently, a larger proportion of enterprise employees are becoming customer-facing and therefore require extended mobility and access to systems.

Over time, it is expected that mobile capability will become a standard element in every major business application category. Customers wishing to exploit this capability will need to ensure the correct infrastructure, security, processes and administrative capabilities are in place. As security is a major concern for enterprises moving into mobile applications, Datacraft's strong credentials in this area are an advantage. Gaining early mind share is also critical and the company's strategy is to enter the market early with a populated framework of solutions to cover everything from infrastructure design and implementation to business consulting.

Summary

Specialised skills and technology know-how have always been at the heart of our company. To make the most of the new market opportunities, we will continue to invest in deepening our expertise in critical technologies and expanding our skills in key business domains. By delivering quality services and solutions that support business innovation, we aim to help our clients achieve the maximum possible returns from their infrastructure investment.



building a stronger business



Datacraft has emerged stronger than ever, following a year in which our core business has continued to evolve. Each Datacraft employee has had a part to play in this transition, and it is a tribute to these talented and hardworking individuals that we emerge better positioned than ever for the business challenges that lie ahead.

corporate structure



Note: Investment holding subsidiaries have been excluded from this chart