

A better world
 is possible

Annual Review 2017



We're a trusted
technology
partner for
the long term



Combining expertise with understanding

Logicalis demonstrates relevancy to our customers through our strong regional presence, bringing the strength of a global company with breadth of services and experienced resources while creating a personalised teaming approach with our clients.





Make it simple and make it work

Our clients want us to ‘make it simple and make it work’ – removing the need for them to deal with complex details or obsess over the latest technology.

We get our priorities right – focusing on outcomes over processes, simplifying complicated procedures and decision making, and communicating with clarity.

A woman with curly hair tied up, wearing a dark blue lace top, is looking at a tablet computer. She has a slight smile and is pointing at the screen with her right hand. The background is a bright, out-of-focus window with greenery outside.

We're
making
the complex
simple



Global reach, worldly solutions

From our worldwide locations, we offer high-level services and sustainable solutions that sit on the curve of technological change – combining deep technical expertise with cultural empathy to identify and solve problems others have yet to see.



With a
strong global
footprint



And agility in fast-changing environments



**With agility, we reach further
for everyone**

By understanding both our customers' individual needs and the unique terrain of their market, we operate with agility to help them reach their most ambitious goals – while keeping everyone firmly grounded.

By creating like-minded communities



In harmony with clients and partners

Logicalis is bringing people together to share ideas and develop new opportunities, both for our own people to collaborate on projects, and for our customers and partners – sharing real insight and expertise.





Part of something bigger

We have a responsibility to play a positive role in diverse communities, while thinking and acting sustainably for the wellbeing of each other and the wider world.

We make our
world a simpler,
more inspiring
place to live



Who we are

Our vision is simple – to make technology an asset for businesses, not a problem. We believe in making our complex, fast-changing world a simpler, more inspiring place to live, work and grow.

A better world is possible.

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To find out more visit: www.logicalis.com

Highlights

Revenue

\$1.5bn

(2016 \$1.5bn)

Annuity services (22%)

\$332m

(2016 \$300m)

Gross profit (24%)

\$363m

(2016 \$353m)

EBITDA (5.4%)

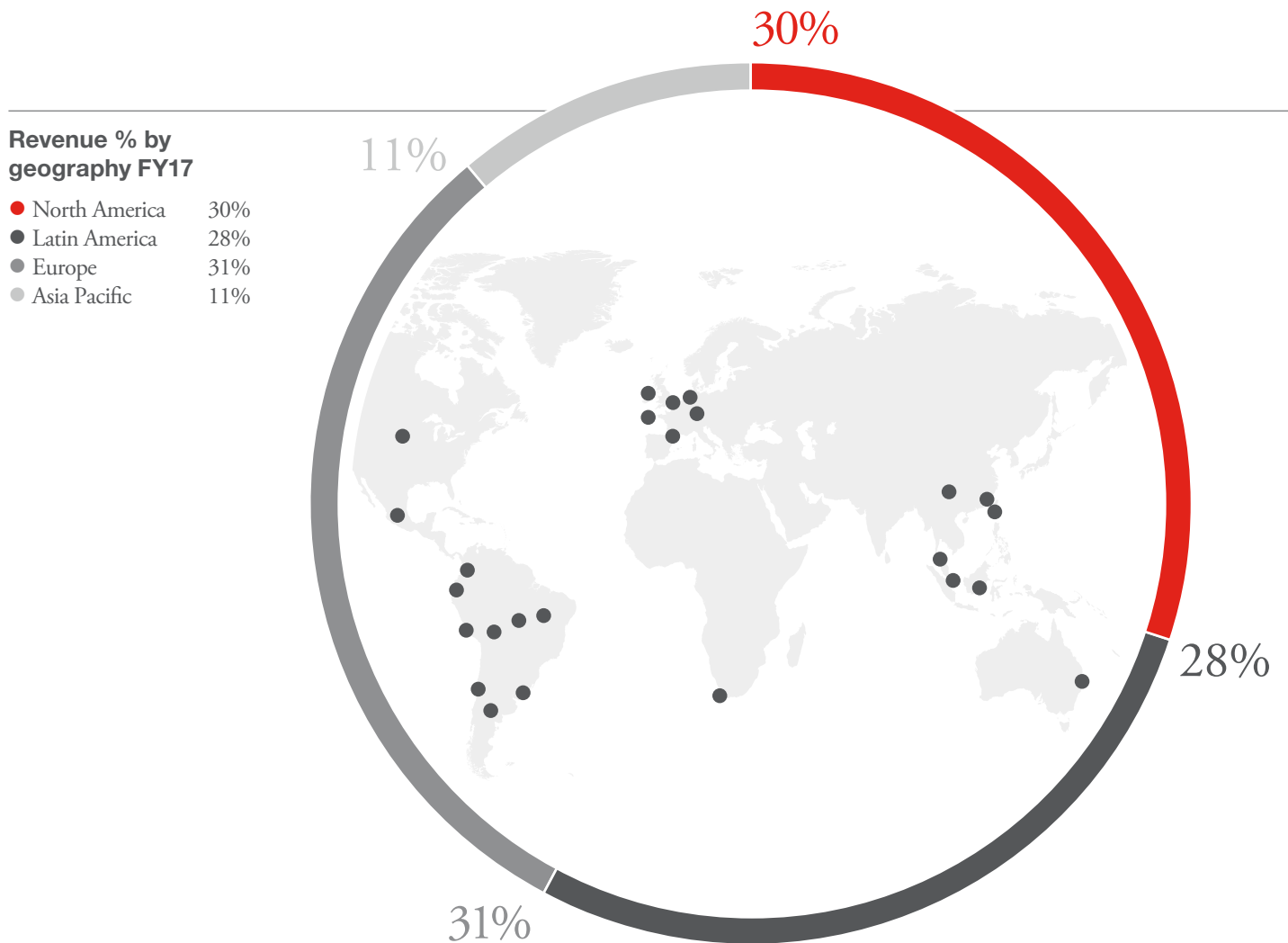
\$81m

(2016 \$81m)

- Revenues remained flat despite market challenges in specific geographies, especially Brazil
- Services revenues were up 9.3% with strong growth in both professional services and annuity revenue
- Gross margin improved through beneficial services mix
- Operating cost increased due in part to specific integration and restructuring costs in Asia Pacific, Europe (including the UK) and Latin America
- Revenues from product sales were down 6.2%, with decreases in Cisco, HP and IBM, offset by strong growth in other vendor categories including Oracle, NetApp, VMware and ServiceNow
- Net cash position remained positive at \$18.1 million

At a glance

With over 4,000 employees across 25 countries worldwide, we are a leading provider of global IT solutions and managed services.



Our services for digital enablement

Integrated and professional services

- Data Centre
- Communications and Collaboration
- Data and Information Insights
- Mobility
- Networking
- Security
- IT Service Management
- Software Development
- Software Defined x (SDx)
- Consulting

Lifecycle and managed services

- Managed Services
- Managed Security Services
- Maintenance Services
- Assessment Services

Cloud solutions

- Public Clouds
- Private Clouds
- Community Clouds
- Hybrid Clouds

Revenue % by segment FY17



● Product	65%
● Professional services	13%
● Maintenance & managed services	22%

North America

840 people

Logicalis has over 20 offices in the US, together with three cloud data centres and three managed service centres.

With a strong heritage in managed and cloud services, Logicalis US was named in the CRN 2017 Managed Service Provider (MSP) 500 list in the Elite 150 category and CRN Tech Elite 250 (fast-growing companies).

Latin America

1,440 people

Presence in Argentina, Bolivia, Brazil, Chile, Columbia, Ecuador, Mexico, Paraguay, Perú and Uruguay

Logicalis operates in ten countries in Latin America, with over 1,400 people, and is recognised as one of the top three most innovative tech companies in Brazil by the TeleSintese Yearbook, and one of the top 100 outsourcing companies in the world by the IAOP (International Association of Outsourcing Professionals).

Logicalis Latin America is our centre of excellence for software development with a team of over 60 personnel, focusing on IT service management, software defined networks, operational support systems and, more recently, a number of industry-specific Internet of Things (IoT) projects.

Europe

1,360 people

Presence in the Channel Islands, Germany, Ireland, the Netherlands, Spain and the UK

Our European region is our largest in the organisation in terms of revenues.

Logicalis Europe hosts a number of managed service centres, data centres and a Security Operations Centre, and is the centre of excellence for security, data analytics and IT service management.

Africa

9 people

Presence in South Africa

The newly created South African-based operation in Cape Town means that Logicalis now operates Solution and Service Centres of Excellence in all main regions of the globe.

Asia Pacific

610 people

Presence in Australia, China, Hong Kong, Indonesia, Malaysia, Singapore and Taiwan

Our Asia Pacific region has expertise in dealing with telcos on international operations – utilising an extensive partner network.

Our people have established specialist skills in wireless networks for campus environments and in security with their own Security Operations Centre supporting customers across the region.



Turn to pages 14 and 15 to find out more about our international presence.

Identifying the future issues that others miss.

New digital driven business models

We are now in a digital age for business – an age in which organisations are rightly fascinated by digital transformation driven by cloud, mobility, big data analytics and social business. It will bring greater automation, control and security to everything businesses provision and deploy.

Digital is creating new companies and new business models. In parallel, traditional businesses are using digital to transform the customer experience, streamline their own business models and – more fundamentally – open up a wealth of opportunity for innovation across industry and government.

As digital innovation accelerates and new competitors emerge, businesses will need to adjust quickly to new digital driven business models. The Logicalis Chief Information Officer (CIO) Survey 2016 of over 700 CIOs shows that CIOs have their eyes firmly on the business value of digital. They are focused on the changes they need to make in terms of the people, skills, processes and platforms in IT that will make a digital future a reality for their organisation.

Logicalis is supporting its customers' digital projects as the 'architect of change', delivering real-world solutions, services and analytics – to turn their digital ambitions into reality.



The Internet of Things is here and now

IoT is growing fast as more and more devices send information to people and other machines. It is already driving significant changes to organisational routine and social behaviour. Connected cars and buses, smart production lines and building automation technologies are some of the real-world, connected devices driving the rapid rise of IoT.

For CIOs, IoT is here and now. It is already a reality for 19% of businesses and will be for 59% of businesses by 2018 (Logicalis CIO Survey 2016). This rapid impact is creating real challenges for the unprepared – those without the infrastructure, apps, skills, analytics and streamlined processes required to deal with, and draw value from, the tsunami of data that IoT will generate. Meanwhile, data security and privacy are perceived as major issues, with IoT significantly increasing the number of potential network entry points available to hackers.

So, while IoT is partly a consequence of digitisation and its impact is likely to be a significant speeding up of digital transformation, the pace of change will leave the late majority with little choice but to move faster in delivering the transformation they will need to remain competitive.

Logicalis works with organisations to embed analytics and security in new IoT projects from the outset – defining the insight and security layers that must be adopted alongside new technologies, to minimise risk while maximising the potential for innovation.

“Digital is creating new companies and new business models.”



An application driven world

“Every company is a software company”. This has never been more true than it is today. Logicalis’ CIO Survey 2016 highlights that 77% of firms are developing apps, whether in-house, with the help of third parties, or drawing on a combination of internal and external skills.

Apps are central to digital transformation, delivering new insight and driving everything from customer experience improvement to the development of new revenue streams and the realisation of business process efficiencies.

As a result, application development is no longer relegated to the fringes – it is increasingly taking to the centre ground. Only 23% of apps are purely promotional. Rather, the majority are being used to build new services and revenue streams (57%) and streamline business processes (63%).

Enterprise-grade applications are replacing ‘big tech’, as digital business models drive organisations to put automation at their core and to deliver the frictionless self-service experiences their customers demand.

Logicalis is working with a range of organisations to deliver the apps they need to derive new revenue and realise process efficiencies. This enables our clients to take advantage of Wingo, EUGENIO and Workforce management platforms, as well as virtualisation and cloud management initiatives such as SDx, and open platforms such as OpenStack and Hadoop.

A perfect security storm

Security is the most significant and pressing challenge for CIOs. The combination of IoT, distributed IT and the use of apps in every area of the business represents a perfect security storm.

Greater openness, mobility and a burgeoning array of access points are making corporate systems more vulnerable than ever before. In the context of an ever evolving threat landscape, this makes mitigating those threats ever more difficult, and tougher regulation means the consequences of serious security incidents and data breaches are ever more dire.

Logicalis’ sample of CIOs echoed these concerns, citing security as far and away the biggest challenge associated with the increased use of cloud services. In particular, the prevalence of ever more sophisticated threats was the number one issue for the next 12 months (61%), while threats such as ransomware and corporate extortion were also highlighted by 56% of the respondents.

Logicalis takes a comprehensive, risk-based approach to security to define strategies that draw on the latest information security frameworks. It helps customers to manage and mitigate risk across their IT environments cost effectively. Logicalis’ smart solutions tackle the issues that arise before, during and after attacks, to ensure that organisations are comprehensively protected.

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Turn to pages 10 and 11 to find out about our business model and approach.



Chairman's statement



Jens Montanana
Chairman

“We believe Logicalis remains with a strong outlook and are optimistic about the future.”

Logicalis revenues remained flat at \$1.5 billion (FY16 \$1.5 billion), including \$5.3 million of revenue from acquisitions made during the period, although in constant currency terms, revenues grew 2.1%. Services revenues were up 9.3% with strong growth in both professional services and annuity revenue, and the combination of slightly lower product sales with higher services sales helped to drive gross margins to over 24%. EBITDA and operating profit margins held up well and were similar to the prior year, despite restructuring and acquisition integration costs in the UK, Australia and Germany.

Revenues fell slightly in North America and Europe; however, all regions showed improvement in gross profit and EBITDA except Europe, which was driven lower by the continued restructuring of the UK operation. Latin America was adversely impacted by weak trading conditions in Brazil and the continued strong performance of the US dollar, which was mitigated by increased performance in Argentina following the relaxation of exchange controls and the subsequent buoyant trading environment. Despite these challenges, overall gross profit rose by \$10 million.

Product sales declined by 6.2% primarily in the UK and the US, with decreases in Cisco, HP and IBM. This is consistent with the

challenges experienced by major vendors in recent years as server and storage prices per unit have been reducing. This was balanced out, however, by a corresponding rise in both professional and managed services, now representing 35% of total revenues.

We expect to see continued growth in our services business for the foreseeable future. Given the long-term nature of services contracts, the revenue would be recognised over the period of the contract, rather than upfront which is typical with product sales. Cisco still makes up half of all product sales to Logicalis, while sales of products in the category 'Other' increased, represented primarily by Oracle, NetApp, VMware and ServiceNow.

Gross profit was up 3% to \$363.3 million (FY16 \$353.4 million) and operating expenses increased by 4%, due in part to incremental integration costs of acquisitions made in previous periods. Before restructuring costs, EBITDA was \$81.2 million (FY16 \$80.9 million), with a corresponding EBITDA margin of 5.4% (FY16 5.3%). Operating profit, before restructuring costs, was \$56.6 million (FY16 \$56.3 million).

During FY17, Logicalis acquired Lantares, a Spanish IBM Cognos Partner and professional services provider specialising in business intelligence and data analytics.

Logicalis remained in a net cash position of \$18.1 million, despite the unwinding of several large customer transactions which positively impacted working capital in FY16, and a substantial prepayment made in Brazil associated with a customer transaction where the revenue will be received and recognised over future periods.

In summary, we believe Logicalis remains with a strong outlook and are optimistic about the future. We are looking to enhance our position in markets we already operate in, gain better scale in Asia, improve our performance in the UK and expand in Europe. We believe there will be a continual shift to cloud-based delivery of IT, but in a hybrid public and private configuration for businesses and enterprises. This will help to drive mobility solutions, network security and converged computing applications built in increasingly virtual environments using external data centres.

Chief Executive Officer's review



Mark Rogers Chief Executive Officer

The world of digital transformation is moving rapidly, not just for our customers, but also inside Logicalis. We are evolving our organisation to be more services oriented, more digitally competent, and more capable of helping our customers to reap the rewards of the digital technologies that are shaping the way people, live, work and grow.

What we have learnt from our customers in the Logicalis CIO Survey 2016 is that business technology is undergoing a major shift towards a distributed and digitally enabled model. This trend is a continuation of those identified by previous Logicalis CIO surveys and, as a result, the role of the IT department is changing due to the explosion of data, the rise of mobile, the cloud and the need for security best practice.

IT leaders tell us that these changes are bringing fresh challenges, changing the scope of their role within their organisations as they align themselves with more business functions. In the 2016 Survey, 23% of CIOs reported that they work on a daily basis with IT people employed by line of business departments, whose role is to support business function-specific software, applications and cloud services.

In line with our vision we are continuing to increase our own skills and invest in areas such as software, data analytics, security and cloud solutions. Our focus is on developing industry-specific solutions that are intrinsically linked to the business challenges for target industries.

Our challenge is to understand the increasingly complex world of technology that offers so much opportunity for growth and efficiency, and make it as simple as possible for our customers. As we grow our services capabilities to deliver many of these new Technologies as a Service offerings, we are removing the need for our customers to invest in more infrastructure, or more resources, or employ the rare skill sets that are required.

'Architects of change'

We see ourselves as the 'architects of change' and, like all good architects, we design a wide variety of projects to address many business challenges. Before constructing a new IT project, we draw plans and develop a prototype or deploy a proof of concept. We closely supervise the build phase and stay involved throughout the project. But as architects, we have to think of many things before we draw up the plans for a new project: What is the technology going to be used for? What is the desired business outcome that measures its success?

"We see ourselves as the 'architects of change' and, like all good architects, we design a wide variety of projects."

The value we bring to our customers is the whole end-to-end delivery.

We also spend a lot of time thinking about the security aspects, the impact of change and the sustainability of any solution.

Just one example of this includes a predictive maintenance project that Logicalis developed for Renault in Brazil. We were able to converge both automation and IT networks through our analytics platform (EUGENIO) that helps the customer in the early identification of potential failures in mission critical machines involved in manufacture.

Creating like-minded communities

Another market trend that we are responding to, and that enables us to stay relevant to our customers, is to create like-minded communities, both for our customers and within our own organisation. Internally we are bringing together a number of task forces, comprising sales people, business consultants and technical architects, that enable us to develop new and exciting opportunities.

We are building communities for our customers to bring people together. One example is the complete network infrastructure for three remote provinces in Perú, bringing universal access to data communication in the country (see the case study in 'Customer relationships').

Industry communities

We are also establishing a reputation in specific industries, where we can bring real insight and expertise to these vertical communities. Logicalis is making a name as a healthcare provider in the US, Singapore and Australia. This is due to the in-depth industry knowledge we have developed, as well as an ecosystem of industry-specific partners and a service portfolio aligned with healthcare regulations that includes Electronic Healthcare Records optimisation, healthcare security, enterprise image strategy, secure 'any access' infrastructure and telehealth. Our medical experts have over 20 years' experience, with the knowledge and expertise to create solutions that solve our customers' most pressing healthcare business problems.

Logicalis US has also established a business team for government and education solutions, supporting hundreds of active customers in these sectors across the US. Logicalis is sharing its expertise around the globe, providing specific industry solutions for the public sector in government and education that include digital campus solutions, shared service models, cyber-security, and cloud and data centre management.

Key investment areas Software skills

We have built up a strong software practice developing software solutions for software defined networks and data centres, development and operations (DevOps), multi-cloud solutions and vertical solutions for smart cities, banking, retail and IoT.

Our continual investment into IoT skills in Brazil has brought us a number of proof of concept projects. Our Platform as a Service offering called EUGENIO is an IoT integration analytics platform. It provides the ability to integrate third party IoT platforms into turnkey solutions with control over the software code, as well as the ability to provide the platform on public cloud or private cloud. This enables clients to comply with specific industry legislation so they can avoid storing data in the public cloud.

Logicalis is now driving the internationalisation of its IoT practice, initially targeting Europe, particularly Spain and the UK, having recently won a project in Spain for a waste management initiative (see 'Customer relationships').

Security solutions

Logicalis is investing substantially in its security practice and we now have ISO 27001-certified Security Operation Centres located in the Channel Islands and Singapore. These centres support our operations across Europe, North America and Asia. Our Security Operation Centres provide managed security services. These combine security research with service-level data from monitored devices across the customers' networks to help manage vulnerabilities discovered in their systems.

The facilities significantly expand the scale and scope of our cyber-security managed services portfolio including 'end point security', security information and event management (SIEM) and 'SIEM Response Services'. The team of cyber-security experts has decades of experience in best practice processes and are well versed in the regional

threat environment. With services powered by industry leading technologies, allowing for rich analysis of disparate data, the centres also enhance our offerings in advanced security analytics services.

Cloud solutions

As IT service provision changes from on-premise to off-premise, using self-service and managed services, our cloud offerings and our portfolio of services will change too. We offer higher levels of automation, software defined networks and other next-generation technologies to deliver a wider portfolio of managed services such as security, disaster recovery and back-up, and advanced application services.

In 2016, Logicalis UK undertook a refresh of its cloud offering. The realigned Logicalis Optimal Cloud 2.0 provides a secure, agile, scalable and highly available 'Virtual Private Data Centre' (VPDC) environment, all designed to be fully hybrid.

Within cloud management we are advancing partnerships with Microsoft Azure and Amazon Web Services so that we can actively broker both virtual infrastructure and ecosystem applications hosted with these global leaders for our customers.

The next wave of packaged, consumption-based service offerings will be able to deliver real agility and convenience for users. This will continue a trend that incorporates elements of analytics and automation, for example adaptive infrastructure platforms that are self-provisioning in real time.

Data analytics

Logicalis is also focused on developing its capabilities in data analytics. We have acquired Trovus (a business intelligence consultancy in the UK), Lantares (a Spanish company specialised in analytics and business solutions) and have a joint venture stake in ituma (a German specialist of spatial intelligence software) to enhance our data analytics and business intelligence expertise across the Group.



"We are developing communities for our customers to bring people together."



As an example, the UK has deployed its first data virtualisation architecture for a leading high street retailer to enable rapid access to a wide variety of separate data stores. It is the first time the company will have a true single view of its customers.

Awards

In recognition of the developments Logicalis has made, and the growth and quality of our services practice and portfolio, we won over 40 industry awards during last year, including some notable vendor awards:

Inforsacom Logicalis: Oracle Excellence Award Specialized Partner of the Year – Platform as a Service

Logicalis Spain: IBM Partner of the Year and Best Partner in Security

Logicalis UK: HPE Hybrid IT Partner of the Year – EMEA

Logicalis US: Cisco Architectural Excellence Award in Security – Central US

Thomas Duryea Logicalis: Dell EMC 2016 APJ Solution Partner of the Year

We also had notable recognition by other industry bodies that included being named one of the top three most innovative tech companies in Brazil by the TeleSintese Yearbook and also one of the top 100 outsourcing companies in the world by the IAOP.

Outlook

With a strong focus on talent acquisition, we are attracting some of the best skills and talent. We are recognised as an innovative, open and transformative leader in our segment, that creates a great environment for young professionals to develop their careers.

Our technology leadership and intimate knowledge of working with our customers mean that Logicalis is already helping clients to plan their digital journeys – releasing the creativity that runs through their workforces and using digital technology to deliver outstanding results.

Key developments FY17

Continued investment in our EUGENIO, IoT integration analytics platform in Brazil

Provides the ability to integrate third party IoT platforms into turnkey solutions with control over the software code, as well as the ability to provide the platform on public cloud or private cloud.

New Security Operations Centre in Europe

The newly opened facility is designed to expand the scale and scope of the Logicalis Optimal Security Managed Services portfolio. This comes at a time of increased awareness of threats to organisations from cyber-crime and upcoming data privacy legislation in Europe in the form of the General Data Protection Regulation (GDPR) in 2018.

Established a healthcare practice in the US, Singapore and Australia

A knowledge centre of industry experts delivering a very targeted service portfolio of healthcare IT solutions, via an ecosystem of industry-specific partners.

Analytics in Europe (the UK and Spain) and Brazil

Established a Centre of Excellence for data analytics through targeted acquisitions and by leveraging our software skills in Brazil.

Our business model

Our business model and approach

We achieve agility through local business innovation and management to execute a single strategy, which is leveraged globally via a collaborative culture and exchange of skills and knowledge. This is supported by a small central structure for executive management of finance, HR and marketing, and a global executive and leadership shaping and driving the Group strategy.



We create value through...



Knowledge and insight

We invest in skills training, development facilities and hands-on experience in our local operations to enable our people to stay at the forefront of technology and service innovation developing industry relevant solutions.



Locations that serve our customers

From multiple locations in 25 countries, we offer high-level services and sustainable solutions that sit on the curve of technological change.



A sharp focus on our partner ecosystem

We have relationships with a number of global suppliers that account for over 75% of our product revenues. We are continually expanding our partnership ecosystem with vendors and core partners to stay ahead of the technology curve so we consistently deliver the best solutions to our clients locally and globally.



Customer relationships

Building intimate business relationships is essential to our success. We develop a perceptive understanding of our customers to fully grasp what they want and honestly tell them what they need. By combining empathy with expertise, we can manage daily realities and identify future issues.



Turn to pages 12 and 13 to find out more about customer relationships.



International presence

As we grow and expand into new territories and deliver solutions across new industry sectors, our clients benefit from the depth and breath of our experience and technical knowledge.



Turn to pages 14 and 15 to find out more about our international presence.



Operational excellence

Our customers expect high levels of customer service and a technology partner that remains relevant to the dynamic technological world that we live in.

Our business model is underpinned by...

Our values

Integrity

We champion an environment of honesty, transparency, fairness and high moral standards.

Innovation

We embrace change and creativity to deliver the best practical outcomes.

Excellence

We strive to exceed expectations and be the best that we can be, maintaining the highest level of quality.

Partnership

We build strong relationships and alliances to achieve success for the long term.

Empowerment

We encourage initiative and provide opportunity for our people.

Being financially robust

The Logicalis Group is a division of Datatec Ltd, a \$6.5 billion multi-national Group listed on the Johannesburg Stock Exchange and the Alternative Investment Market (AIM) of the London Stock Exchange. Being part of the Datatec Group, Logicalis has financial strength and stability to access sources of capital for funding ongoing operations, investment and acquisitions. Ultimately delivering operational excellence drives revenue and profit growth for shareholders.



Turn to pages 21 and 22 to find out more about our financial statements and principal subsidiaries.

Customer relationships

By combining our technical expertise with emotional intelligence, we're able to offer solutions that fit in with a business's unique culture and thinking.



Improving social services in Perú through better networks.



Daniel Domingues
Country Manager
Logicalis Perú

Transforming service infrastructure in Perú

Logicalis Perú won the largest project in the Andean region – the transport and access network for the Piura-Tumbes and Cajamarca regions.

People living in some of the remote regions of Perú had never had access to the schools, doctors or public services that most of us take for granted. The Peruvian government decided to universalise the access to communications and internet usage for remote provinces in the country. In collaboration with Quanta Services, Logicalis helped to design and implement the complete backbone and wireless infrastructure for these remote provinces, bringing universal access to data communication in the country. This was very challenging to design and implement because of the geographic and logistic difficulties associated with these regions but has provided real social transformation for its inhabitants.

Logicalis, with the local and regional experience, delivered a coherent and optimal design, surpassing its competitors and achieving integration between leading vendors such as Cisco and Cambium (Motorola).

This is a social transformation project that, once implemented, will benefit communities, schools, health centres and government entities in remote areas of the country with the provision of data connection and the Internet.

“Logicalis, with the local and regional experience, delivered a coherent and optimal design, surpassing its competitors.”



Ronald Schlecker
Service Manager
Inforsacom Logicalis GmbH

Next-generation retail experience delivered for large sports brand retailer

Inforsacom Logicalis in Germany, in partnership with InfraStor, is supporting the retailer with the rollout of its new concept stores around the globe. These stores are creating the next-generation retail experience with an immersive in-store environment. The customer has introduced new digital tools to enable more engagement and interaction with consumers such as video walls and digital touchscreens on tables, tablets and mobiles for access to product promotions and product information, social media and direct connections to the online shop. Mobile access to the interface empowers staff, giving them the ability to digitally record the whole customer experience and track everything from catalogue management to distribution, merchandising and playlisting.

Inforsacom Logicalis was chosen as a partner for its flexibility to respond to the customer's requirements and short timescales, as well as delivering an experienced and skilled team of technicians that could support the global rollout of stores and the digital tools, and work with the local customer teams in their local language. The project itself involved new concepts and non-standardised products which were sourced and installed by Inforsacom Logicalis and are now globally supported by their team based in Munich. The Service and Support team understands how to manage the incidents related to these digital tools installed all over the world. They are very service-oriented and able to remedy faults very quickly to minimise business disruption.

A project like this required a new way of working for the customer, and the Inforsacom Logicalis team established an operational model based on common standards and procedures to ensure a smooth installation in-store each time and a very happy customer, who values the agility and experience provided by its service provider.



Jeff Wilms
RVP Sales Central Region
Logicalis US

Infrastructure transformation for one of the world's largest distributors

A global \$27 billion privately held distributor is in the process of operationally outsourcing its North American data centre footprint.

The client's confidence in Logicalis' abilities was cemented over the past few years after Logicalis US successfully outsourced the company's global collaboration platform by leveraging IBM's SoftLayer cloud infrastructure, fully managed by Logicalis Managed Services (LMS). The client said the experience and level of service have been fantastic and, more importantly, it has been able to repurpose key staff to embed in the business and fuel innovation.

The data centre project has three key phases planned over the next six years, with estimated service billings close to \$60 million. Phase 1 consists of project planning and validation. Phase 2 will include Logicalis taking over the client's existing data centre footprint, beginning the infrastructure remediation process and driving to full steady state managed services on the client's premises. Phase 3 drives application remediation, cloud adoption and migrating all workloads to a highly optimised private cloud fabric. Workloads will exist in a Logicalis data centre under full LMS support, or the appropriate public scale cloud Infrastructure as a Service, Platform as a Service or Software as a Service environment, again fully supported by LMS.



Richard Simmons
Chief Technologist – Information Insights
Logicalis UK

Delivering IoT for a waste management company in Spain

Logicalis has deployed its global expertise to deliver an IoT solution for an international leader in the efficient delivery of urban and environmental services. The customer had identified an initial use case to deliver optimisation in the collection of residential waste and wanted support from a partner to prototype and then productionise the solution.

The scope of the project was to provide an assessment across both the customer's Spanish and UK operations that would give recommendations on the technical architecture, data integration, skills and development methodology required to deliver the initial use case, and then support scaling the use case across multiple cities and geographies. The working prototype was installed in June 2017.

Logicalis was chosen because it could demonstrate its ability to deliver both the advisory services for the assessment and the technical capability to deliver a working prototype, all within the timeframe selected. A key element of the project was being able to deploy a local team to build relationships in both Spain and the UK, supported by technical expertise from Brazil. Logicalis was able to deliver a joined up, consistent project engagement with local flexibility, leveraging the advisory skills from the UK team, the analytic and project governance skills from the UK and Spain, and the IoT expertise from Brazil.

Global reach, worldly solutions.

Access to worldwide expertise through Centres of Excellence

We serve many of our customers in more than one country, so being able to deploy the best resource to solve their problem, at any time, independently to where the customer is or where the resource is based, is imperative. Logicalis provides a transparent customer experience, based on the same set of values, operational standards and technical expertise, regardless of the location of the engagement.

Our Centres of Excellence are established in local markets where we have inherent skill sets, both grown organically or through acquisition, and then scaled in order to share that expertise around the globe, based on a consistent and homogenous product and services portfolio, a Common Services Platform (CSP), and a standard go-to-market model.

Today we have Centres of Excellence for software skills, security, automation and IoT, cloud services, data analytics and service management, as well as for specific industries such as healthcare, government and education.

North America

Logicalis has over 20 offices in the US

Latin America

Argentina, Bolivia, Brazil, Chile, Columbia, Ecuador, Mexico, Paraguay, Perú and Uruguay

Europe

The Channel Islands, Germany, Ireland, the Netherlands, Spain and the UK

Africa

South Africa

Asia Pacific

Australia, China, Hong Kong, Indonesia, Malaysia, Singapore and Taiwan

Serving our customers, regardless of location, with a Common Services Platform

Logicalis is able to deliver a consistent portfolio of services with consistent service management practices, through the rollout of its CSP. This enables us to deliver regional shared services through the platform with integrated common ticketing, based on standard core ITIL processes. Over 1,000 of our engineers are involved in supporting over 28,000 users across the globe, which allows for global sharing between regions, as well as a consistent customer experience for global deals and our international customers.

One new development in the rollout of global expertise is the new Security Operations Centre in Europe, which now supports Logicalis operations in Europe and North America with security services via this platform.

A unified strategy for supporting international customers

As a global team, Logicalis supports its international customers' global IT solution projects, with both a global and local presence. These multi-country executed projects, which originate in one region and are often delivered around the world in their other locations, involve multiple layers of complexity. Our ability to serve customers in multiple countries requires local account management and responsibility, with a global perspective and vision of overall global strategies in the organisation. In addition, the communication between stakeholders ranging from account managers, project management, technical architects and service management is combined with needing a strong cultural awareness and understanding of the customer's future business objectives.

Our success in supporting international sales requires not only multiple layers of communication across all stakeholders, but a good understanding of financial regulations and taxation, local trading conditions, industry legislation, and standardised back-office systems and operational processes to support the customer seamlessly, regardless of location.



2,000

Service ticket responses every day

28,000

End users supported across the globe

Board of Directors

A strong



Mark Rogers
Chief Executive Officer

Mark joined Logicalis in 2003 as Finance Director for Logicalis UK, and in 2004, he became Chief Financial Officer, European Operations. Since March 2007, he has taken on the role of Chief Operating Officer (COO) for Logicalis Group and with effect from 1 March 2015, he became CEO for Logicalis Group.

Mark has extensive experience in the technology and service sectors both in the UK and internationally. He spent 20 years at Racal Electronics/Thales of which 13 years were at Finance Director level. Whilst at Thales he was also Chairman of CityLink Telecommunications. Mark has significant mergers and acquisitions experience, including the sale of Racal Telecom to Global Crossing for £1 billion, as well as experience in the acquisition and integration of other various-sized businesses.

He started his career with Revlon where he qualified as a Chartered Management Accountant.



Jens Montanana
Chairman

Jens is the founder and chief architect behind Datatec, which he established in 1986. Between 1989 and 1993, he served as Managing Director and Vice-President of US Robotics (UK) operations, a wholly owned subsidiary of US Robotics Inc. which was acquired by 3Com. In 1993, he co-founded US start-up Xedia Corporation in Boston, Massachusetts, which was subsequently sold to Lucent Corporation in 1999.

In 1994, Jens became Chairman and Chief Executive Officer (CEO) of Datatec, which listed on the Johannesburg Stock Exchange in November 1994 and on the AIM of the London Stock Exchange in 2006.

Jens is Chairman of Logicalis, a role he assumed in March 2007. He has previously served on the boards and subcommittees of various public companies, and currently serves as Chairman of Corero plc, an AIM-listed network security business.



Bob Bailkoski
Chief Financial Officer

Bob joined Logicalis Group in November 2015 as Chief Financial Officer. He is a chartered accountant and brings over ten years of international experience to his role having previously worked in Australia, Switzerland and the US. Prior to joining Logicalis, Bob was Group Finance Director at Monitise plc, a mobile banking and payment specialist, and before that was Finance Director of the sailing holidays division at TUI Travel plc.

Bob started his career with PricewaterhouseCoopers before joining Wolseley plc where he held a variety of finance, commercial and strategic roles.

leadership



Vince DeLuca CEO Logicalis US

Vince joined Logicalis US in 2010 as the COO and in July 2012, he was appointed CEO of Logicalis US. Prior to Logicalis, he served as Senior Vice-President for Wipro with responsibility for infrastructure practice service delivery and client engagement. He joined Wipro in 2004 when it acquired Infocrossing where he was a key executive. Vince guided Infocrossing through multiple acquisitions and organic growth initiatives.

Before Infocrossing, Vince managed the strategy group responsible for defining and implementing overall strategic direction for SMS, a mid-sized IT outsourcing firm. He also served as Vice-President, Solutions Development for Marconi's worldwide Enterprise Division, and was a board appointed member of the Global Executive Team responsible for planning, developing and implementing a new Enterprise Division.



Rodrigo Parreira CEO Logicalis Latin America

Rodrigo joined PromonLogicalis as Executive Director in 2008, when Logicalis acquired Promon Tecnologia. He joined Promon Group in 2000, where he was responsible for communications solutions and mobile data, and then became Business Development Director for Promon Engineering, responsible for projects in the energy sector. In 2005, he was appointed Executive Director of Technology. In March 2009, Rodrigo was appointed COO for Logicalis Southern Cone and in 2010, he took over as its CEO. In March 2012, he was appointed CEO of Logicalis Latin America.

Rodrigo is a physicist with a PhD in Mathematical Physics from the University of São Paulo, Brazil. He started his corporate career at McKinsey & Co as a consultant focused in the telecommunications industry. He then worked for Cluster Consulting, where he led projects in the areas of IT and telecommunications in several European countries.



Rüdiger Rath Head of Europe Logicalis Group

Rüdiger became Head of Europe at Logicalis in November 2016. He has responsibility for all subsidiaries in Europe (the UK, Ireland, the Netherlands, Spain, Germany and the Channel Islands) and works closely with Logicalis' country managers, to shape and speed up the growth strategy, which includes securing more international customers.

Rüdiger has ten years' experience in general management. He joined Logicalis in 2015 through the acquisition of inforacom Informationssysteme GmbH where he had been Managing Director and shareholder since 2008. He was also CFO at inforacom from 2006 until 2008. Prior to that, he held senior finance roles at Amadeus Germany GmbH. Rüdiger graduated in Business Studies (Diplom-Betriebswirt/FH) at Mainz University of Applied Sciences, majoring in Tax and Auditing.

team

Logicalis Statutory Board

Jens Montanana

Mark Rogers

Bob Bailkoski

Ian Cook Non-Executive Director

Ian joined Logicalis as CEO, European Operations in 2003 and became CEO of Logicalis Group in March 2007. In March 2014, Ian stepped down to become Executive Chairman of Logicalis Group after seven years of leadership, and since March 2015, he has been a Non-Executive Director on the Logicalis Board.

Eduardo Cardoso Non-Executive Director

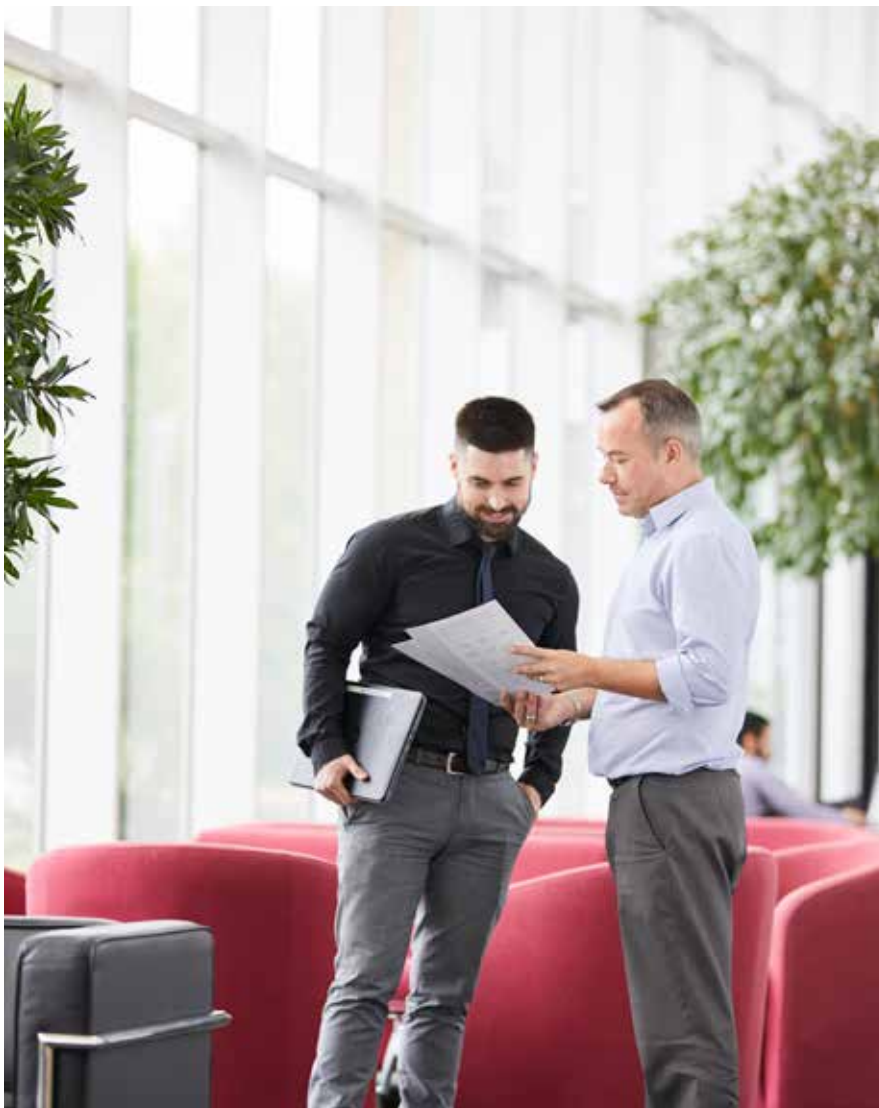
Eduardo joined Logicalis as CEO of Latin American Operations in 2008 from Promon, where he had been Executive Officer of the Promon Holding and CEO of the Brazilian IT Operations. In February 2012, he stepped down and after a sabbatical period he returned to Logicalis Group in 2017, as a Non-Executive Director on the Logicalis Board.

Ivan Dittrich Non-Executive Director

Ivan re-joined Datatec on 30 May 2016 from Vodacom, where he had been Group Chief Financial Officer from June 2012 to July 2015. Prior to that he held a number of senior executive positions at Datatec, including Group Chief Financial Officer from May 2008 to June 2012, in a career that spanned 13 years. Ivan qualified as an accountant with Deloitte in South Africa and also worked for PwC in London.

Corporate responsibility

Whether dealing with clients, partners, communities or each other, it's up to us to make our world better.



If we're to make our fast-changing world a better place in which to live, it's essential that we think and act sustainably. Across all aspects of our operations, we stay focused on the future and aware of our impact on both a local and a global level.

This is much more than a goal, it's a responsibility. We see our work through a wider prism, including the wellbeing of our people, the places in which we work and the wider world.



Our people

Logicalis recognises that its people are critical to the ongoing success of the business and, by striving to attract the best talent, develop and reward its people for great performance and engage effectively with them, Logicalis aims to optimise the performance of the business.

Training and development

In Logicalis, the focus on advanced technologies requires a high level of technical expertise, and management works closely with its vendors to ensure that employees are trained appropriately and have the necessary accreditations. In the interests of the long-term sustainability of the business and in order to retain some of the top leadership talent, Logicalis launched its first Group-wide leadership development programme in FY17, aimed at developing senior leaders of the future, and this programme will continue bi-annually. In recognition that the business ideally wants to develop its future leaders internally, in FY18, Logicalis is also launching a High Potential development programme across Europe to fast track the development of some of its early career employees who are showing signs of having the capability and ambition to assume senior leadership roles in the future.

Performance rewards

Logicalis has also launched company-wide training to develop its employees' business and people skills to equip them with some critical skills in order to be more effective in their roles, such as delivering great customer service and managing careers successfully.

Logicalis has a culture of meritocracy where great performance is rewarded. The majority of employees at Logicalis have performance objectives which are linked to the strategy of the local business. Talent and succession management reviews of the leadership team in each business are held annually, to focus on the retention of top talent and effective succession management.

Logicalis aims to be an employer of choice within the technology industry, attracting, developing and retaining the best talent. To assess what its employees think of the business, Logicalis conducts bi-annual

Group-wide employee engagement surveys, where improvement opportunities will be identified in each operation, followed up by action plans which managers and employees agree upon together.

As Logicalis operations around the world become more collaborative and expertise is shared between operations, Logicalis has launched an international mobility programme to enable leadership and technical expertise to be moved around the business, to solve particular challenges and also to offer enriching development opportunities to employees.

Human resource practices and policies ensure that all employees, wherever they work, whatever their role, are treated equally, fairly and respectfully at all times. Logicalis maintains consistent and transparent diversity policies across all its businesses. All employees within Logicalis annually complete an online Code of Conduct training course to remind them of the importance of integrity to the success of the business.



Health and safety

Logicalis recognises its obligation to reduce the risk of injury in the work environment and to provide a clean and safe place to work. Logicalis undertakes to comply with health and safety regulations as set out in the jurisdictions in which it operates around the world.

Mitigating risk

Each Logicalis operation has its own health and safety policy which is consistent with best practice in the applicable jurisdiction, and regularly undertakes programmes and procedures to mitigate health and safety risks, such as risk assessments and safety audits.

Logicalis also ensures that the appropriate health and safety training is provided for its employees for the role that they perform, which includes, where appropriate, the training of first aiders and fire marshals.

Employee health

The local operations also run initiatives to encourage healthy lifestyles, with schemes such as discounted health screening for employees, and encouragement of healthy eating and exercise.



Environment

As a responsible international provider of IT solutions, Logicalis seeks to measure and minimise the way in which any of its commercial activities may affect the environment. It is also committed to providing practical advice and support to its customers and vendor partners to help them along the path to ever cleaner and greener IT solutions.

Green IT

As an early adopter of Green IT ideas and activities, Logicalis recognises that a responsible attitude to Green IT can lead to significant reductions in energy consumption and carbon emissions. As well as reducing greenhouse gases and operational costs, the technologies it promotes, such as remote working and video and teleconferencing, enable more flexible working, greater productivity and improved business continuity.

Logicalis promotes remote working and video conferencing across regional and home offices to minimise car or air transportation and reduce its carbon footprint. This is also supported through Logicalis' schemes to encourage employees to use public transport.

Waste reduction

Many of our local operations support initiatives for reducing power and water usage and monitoring waste reduction in our offices. These range from paper and plastic recycling to water filtration and office lighting efficiency systems.

Our data centres are designed to best practice standards to measure power usage effectiveness (PUE) and save energy.



Community

During 2017, all our operating companies increased their activity in helping to improve the quality of life for their local communities. Here are just a few highlights:

Logicalis US donated \$133,000 to 54 different charities in the communities Logicalis serves across the US. In addition, Logicalis US encourages all employees to donate their time in their local community by allowing eight hours of paid time off annually.

Logicalis Singapore again provided voluntary support to SWAMI Home, a voluntary charity organisation caring for the elderly and the needy. It supported activities that included playing games with the elderly, sponsoring tea break pastries and having a birthday celebration for elderly people who had a birthday in May. They also organised a movie event for less fortunate children from Club Rainbow, an independent charity organisation that provides a range of comprehensive support services for the families of children who suffer from major chronic, and potentially life-threatening, illnesses.

Logicalis Hong Kong provided voluntary support to Yunnan Project Hope, a voluntary charity organisation for building schools in the rural areas of Yunnan, China.

Logicalis UK donated almost 300 presents to Reading Family Aid, which helps and supports the local community that are living in poverty or in disadvantaged situations, ranging from young carers to those in abusive homes. The charity also supports children facing disability or illness.

Logicalis Germany again made donations of money, clothes and household goods to support refugees staying at the refugee camp in Neu-Isenburg as well as helping accepted asylum seekers to integrate into the local community.

Thomas Duryea Logicalis (TDL) Australia supported a team to take part in Altitude Shift, a charity event which involved abseiling down a 113 metre high skyscraper. The team raised over AU\$5,000 which went towards supporting Anglicare Victoria, the state's largest foster care agency, currently housing over 400 children per night. In addition to foster care, the agency also provides assistance with kinship care, residential care, family counselling and other counselling services which all work together to provide a safe and loving home for disadvantaged children.

TDL Australia also supported a team to take part in Melbourne City Mission's (MCM) – Sleep at the 'G. The team raised over AU\$8,000 for MCM, which supports homeless people in the state of Victoria to find temporary accommodation, and provides social and mental health support to help them rebuild their lives.

In Brazil, PromonLogicalis donated 38 microcomputers, monitors and laptops to Projeto Casulo, which supports young children and adults in education programmes for work and their local community. They donated some household appliances to Casa do Zezinho, a non-profit organisation that supports young people and children from low-income families living in highly vulnerable situations. They also donated warm clothing to a number of charities across Brazil, including the Red Cross.

Logicalis Brazil also sponsored Instituto da Oportunidade Social (IOS) for its Business Management Course to support people with partial hearing and visual impairment. This partnership with IOS aims to increase job opportunities for disadvantaged people in the community.



Top to bottom:
Casa do Zezinho, Brazil
Sleep at the 'G, Australia
Club Rainbow, Singapore

“During 2017, all our operating companies increased their activity in helping to improve the quality of life for their local communities.”

Financial statements

Income statement – Unaudited

USD millions	2017	2016
Revenue	1,513.1	1,533.9
Cost of sales	(1,149.8)	(1,180.5)
Gross profit	363.3	353.4
Administrative expenses	(282.1)	(272.5)
EBITDA	81.2	80.9
Depreciation of property, plant and equipment	(18.4)	(17.2)
Amortisation of intangible fixed assets	(6.2)	(7.3)
Operating profit	56.6	56.4
Net finance costs	(6.6)	(6.1)
Datatec management fees	(5.0)	(4.6)
Goodwill adjustments	(7.1)	(1.2)
Exceptional Items	(2.2)	
Profit before tax	35.7	44.5
Tax on profit on ordinary activities	(16.8)	(13.7)
Profit for the year	18.9	30.8

Balance sheet – Unaudited

USD millions	2017	2016
Intangible assets net book value	30.4	35.3
Goodwill net book value	186.2	199.0
Goodwill and other intangible assets	216.6	234.3
Property, plant and equipment	43.3	43.3
Deferred tax asset	25.5	19.9
Total non-current assets	285.4	297.5
Inventories	38.5	47.2
Trade and other receivables	520.6	428.6
Foreign corporation tax recoverable	4.0	2.4
Cash and cash equivalents	121.6	180.5
Total current assets	684.7	658.7
Total assets	970.1	956.2
Trade and other payables	(527.1)	(551.1)
Bank overdrafts and loans	(103.5)	(102.9)
Current tax liabilities	(5.0)	(2.1)
Obligations under finance leases	(2.7)	(1.0)
Provisions	(0.3)	(0.1)
Liability for share-based payments	(0.4)	(0.5)
Total current liabilities	(639.0)	(657.7)
Net current assets	45.7	1.0
Amounts owed to holding company and fellow subsidiaries	(22.8)	(32.1)
Obligations under finance leases	(6.8)	(1.2)
Liability for share-based payments	(0.6)	(2.2)
Deferred tax liabilities	(34.4)	(32.5)
Provisions	(3.0)	(3.0)
Other long-term liabilities	(13.4)	(6.2)
Total non-current liabilities	(81.0)	(77.2)
Total liabilities	(720.0)	(734.9)
Net assets	250.1	221.3
Share capital and share premium	130.2	130.2
Foreign currency exchange and other non-distributable reserves	(94.3)	(98.4)
Retained earnings	171.1	159.5
Attributable to equity holders of the parent	207.0	191.3
Non-controlling interest	43.1	30.0
Total equity	250.1	221.3

Principal subsidiaries

Statutory name	Country of incorporation	Percentage held	
		2017	2016
Holding Company			
Logicalis Group Limited	England and Wales	100%	100%
Subsidiaries of Logicalis Group Limited			
Logicalis Group Services Limited	England and Wales	100%	100%
Logicalis UK Limited	England and Wales	100%	100%
PromonLogicalis Latin America Limited	England and Wales	65%	65%
White Label Intelligence Limited (dormant)*	England and Wales	100%	100%
Logicalis Limited (dormant)	England and Wales	100%	100%
Logicalis Networks GmbH	Germany	100%	100%
Inforsacom Logicalis GmbH*	Germany	100%	100%
ituma GmbH*	Germany	51%	51%
Logicalis Guernsey Limited*	Guernsey	100%	100%
Logicalis Ireland Limited	Ireland	100%	100%
Logicalis Solutions Limited*	Ireland	100%	100%
Logicalis Technical Services Limited*	Ireland	100%	100%
Logicalis Technology Limited*	Ireland	100%	100%
Logicalis Channel Islands Limited	Jersey	100%	100%
Logicalis Jersey Limited*	Jersey	100%	100%
Logicalis B.V.	Netherlands	100%	100%
Logicalis SMC Group B.V.*	Netherlands	100%	100%
Logicalis SMC B.V.*	Netherlands	100%	100%
Logicalis Spain, S.L.	Spain	100%	100%
Logicalis Argentina S.A.*	Argentina	65%	65%
Logicalis Andina Bolivia LAB. Ltda.*	Bolivia	65%	65%
PromonLogicalis Tecnologia e Participações Limitada*	Brazil	65%	65%
PTLS Serviços de Tecnologia e Assessoria Técnica Limitada*	Brazil	65%	65%
Logicalis Chile S.A.*	Chile	65%	65%
Logicalis Colombia S.A.S.*	Colombia	65%	65%
Logicalis Ecuador S.A.*	Ecuador	65%	65%
Logicalis Mexico, S.de R.L. de C.V.*	Mexico	65%	65%
Logicalis Paraguay S.A.*	Paraguay	65%	65%
Logicalis Andina S.A.C.*	Perú	65%	65%
Logicalis Uruguay S.A.*	Uruguay	65%	65%
Logicalis Inc. S.A.*	Uruguay	65%	65%
Logicalis South America, Inc.*	US	65%	65%
PLLAL International LLC*	US	65%	65%
Logicalis US Holdings, Inc.	US	100%	100%
Logicalis, Inc.*	US	100%	100%
The Via Group, Inc.*	US	100%	N/A
Thomas Duryea Logicalis Holdings Pty Limited formerly known as Logicalis Australia Pty Limited*	Australia	100%	100%
Corpnet (Australia) Pty Limited* (dormant)	Australia	100%	100%
Thomas Duryea Logicalis Pty Limited formally known as Thomas Duryea Consulting Pty Ltd*	Australia	100%	100%
NetStar Group Holding Limited	British Virgin Islands	100%	100%
Logicalis Shanghai Limited*	China	100%	100%
Logicalis Pte Limited (Xiamen)*	China	100%	100%
Logicalis Hong Kong Limited*	Hong Kong	100%	100%
PT. Logicalis Metrodata Indonesia*	Indonesia	51%	51%
Logicalis Malaysia Sdn. Bhd.*	Malaysia	100%	100%
Thomas Duryea Logicalis Asia Pacific MSC Sdn. Bhd.*	Malaysia	100%	100%
Logicalis Singapore Pte. Limited*	Singapore	100%	100%

* Indicates a subsidiary which is owned indirectly via an intermediate holding company.

Logicalis Group

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