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ANNUAL REPORT

2011

SOLTEQ

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# SOLTEQ AND YEAR 2011 IN BRIEF

Solteq provides information systems for managing the transfer of products and services, as well as related information and cash flows. Solteq has long-term client relationships and strong industry-specific know-how combined with technology independent competence.

Solteq was founded in 1982 and since 1999 the company's shares have been quoted in the Helsinki stock exchange (Nasdaq OMX Helsinki). The company's goal is to grow profitably and pursue an active dividend policy. Solteq's headquarters are located in Tampere and other offices in Helsinki and Lahti.

- Our financial situation improved: 2011 was one of the best in 10 years. The turnover was 27,1 million euros and the result 1,5 million euros
- On 4 February 2011, we published a new strategy to clarify our business model:
  - o We focus on enterprise resource planning systems, utilising the world's leading technologies.
  - o We complement our offering by industry-specific special solutions that we have developed for the speciality goods and daily consumer goods sectors, for the wholesale trade and logistics, and for industry and the public sector.
  - o We improve our profitability by taking long-term measures to intensify our operations. We also utilise the flexible and scalable delivery efficiency of low-cost countries. One example of this is our cooperation with ITC Infotech, an Indian company that provides IT services.
- To support our new strategy, we made changes to our organisational structure on 23 September 2011. The new structure took effect on 1 January 2012.
  - o The new reportable segments are Enterprise Resource Planning and Financial Management Solutions (earlier ERP) and Value Added Solutions for Enterprise Asset Management (earlier separate units EAM, DATA and STORE).
  - o Two of the new segments are not profit centres: Projects and Continuity Services. The aim of the project unit is to manage and monitor our major projects in a systematic and unified way. The continuity services unit collects the good practices developed in our long-term customer relationships. The aim is to implement them in all our operations in a systematic way.
- The Solteq spirit has improved. According to staff satisfaction surveys and discussions, the work atmosphere is better than before.
- Client satisfaction has also improved from previous years.

## REVENUE BY FUNCTION (%)

	2011	2010
Software services	65	65
Licenses	27	26
Hardware sales	8	9

## QUARTERLY REVENUE AND OPERATING PROFIT IN 2011

EUR million	Q1	Q2	Q3	Q4
Turnover	6,2	6,6	6,7	7,5
Operating profit	-1,0	-1,2	0,0	-2,1

## FIVE YEAR FIGURES

Financial period 1.1.-31.12.	2011	2010	2009	2008	2007
Revenue, MEUR	27,1	27,0	28,6	30,4	27,9
Increase in revenue	0,5 %	-5,4 %	-6,0 %	8,8 %	20,6 %
Operating profit, MEUR	1,5	-4,3	1,5	1,5	1,3
% revenue	5,4 %	-16,0 %	5,1 %	4,8 %	4,7 %
Profit before tax, MEUR	1,3	-4,5	1,3	1,1	1,1
% revenue	4,7 %	-16,6 %	4,7 %	3,7 %	3,9 %
Return on equity, %	16,0 %	-48,7 %	9,6 %	9,0 %	11,5 %
Return on investment, %	13,1 %	-29,3 %	9,1 %	9,0 %	8,7 %
Equity ratio, %	34,2 %	30,6 %	47,2 %	43,6 %	44,1 %
Staff (on average)	211	233	240	266	252

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” The road from a product-specific organisation to a project and service provider is long, but that is exactly what the strategy aims at. ”

REPE HARMANEN  
CEO



# GOOD START FOR THE 30TH ANNIVERSARY YEAR

The work done and the achievements reached in 2011 give us a good start for our 30th Anniversary Year. In 2012, Solteq will celebrate its 30th Anniversary. During the past decades, our company has developed into a sensible, transparent and reliable provider of ERP solutions. We are proud of our achievements.

With regard to financial figures, the results of the past year can be considered reasonable and partly good. We managed to rectify our financial situation by revamping our working methods.

The principles guiding our operations aimed at improving profitability and predictability, establishing new working methods, and making the strategy published at the beginning of the year into an integral part of everyday operations. Throughout the year, we concentrated on taking measures to improve both short-term and long-term profitability through increased accuracy and forecasting as well as faster actions. This work continues, and we want to continue improving our performance in these areas.

## EFFECTIVE RANGE OF SOLUTIONS

In 2011, almost all our business areas significantly improved their results from the previous year. Cooperation between the business areas also improved, which essentially contributed to the imp-

rovement of the result. Our range of solutions and mutually supportive solution areas have proven quite suitable for our clients. The core consisting of ERP solutions requires the support of well designed special solutions.

At the end of the year, we made changes to our organisation to meet the objectives our new strategy. At the same time we reviewed our offering to see how we should develop it in order to improve our position as a sought-after service provider in our chosen industries.

## GUARANTEED CONTINUITY

We have successfully guaranteed continuity in both our own and our clients' operations. During the past year, we developed our Silta (Bridge) and Kartta (Map) services and implemented our first Silta projects. Our Silta service helps our clients transfer from one technology to another and minimise the risks incurred in the development and change of systems.

Our experience is at the disposal of our clients for a long time, even if technologies change. This service will be developed further in 2012 as we believe that it is important for our clients today and in the future. Our Kartta service aims at describing our cooperation model to our future clients and thereby creating trust in what we are doing and where we are heading to.

We also take care of our own continuity in order to ensure our operations for the next 30 years. These have been our focuses in 2011 but there are still a lot of things to do and improvements to make. We will continue our work in 2012 as planned.

## ATTENTION TO WELLBEING AND SATISFACTION

For me it is important to interact with our staff, clients and partners in a constructive way, creating wellbeing and mutual satisfaction. Cooperation should be based on genuine, shared openness, appreciation and respect. In order to succeed in business today, it is important to pay attention to the interests and wellbeing of all the parties concerned, not just your own.

In 2011, we started to measure client and staff satisfaction in a systematic way and took measures to improve wellbeing and satisfaction. The results show that we have made improvements from the previous years. This encourages us to continue this work. We also received excellent development proposals from our clients, and we will take them into consideration in 2012, as well. We will continue our work to promote wellbeing and satisfaction.

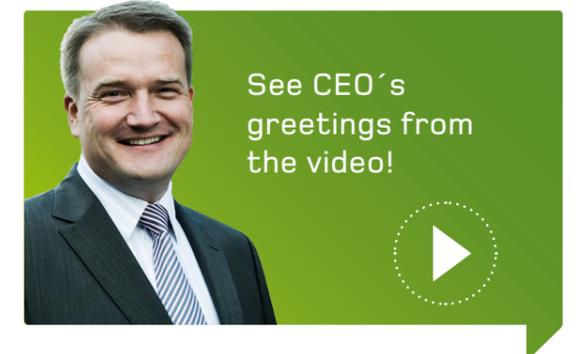
## SYSTEMATIC IMPLEMENTATION OF THE STRATEGY

The road from a product-specific organisation to a project and service provider is long, but that is exactly what the strategy we published at the beginning of the year aims at. The organisation of our services into offerings that comply with our strategy keeps our perspective right and the most important principles in the foreground in our daily work.

The implementation of the strategy that we published at the beginning of February has proceeded well and we will monitor the development carefully. During the autumn, we also reviewed our strategy

with regard to the changes in the operating environment. The main strategic lines, however, remain the same.

During the spring, we developed the predictability of our operations. This was important as was shown by the favourable development in the latter part of the year. This work was carried out at all levels, and some of the improvements became part of our normal operating model. During the summer and autumn, we also took proactive measures to ensure our ability to offer our clients new solution areas that would support their operations.



We increased our turnover and essentially improved our profitability from the previous year. We can be proud and happy with this change in the direction but we cannot rest on our laurels; the level of both turnover and profitability is still not sufficient for us. I interpret the result of 2011 as a positive signal which encourages us forward.

For 2012, we estimate that we grow with the market and at the same time we improve our profitability.

It is a matter of honour for us that our clients are successful and that their customers appreciate and acknowledge their operations. I would like to thank both our long-term and our new clients, our staff, and our partners for excellent cooperation during the past year. I am confident that by joining our forces and continuing in the right direction, we will reach even better results in 2012.

Repe Harmanen  
CEO

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” Our strength is in the knowledge of the chosen industries and in technological independence. ”

**MIRA SOHLMAN**  
Director,  
ERP (until 2011)



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” We help our clients to choose suitable tools for future growth and success ”

**TIINA HONKINIEMI**  
Director,  
Enterprise Resource Planning and Financial  
Management Solutions (starting 2012)

# MONEY AND GOODS ON THE MOVE

We operate in the core of our clients' business activities. Our solutions affect the movements of their products, services and cash flows.

The core of Solteq's business is in the business critical information systems of companies and organisations. We have strong expertise in trade, car sales, logistics, industry, and the public sector.

Our own solutions are based on IBM technologies. We also supply Microsoft and SAP based ERP solutions. During the past year, we expanded our offering to include Microsoft Dynamics AX, a comprehensive business management solution for small and medium-sized companies. This allows us to provide solutions that comprehensively cover the most asked for alternatives in the industries that we serve.

Since the beginning of 2012, the name of our ERP Unit has been Enterprise Resource Planning and Financial Management Solutions Unit. Mira Sohlman is on maternity leave and the unit is headed by Tiina Honkiniemi.

In 2011, we also renewed our strategy. In the new strategy, the role of enterprise resource planning and financial management solutions is emphasised even more than before. The special solutions and services for business operations complement and support our core competence area and enable us to provide service packages that meet the most demanding requirements.

## EFFICIENCY AND FLEXIBILITY

In 2011, companies continued boosting their operations and developing new business models through information system projects. The trends included the harmonisation and rationalisation of information systems and the utilisation of best practices and innovations. The importance of the quality of information was also recognised better than before by small and medium-sized companies.

Today, our clients look for solutions that are as flexible as possible, e.g. industry-specific modular systems. More and more applications are integrated with ERP systems. This increases the importance of the IT partner's ability to understand and integrate several different technologies.

## CLOUD SERVICES – TALK OF THE DAY

Cloud services have raised a lot of interest lately. People talk a lot about them, and we have received an increasing number of requests for quotation from both regular and new clients.

Companies are, however, very cautious about having their business critical applications, such as ERP, managed by public cloud services. On the other

Our success relies on our multi-competent personnel.

hand, there is increasing interest in using cloud services for systems that support business operations. The main reason seems to be that companies are interested in purchasing usage-based IT capacity instead of investing in hardware.

Companies are also interested in the utilisation of smartphones and tablets in business operations. Various kinds of terminal devices which allow work independent of time, place and device open up new customer service possibilities. New technologies are also coming to companies in new ways. More and more employees want to use the tools they use in their free time also at work, and this has to be taken into consideration in the maintenance of information systems.

## IN THE CORE OF THE CLIENT'S BUSINESS

In line with our strategy, we serve our clients with the technology that they use for as long as they want. "If a company needs new solutions to develop its business operations, we provide bridge solutions to facilitate transfer to new technologies. The transfer can be designed to take place piece by piece, allowing the company to use its resources in the best possible way during the whole change process.

Quite often our clients need solutions that meet their special business requirements. We then complement our ERP and financial management solutions with point-of-sale systems, and with masterdata management and enterprise asset management solutions. Our new Indian partner, ITC Infotech, also helps us provide IT services fast and cost-efficiently.

## NEW VERSIONS AND SYSTEMS

In 2011, we supplied several regular and new clients with ERP and financial management systems.

For Tuko Logistics, which has been our client for almost thirty years, we implemented a SAP-based financial management solution. Wulff Oy, an office supplies wholesaler, was provided with a new version of the Merx System and an e-store.

With the SKS Group, a machine building company, we started a project to implement a SAP system for the whole group, and with Smartum, a service voucher company, we started a Microsoft Dynamics NAV project.

With the Värismä chain of specialist interior decoration shops, we started a project to implement a Microsoft Dynamics NAV based ERP system with Solteq's POS Point-of-sale system integrated with it. The chain will have an integrated system which takes care of daily business transactions and the management of the chain. When the business expands, the system can be expanded, as well.

Our car sales clients were especially keen to develop their after sales management systems.

Despite the challenging economic situation, our overall profitability was good. The turnover of the business unit was EUR 16,6 million (EUR 16,6 million in 2010).

## BRIGHT FUTURE PROSPECTS

Our strength is in the knowledge of the chosen industries and in technological independence. Our success in helping our clients choose suitable tools for future growth and success relies on our multi-competent personnel.

The development of logistics and the automation and optimisation of operations continually bring new development projects to us. We also actively look for new ERP system project opportunities.

**JUSSI KIISKINEN**Head of the AX  
business unit

## WIDER OFFERING

ENTERPRISE RESOURCE PLANNING AND FINANCIAL MANAGEMENT SOLUTIONS

The Microsoft Dynamics AX solution complements Solteq's range of ERP solutions, which previously consisted of systems implemented by using Solteq's own IBM-based technology, SAP and Microsoft Dynamics NAV. A more comprehensive selection of systems allows us to offer technology independent solutions to meet our clients' needs.

Solteq is a strong supplier of ERP solutions. We have long-term experience in IBM technologies, going back to the early years of the company. Solteq was also the first retailer of the SAP system in Finland. As part of a company acquisition in 2006, Solteq was able to add Microsoft Dynamics NAV with 20 years of experience in the technology to its range of products.

"We already have years of experience in the AX technology. The Solax vertical enterprise assets management solution we have developed is based on the AX technology. By expanding our offering and competence to Dynamics AX based ERP modules, we will be able to provide better services to those of our clients who have chosen this technology. Our increasingly comprehensive range of technologies will also make us more competitive in the market", states Jussi Kiiskinen, Head of the Profit Centre.

In 2011, we started up AX business operations. We paid special attention to recruitment and hired heavyweight experts. They have participated in the development of Solteq's Silta (Bridge) Solution. We have had positive experiences of the functionality of the solution. One example is the case in which we implemented transfer from an old financial management system supplied by Solteq to a Dynamics AX based system by means of the Silta solution.

"Even if the AX business is at an early stage of development, our consultants have years of experience in the implementation of the Dynamics AX system. Our clients are therefore in extremely experienced hands. We will continue to invest in the recruitment of strong experts and aim at significant growth for our AX business", Jussi Kiiskinen sums up.



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” With Value Added Solutions  
our customers will achieve  
increased efficiency through  
the direct business benefits. ”

**MATTI SAASTAMOINEN**

Director,  
Value Added Solutions

# INDUSTRY-SPECIFIC SOLUTIONS FOR ENTERPRISE RESOURCE PLANNING

Different industries have different special needs for ensuring efficient operations. For these special needs, Solteq offers industry-specific added value solutions which, if required, are integrated with the client's ERP system. These solutions include asset, maintenance and fieldwork management, speciality goods retailing, and masterdata management.

Until the end of 2011, Special Solutions for Business Operations consisted of three separate units: EAM, STORE and DATA. The business area is headed by Matti Saastamoinen.

## OPTIMAL ASSET, MAINTENANCE AND FIELDWORK MANAGEMENT

The Enterprise Asset Management (EAM) unit serves organisations that provide various maintenance and field services. Enterprise resource planning systems have to meet the requirements of networked operating environments in view of both the buyer and the provider of the services. They also have to be able to manage subcontracting networks and mobile workforce.

In spite of economic uncertainty, demand was brisk. Businesses cannot afford to stay stagnant, and therefore they continually invest in boosting and optimising their operations. Especially mining and

energy companies, as well as the service sector invest in EAM solutions.

Demand for Solax was as good as anticipated in the traditional industries, and this will strengthen Solteq's position further. The Solax system is based on the Microsoft Dynamics AX technology, and apart from traditional industries, we are able to serve industries and organisations that have similar needs to develop their processes and intensify their operations.

Kotkamills, a forest products company, and Lahti Energia, City of Lahti energy company, chose Solax for the management of their production plants. Kotkamills was provided with the system as a service, and it was ready for use just three months after the contract was concluded. Solax was also adopted by Finland's Slot Machine Association (RAY), where the system is used to ensure the operational reliability of the slot machines and for fieldwork management.

Enterprise resource planning has special needs for ensuring efficient operations.

EAM's turnover increased considerably and the result was good. The turnover was EUR 3,8 million (EUR 3,5 million).

## STRONG SPECIALITY GOODS SECTOR

The business operations of STORE, which specialises in providing services to the speciality goods sector, continued growing during 2011. Several Finnish small speciality stores became our clients. Large clients expanded their operations and adopted new functions to facilitate their work and improve their customer service. Small store chains were active, large ones wanted to centralise and harmonise their operations.

STORE had about twenty new clients in 2011. One of them was the Värösilmä chain of specialist interior decoration shops, to which we provided a Microsoft Dynamics NAV based ERP system with integrated Solteq POS Point-of-sale systems. Several long-term customer relationships continued strong.

STORE's turnover and result were extremely good. The turnover was EUR 4,2 million (EUR 4,0 million).

## ATTENTION TO THE QUALITY OF INFORMATION

Certain signs of interest could be seen in the market for business critical data (masterdata) solutions provided by Solteq's DATA unit. Apart from a few forerunners, companies have not, however, quite realised the significance of the quality of information for business operations.

We invested in creating basic demand for masterdata services by implementing several POC (proof of concept) projects and other pilot projects. We

invited companies that were interested in masterdata management to round-table meeting to discuss the subject and share best practices.

Through the year the unit continued producing masterdata as a service to our long-term customers. The City of Tampere chose Solteq to analyse the state of its business critical data and to draw up a plan for masterdata management. When Solteq's Solax system was implemented at Lahti Energia, the company was also provided with masterdata instructions to make sure that data was entered into the system in a correct way right from the beginning.

Some of the projects were, however, delayed, and DATA was not able to reach its set targets.

The turnover was EUR 2,5 million (EUR 2,8 million).

## RISE IN SIGHT

As from the beginning of 2012 EAM, STORE and DATA form one unit: Special Solutions and Services for Business Operations.

Our clients seek direct business benefits by intensifying their asset, maintenance and fieldwork management. Solteq's Solax solution meets the requirements of the market through its usability, e.g. by utilising the Microsoft product family, by providing wide functionalities, and by offering a possibility to acquire the system as an investment or as a service. We believe that demand for cloud and service solutions will continue to grow. We will invest heavily in building the Solax partner network.

In the speciality goods sector, the prospects are steady, and growth is sought through new solutions. We have positive expectations concerning our new breakthrough product, light, fast and reliable Solteq POS Point-of-sale system, which is based on the Microsoft technology.

We expect the demand for masterdata management solutions to grow even if economic uncertainty may affect the realisation of the projects. We will invest in technology solutions that support masterdata management, and we will develop our concept with regard to masterdata management models in order to serve our clients in a more comprehensive way in our future projects.

VALUE ADDED SOLUTIONS FOR ENTERPRISE RESOURCE PLANNING

**JOUKO KIIVERI**Solax Solution Sales,  
Partner channel

# PARTNER CHANNEL TO BOOST SOLAX SALES

The benefits of a strong partner channel in sales and marketing was one of the most important criteria when Solteq chose the platform for the development of its Solax system.

The development of vertical enterprise asset management software on the Microsoft Dynamics AX platform allows a strong partnerships with Microsoft and with other AX system providers.

The product development of the Solax system has proceeded to a phase in which the partner channel can genuinely be strengthened. The partners will be chosen from among the best AX providers to create strong and competent shared resources for the implementation of large and challenging AX-based ERP projects complemented with Solax vertical software.

For the partners, an important benefit offered by the Solax system is its applicability to many industries. Apart from traditional industrial production plants, demand for software like Solax will increase among maintenance services providers and equipment suppliers, as well as in the public sector services and in field services management.

The processes of our clients are generally sector-independent, and the system may be adapted to several different purposes through small modifica-

tions. The partner channel also enables us to collect a considerably wider industry-specific competence portfolio round the Solax system and thereby reach a better understanding our clients' needs in sales situations.

"Solax has been received enthusiastically by both our principal Microsoft and the AX partner candidates that we have chosen. The development of vertical software provides a sufficiently flexible platform in view of the clients' special needs, however, utilising the extensive functionalities of an international ERP system," emphasises Jouko Kiiveri, who is in charge of the partner channel in the Special Solutions and Services for Business Operations Unit.

"Our most important task right now is to create strong client references and a functional cooperation model with our Finnish AX partners. We also want to develop Solax into an interesting and innovative vertical product for the Microsoft AX product family. The next step is to find suitable AX partners for international projects and for exports", Kiiveri continues.



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” We want to offer projects that are carried out in the agreed schedule and budget. ”

**RIINA TERVAOJA**

Director,  
Project Services

# BETTER PROJECT MANAGEMENT

The trend in ERP systems is towards customised applications rather than basic installations. When clients choose ERP systems, they increasingly appreciate the supplier's ability to understand their business and provide consultation and advice concerning the systems. Quite often the clear objective of the project and the benefits that the client is looking for are clarified in workshops and preliminary specifications worked on in cooperation with the supplier. It is easier to make plans for the future with a long-term partner.

## SYSTEMATIC AND HARMONISED PROJECT PORTFOLIO MONITORING

Solteq's project portfolio, which consists of approximately 30 largest and strategically significant projects, is managed by Project Director Riina Tervaoja. The results are reported in the results of the business units (in 2011 ERP, EAM, STORE and DATA; from 2012 onwards, Enterprise Resource Planning and Financial Management Solutions, and Special Solutions and Services for Business Operations).

In 2011, we paid special attention to the development of our project activities. The aim was to bring unity and harmonisation to project management across the business units by defining monitoring, forecasting and responsibilities in more detail.

The development of project monitoring was started by describing the business processes. Then we

By giving a boost to our project management, we will be able to offer our clients safe projects.

In line with our new operational model, we offer continuity for current systems and alternative routes to new solutions.

integrated a monitoring model in the processes and their decision making points.

During spring and summer 2011, we tuned and updated our project management model. We had used our STEPS Model, which was based on the ABC Model of the Project Institute Finland Oy, for a few years, but we wanted to update it and implement it in a more efficient and harmonised format. In autumn 2011, our key project staff was trained to use the new tool.

Project issues are also discussed in an informal "Proppu" Team consisting of the project managers and key members of the project teams.

## RISKS IN CONTROL

We want to offer projects that are carried out in the agreed schedule and budget. Risk management is one of the most important tasks of project business. To be able to control risks during a project as efficiently as possible, we already have to pay attention to them at the sales stage. In 2011, we adopted a new internal inspection system to assess all our planned projects in more detail before submitting bids to clients. In this way, we ensure that the rules agreed upon are observed in practice.

Apart from forecasting, also monitoring brings discipline to project management. We monitor the projects in our project portfolio and their development monthly at the Management Team level. If risks are detected, they are dealt with well in time. We have received thanks from quite a few of our clients for addressing problems promptly.

In this way, our project business has become more systematic and proactive, and our clients can be better assured that things will run smoothly.

## SAFE PROJECTS

The systematic development of our project activities still continues. In future, the focus will be shifted from sales stage to monitoring and developing them. We will also strengthen the competencies and development of our project managers.

By giving a boost to our project management, we will be able to offer our clients safe projects. In line with our new operational model, we offer continuity for current systems and alternative routes to new solutions.

In view of project activities, 2011 was a good year. Profitability was good, as well.

# SPOT ON RESULT THROUGH PERCEPTIVENESS AND GOOD TIMING

The SAP Project led by Sanna Verho was select Solteq's Project of the Year in 2011. Componenta, the major casting solutions provider in Europe, merged its six production plants in Finland into one company. The ERP systems of the business units, consisting of production, sales and stock control, as well as financial and materials management, were combined in just three months.

Despite the tight schedule, the plans and forecasts were spot on: the project was completed on schedule and within budget. The client was satisfied, and a new project is under way.

Solteq and Componenta have cooperated since 2005, and several projects have been followed through during these years.

"The client trusts us completely. Just one example of this is that the project was mainly managed by us", Sanna says.

The work was done by a core team of seven employees. At times, a total of 15 people were engaged in the project.

"It has been quite important that the same people have been members of the team from one project to the next. We know Componenta quite well by now."

Apart from full commitment to the project, success has also been due to perceptiveness and good timing.

"It is important to listen, without interruption, to what the client is saying – and also hear what is not said aloud. In other words, you must never assume too much! You have to act on all the observations immediately or as soon as possible", Sanna sums up.



**SANNA VERHO**  
Project Manager



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” Solteq has 30 years’  
experience in supplying IT  
services, and our long-term  
client relationships show that  
our clients have confidence in  
our competence. ”

**KAI HINNO**  
Director,  
Continuity services

# LONG-TERM CLIENT RELATIONSHIPS AS A MODEL

Solteq has several long-term client relationships dating back to as early as 1982, when the company was established. The good operational models that have been developed in these client relationships will be collected and systematically implemented in the whole company.

In 2011, we refined the strategy. In the future, we intend to guarantee the continuity of our clients' operations as the users of our solutions and make the benefits of our technology development available to them. Continuity services will be an official part of our organisation as from the beginning of 2012.

## BETTER SERVICE

The Continuity Services will first select the best practices from 25 longest client relationships and document them in the form of a Quality Manual. In this way, the practices can easily be utilised in other client relationships. The aim is to standardise and improve the services in all the client relationships.

Until now, Solteq has utilised a cooperation and service model, IT Competence Centre, which is based on the international ITIL Process Library of the best practices in the management and delivery of IT ser-

We wish to be near our clients and serve them as part of their core processes.

vices. It provides a good basis for developing our services further.

## CLIENT ALWAYS FIRST

Solteq's first value is "Client Always First". We wish to

Our clients may use the solution they have purchased from us for as long as they wish. We support their existing systems and applications as long as there is need for it.

be near our clients and serve them as part of their core processes. It is important for us to understand both our own clients' and our clients' customers' business operations.

Solteq has Account Managers who are responsible for client relationships and whose task is to represent the clients at Solteq. They ensure that the clients are served in the best possible way. This is achieved through regular meetings and systematic planning and monitoring of the partnerships. When the processes are standardised and the indicators to be used agreed on, reporting is more consistent and transparent. Both the parties know the current situation.

Long-term client relationships are often based on personal relationships and tacit knowledge. To establish the best practices, this tacit knowledge should be recorded and saved. In addition to tacit knowledge, also new, even wild ideas are collected to support our clients' business operations.

## CONTINUITY IN SYSTEMS AND BUSINESS OPERATIONS

Our clients may use the solution they have purchased from us for as long as they wish. We support their existing systems and applications as long as there is need for it.

If a company needs new solutions to develop its business operations, we also provide bridge solutions to facilitate the transfer to the new technologies. As we know our clients' technologies and available new technologies thoroughly, we are also able to offer new ideas and alternatives.

Solteq has 30 years' experience in supplying IT services, and our long-term client relationships show that our clients have confidence in our competence. We now wish to share this competence and ensure continuity by developing a service model that benefits all our clients.

CONTINUITY SERVICES

# LONG-LASTING PARTNERSHIP

Tuko Logistics Cooperative, provider of purchasing and logistics services to daily consumer goods retailers, has been Solteq's client since 1982, when our company was established. In the beginning, cooperation was carried on with Tuko's predecessors Pohjanmaa and Tukkumanni.

In the past years, Solteq has become Tuko's key partner in business development solutions. Apart from business systems, we also supply Tuko with HRM and ERP systems.

Tuko provides grocery purchasing, warehousing and logistics services to major Finnish retailers. To make sure that consumers get fresh food on their tables, everything – including ERP – has to run smoothly without interruptions.

“Apart from supplying systems that work reliably, Solteq has an exceptionally good understanding of

our business”, says Peter Klenberg, Director of ICT and Business Development of Tuko Logistics Oy.

For Tuko, Solteq is an ideal partner in terms of size as well. The client can rely on being taken care of. According to Klenberg, Solteq being a family business means continuity, and that is something the Tuko values in its IT partner.

“Solteq clearly has a professional but informal work atmosphere, and it also reflects in the cooperation between our two companies.”

**PETER KLENBERG**

Director, ICT and Development  
Tuko Logistics Osuuskunta

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” We have made long careers possible by organising our operations to allow flexibility that recognises the employees’ life situations. ”

**MARI KUHA**  
HR Director



# WISE EXPERTISE

“We guarantee continuity and make the future happen” is our client promise. This promise is implemented daily by more than 220 Solteq staff. In the IT industry, continuity is created through long-term work and client relationships.

The strengths of the Solteq staff lie in their deep knowledge and understanding of business, logistics, industry and the public sector. This expertise is quite often a result of long-term client relationships. Apart from strong client and industry knowledge, the Solteq staff are experts of a wide range of technologies. They are also keen to both learn and develop new technologies.

In this way, each client can be provided with technologies that suit the company best. We call this wise expertise.

## NEW FUTURE MAKERS REQUIRED

The average age of our personnel is 45 years. Our reserve of expertise and tacit knowledge is vast, and we want to share it.

There is, however, a severe shortage of potential recruits. In 2011, Solteq enhanced its search for new talent by participating in a student recruitment event in Tampere.

We encourage our staff members to develop their competencies by making arrangements to facilitate

A public company and the values of a family company is a successful combination.

and support studying. One way in which our staff members can develop their competencies is an in-house transfer from one technology area to another.

## SUMMER JOB AT A CLIENT COMPANY

In summer 2011, Solteq organised a summer job campaign for its staff to expand their expertise. A group of staff members – including the Managing Director – worked at a client company for a few days. In this way, we were able to see what everyday life at our client companies was like and how they utilised Solteq’s systems.

The aim to Master-Apprentice Mentoring Programme is to share knowledge in both directions, especially the transfer of tacit knowledge from the older generation to younger staff members.

## OPEN INTERNAL COMMUNICATIONS

Solteq mainly operates in two cities, Tampere and Helsinki, and therefore internal communications are extremely important. This was also emphasised in the staff survey implemented during the year.

In 2011, Solteq improved its internal communications by adopting the Microsoft Lync server solution and Solmu Intranet. Apart from email, there had been no shared communication channels before.

Intranet allows centralised real-time distribution of news. The staff members are now better informed of the latest news on the company and their colleagues, and they are also able to comment the news easily. Information is provided by e.g. the blogs of the Managing Director and the Division Directors. The units also have intranet pages of their own. Intranet is also used to introduce Solteq staff members to help the employees learn to know each other better than before.

Openness in communications is also emphasised by informing the staff on matters that are still under development. We feel it is important for the staff to know that a matter is under process even if no decision has been made yet.

## JUBILEE YEAR 2012

In 2012, Solteq will celebrate its 30th Anniversary. We will share the celebration with both our personnel and our clients.

We have several employees who have worked for Solteq since the company was established. This brings continuity to our operations and enhances our belief that a public company and the values of a family company is a successful combination. We have made long careers possible by organising our operations to allow flexibility that recognises the employees’ life situations.

In 2012, we will continue developing shared practices concerning staff development. Based on a performance appraisal interview, each employee will have a competency roadmap, a plan that aims at developing his/her competencies. We will also start a new Master-Apprentice Mentoring Programme. The aim is to share knowledge in both directions, especially the transfer of tacit knowledge from the older generation to younger staff members.

We will continue developing Solteq’s employer image by sharing information on the company more openly both internally and externally.

**NINA DANILOTSCHKIN**

Consultant



PERSONNEL

# EMPLOYEE OF THE YEAR AWARD TO **NINA DANILOTSCHKIN**

Solteq has a tradition of selecting Employee of the Year. The aim is to recognise employees who demonstrate the values, attitudes and principles that our company wants to promote and develop. In 2011, the Solteq staff had the opportunity of making nominations for the first time.

On the basis of the nominations, the Solteq management selected Nina Danilotschkin, who had worked for the company for just under four years. "This was quite a surprise, a pleasant one, of course", says Nina, who works as a Procurement Optimisation Services Consultant.

Nina is described as a person who creates positive and fair Solteq spirit in the work community, effectively promotes causes that she considers important, inspires others, and is keen to learn new things and expand her competencies.

"I prefer calling a spade a spade. Fortunately our corporate culture encourages open communication. Sometimes I naturally wonder if I am being too outspoken. There are, however, so many different ways of saying what you want to say."

Nina has been selected Employee of the Year once before, in her previous workplace. What is the secret of her success?

"The key in cooperation with both the colleagues and the superiors is open and active communication", Nina sums up.

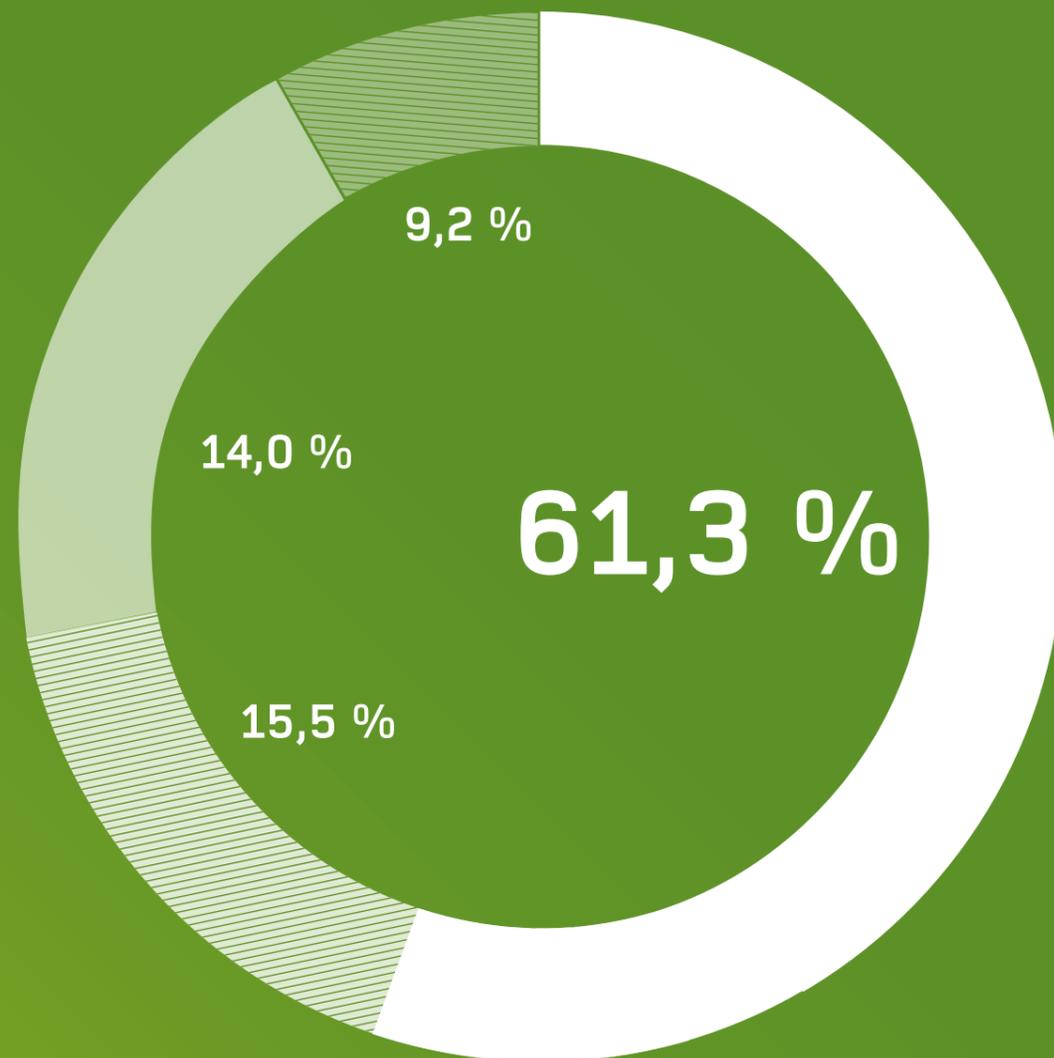
# REVIEW OBJECTIVES: SOLTEQ 2014

We will focus on the utilisation of the technologies of our world leader partners in our core business, i.e. enterprise resource planning and financial management solutions. We will complement or core offering with easily adoptable and flexible extension systems for the speciality goods and daily consumer goods sectors, for the wholesale trade and logistics, and for industry and the public sector. These extensions will enable our clients to increase their competitiveness.

Solteq's economic growth and result objectives by 2014:

- For 2012, we estimate that we grow with the market and at the same time we improve our profitability.
- Our long-term objectives by 2014 are: turnover about EUR 50 million, result about EUR 10 per cent
- We will focus our core offering on trade, logistics, industry and the public sector. A strategically significant objective is to increase the share of the public sector in all our services.

- As part of our strategy, we will improve our profitability by e.g. utilising the delivery efficiency of low-cost countries. In this way, we will be able to increase the flexibility and scalability of our product development.
- We will improve our internal efficiency.
- We will develop our international operations in the Baltic Sea Region and Russia by supporting our new and regular clients.
- Our goal for equity ratio is about 40%.
- We aim at observing a dividend policy which complies with the result development.



SOLTEQ PLC'S TURNOVER IN 2011 (EUR 27,1 MILLION) SPLIT IN BUSINESS SEGMENTS.



# MANAGEMENT

## GOVERNANCE



### CHAIRMAN OF THE BOARD

#### ALI U. SAADETDIN

- Born 1949
- Board member since 1982



#### SEPPO AALTO

- Born 1953
- Board member since 1982



#### MARKKU PIETILÄ

- Born 1957
- Board member since 2008



#### SIRPA SARA-AHO

- Born 1963
- Board member since 2010



#### JUKKA SONNINEN

- Born 1958
- Board member since 2005

## AUTHORISED PUBLIC ACCOUNTANT



### FRANS KÄRKI

- Born 1952
- KPMG Oy Ab, Authorized Public Accountant

## MANAGEMENT TEAM



### REPE HARMANEN

#### CEO

- Born 1972
- CEO since 2010



#### KAI HINNO

Director,  
Continuity Services



#### TIINA HONKINIEMI

Director, Enterprise  
Resource Planning and  
Financial Management  
Solutions



#### JENNA JÄRNSTEDT

Director, Legal  
and contractual  
matters



#### MARI KUHA

HR Director



#### ANTTI KÄRKKÄINEN

CFO



#### MATTI SAASTAMOINEN

Director, Value Added  
Solutions for Enterprise  
Resource Planning



#### MIKA SIPILÄ

Director, Sales



#### RIINA TERVAOJA

Director,  
Project Services

# INFORMATION FOR INVESTORS

## FINANCIAL INFORMATION 2012

- \* Annual report and financial statements 16.2.2012
- \* Interim Report 1Q/2012 19.4.2012
- \* Interim Report 2Q/2012 17.7.2012
- \* Interim Report 3Q/2012 18.10.2012

## ANNUAL GENERAL MEETING

Solteq Plc's Annual General Meeting will be held on the company's premises at Eteläpuisto 2 C, Tampere, on Wednesday 14 March 2012 at 3 p.m. Shareholders who no later than on 2 March 2012 have been registered in the company's register of shares maintained by Euroclear Finland Ltd are entitled to attend the General Meeting.

Shareholders wishing to attend the meeting shall notify the company's headquarters on Friday 9 March 2012 at 4 p.m. at the latest.

## STOCK EXCHANGE RELEASES IN 2011

- 20.1.2011 Solteq Plc records impairment losses for goodwill
- 4.2.2011 Solteq Oyj has refined its strategy for the years 2011 - 2014
- 16.2.2011 Solteq Plc's financial statements bulletin 1.1.-31.12.2010
- 16.2.2011 Notice to the annual general meeting of shareholders
- 1.3.2011 Solteq Plc's executives invest in the company's shares
- 16.3.2011 Decisions by the annual general meeting of Solteq Plc
- 24.3.2011 Transfer of treasury shares
- 28.4.2011 Solteq Plc's Interim Report 1.1.-31.3.2011
- 18.5.2011 Acquiring of company's own shares
- 22.7.2011 Solteq Plc's Interim Report 1.1.-30.6.2011
- 23.9.2011 Solteq to reform its organisational structure
- 20.10.2011 Solteq Plc's Interim Report 1.1.-30.9.2011
- 20.11.2011 Solteq's financial reporting 2012
- 20.11.2011 New member of Solteq Management group

## PRESS RELEASES IN 2011

- 11.2.2011 Solteq's Enterprise Asset Management System chosen by Kotkamills Oy
- 14.4.2011 Solteq is a responsible employer
- 20.4.2011 City of Tampere to take control of its masterdata management
- 9.5.2011 Sarsa, Tampere Region IT Providers' Alliance, to become comprehensive service provider for the municipal ICT service centre Kuntien Tiera
- 18.5.2011 Modern ERP system to support the new service concept of the Värismä chain of specialist interior decoration shops
- 26.5.2011 Lahti Energia chose Solteq's Solax system for the management of its production plants
- 29.6.2011 IITC Infotech Partners Finnish Company Solteq Oyj
- 14.10.2011 SKS Group Oy to upgrade its Enterprise Resource Planning System
- 29.11.2011 Solteq to supply Smartum with an ERP System

# SOLTEQ

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**SOLTEQ**

**Eteläpuisto 2 C  
33200 Tampere  
FINLAND**

**Atomitie 2b  
00370 Helsinki  
FINLAND**

**Vesijärvenkatu 21  
15140 Lahti  
FINLAND**

**Switchboard 020 14444**

**[www.solteq.com](http://www.solteq.com)**