



**CHAMPIONS TROPHY**  
Case Competition



## Case Study: Think Concepts

Saturday 2 February

Case prepared by Riley Cahill under the supervision of Jessica Channings. This case has been prepared solely for the Champions Trophy Case Competition. All data in this case has been obtained from publically available sources and Think Concepts. This case is not intended to serve as an endorsement, a source of primary data, or an illustration of effective or ineffective management.

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From: Claire Consultant

To: Champions Trophy Teams

Cc: Benjamin Business, Sarah Strategy, Frank Financials

Subject: Think Concepts Strategy Presentation

Dear team,

Our client is Think Concepts, an IT Services company providing a range of managed B2B services and hardware to clients around the country.

Think Concepts have asked us how they can achieve sustainable business growth over the next few years. Their vision is to be the most trusted and creative IT solutions vendor in the Australasian market. In providing this advice, you may wish to consider some or all of the following questions:

- How can Think Concepts achieve growth without sacrificing the culture of their small business?
- How can Think Concepts recruit and retain the right people?
- What customers should Think Concepts be targeting to ensure they achieve enough revenue to expand their operations?
- Which key trends will have the most impact on the IT industry in the future?

Think Concepts' CEO Ahlam AyoubZadeh is interested in your team's thoughts on the firm's current strategy, as well as any other initiatives that can be put in place to aid its future growth.

You will have ten minutes to present your recommendations, which will be followed by a ten-minute question and answer session to clarify any issues that may arise from the presentation. Our research team has compiled some relevant information, which is attached to this email.

Kind regards,

Claire Consultant

Think Concepts Project Leader

# About Think Concepts

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Think Concepts was formed in 2002 in Auckland. At first, the company focused on providing specialist IT solutions to the pharmacy industry. Through word of mouth and a focus on excellent customer service, Think Concepts quickly grew to a prominent position within the industry.

Think Concepts realised early on that the pharmacy industry was ripe with opportunity. Many small, family-owned pharmacies were slow to adopt new technologies due to a lack of expertise, meaning even basic business processes were often inefficient and outdated. As late as 2009, for example, pharmacies would complete prescription orders by mail-order, and would often wait days or even weeks to receive vital supplies. In response to this, Think Concepts partnered with Spark (then Telecom) to develop and promote the New Zealand Ministry of Health's new online supply chain management system. The system would allow pharmacies to claim supplies on the Ministry's website, and Think Concepts both advertised it to their existing customer base, and installed the necessary hardware to run the service. This saw rapid adoption; the service rolled out in around three months, and within a short timeframe an impressive 80% of the pharmacy market was using their system.

Now, pharmacy customers account for a little over a third of Think Concepts' overall customer base. The remainder is accounted for by the company's general managed services practice, as well as a host of other tailored services.

As well as pharmacies, accounting and other financial services companies are now also a significant source of revenue. Think Concepts aim to be a 'one-stop shop' in serving these markets, selling a range of hardware and consumable products to complement their service offerings.

The company currently has 24 employees, and has branches in Auckland, Wellington, and Tauranga. They service clients nationwide.

Ahlam AyoubZadeh serves a multitude of governance roles for the company. As well as being CEO, she co-owns the company with her business partner Simon Davis. Both she and Simon also sit on the company's board.

Coming from a marketing background, AyoubZadeh is intent on breaking stereotypes of what a typical IT company might look and operate like, and this approach is evident in the culture of the company as well as many of their communications. She has a value-driven approach to leading the company, and runs monthly value sessions with her team (see Appendix 2).



# Services

The bulk of Think Concepts' services can be split into five distinct categories: Managed Services, IT Consulting, Cloud Services, Telecommunications, and an IT Support Helpdesk.

## Managed Services

Think Concepts advertise their Managed Services practice as "like having your own internal IT department, but at a fraction of the cost". It covers a broad range of sub-services, including creating the client's IT strategy, remote system monitoring, and round-the-clock technical support.

The importance of this service to Think Concepts' portfolio has increased markedly over the last four years. One of its advantages as a market offering is its flexibility, made possible by the range of vendors Think Concepts partners with (see appendices). This allows each client to be provided with a tailor-made solution, matching their specific business needs.

## IT Consulting

If clients do not want the long-term commitment of a managed services package, Think Concepts also offer one-off IT Consulting sessions to help determine their future direction.

One of the most popular offerings in this category is their "Discovery Sessions", a 2-3 hour session with one of their specialist IT Consultants. This is tailored towards clients who have a basic high-level understanding of the changes they wish to make to their IT infrastructure, but want to know more about which specific options are available to them. Sometimes, Discovery Sessions end up being an effective opportunity to upsell customers to a managed services package.

As well as the more general Discovery Sessions, Think Concepts offer more specific IT Consulting services, such as Risk Management, Data Recovery, Project Management, and System Implementation.



## IT Helpdesk

All of Think Concepts' customers have access to their 24/7 IT Helpdesk. This has a focus on Internet troubleshooting, but also encompasses a range of other services such as security, hardware and software installation, server network and infrastructure support, and cloud services.

## Telecommunications

Another critical component of Think Concepts' service portfolio is their Telecommunications as a Service (TaaS) offering. While in the past, telephony has relied on Private Branch Exchange (PBX), the development of Voice over Internet Protocol technology (VoIP) as well as the steady rollout of Ultra-Fast Broadband across New Zealand has meant that many businesses find it more cost-effective to utilise TaaS.

As well as advising clients on the most effective way to implement TaaS, Think Concepts offer a range of telecommunications hardware, as can be seen in the below image taken from a company brochure.

### Gigaset Cordless VoIP Phone // C530IP

\$249.00



- VoIP and landline phone for up to 3 parallel calls
- Transfer smartphone contacts to DECT mobile parts with the Contacts Push app
- Brilliant HDSP™ sound quality, even handsfree

Extra Handset  
\$139.00

Basic Remote Install  
\$199.00

Basic Onsite Install  
\$249.00

## Cloud Services

One of the key technological trends in the last ten years has been a migration from hardware to cloud-based services. Although most larger companies will have made this shift some time ago, many New Zealand SME's lag behind when it comes to adopting new technology.

Think Concepts offer their clients assistance in recommending the right cloud systems for them, as well as both preparing for and implementing the migration.

### Different Types of Cloud



# Customer strategy

Pharmacy customers served as an effective niche for Think Concepts to gain traction with in their early days, but their current customer strategy involves serving a much wider range of clients in a variety of capacities.

After the projects from the Spark and Ministry of Health partnership began to decline, the company started to look for reliable sources of recurring revenue to ensure sustainability of their operations. It was largely a function of this search that their managed services practice became such an integral part of their portfolio.

In order to drive this recurring revenue, Think Concepts have found an effective approach through initially providing clients with free system monitoring software, allowing the opportunity to build the foundations of a long-term customer relationship. Following this, they charge for services on an ongoing basis, such as hardware upgrades or updates, maintenance, and new products.

Although the company relies heavily on the revenue from their managed services practice, AyoubZadeh is concerned that they are not allocating enough resources towards serving their pharmacy customers, which tend to be sources of one-off revenue. For example, while the company assigns account managers to their managed services clients, they do

not currently have a dedicated pharmacy specialist account manager, and they do not currently provide all the services which they have in the past to this sector. While Think Concepts is no longer a specialist pharmacy IT provider, the revenue they gain from this segment is by no means insignificant.

Hardware sales also make up a significant portion of Think Concepts' revenue, although historically this has not been a key area of focus for the company. However, hardware offerings are expected of a 'one-stop shop' provider such as Think Concepts, and as such they add value to the relationships the company is able to build with clients.

Think Concepts have found that the vast majority of their business comes from SME (small to medium enterprise) customers, and particularly those with between 50-100 employees. Larger enterprises tend to either take care of their IT needs in-house, or prefer proportionally larger IT service providers.

## Number of enterprises in New Zealand, by employee count

Number of employees	2014	2015	2016	2017	2018
1-5	98 493	97 959	99 222	101 169	101 388
6-9	20 616	20 703	21 258	21 945	22 440
10-19	16 554	16 911	17 271	17 874	18 243
20-49	9 171	9 552	9 801	10 068	10 323
50-99	2 721	2 859	2 988	3 054	3 192
100+	2 178	2 274	2 352	2 466	2 562

Source: Statistics NZ (2018)



# Operations

Within the IT Services industry, interactions are often ongoing over a number of years. In addition, the nature of the industry means service providers are often only called when things go wrong. For these reasons, Think Concepts understand the importance of prioritising their client relationships.

The customer journey on the right details how Think Concepts plant the seeds for their customer relationship at the beginning of any engagement. This may follow a response to a Request for Proposal (RFP), or in the case of many smaller clients, an enquiry submitted to Think Concepts directly.

One key difference between Think Concepts and other similar companies is that the consultants who sell the products to their clients implement the solutions themselves, rather than handing it over to a separate technical team.

This instils a sense of ownership in the sales team, ensuring they do not sell anything the company cannot follow up with from a service delivery perspective.

Often, the solutions Think Concepts propose will involve third-party IT vendors. Think Concepts have developed partnerships with a large number of vendors to suit their clients' individual needs, such as Amazon Web Services, Flexigroup, Intel, and Microsoft Office. A more comprehensive list of vendor partnerships can be found in Appendix 5.

When it comes to dealing with the third-party vendors, Think Concepts generally handle all but the most basic interactions. As such, their clients have the peace of mind that the value they gain from each vendor is not limited by their own technical expertise.

## Meet for Coffee

Let's get to know each other. This is your chance to brief us on what you want and need.

STEP 01



STEP 02

## Discovery Session

Our consultants will do a health check of your IT environment.

## Collaboration on Solutions

We'll share our solution with you and collaborate on the final outcome.

STEP 03



STEP 04

## Implementation

Time for us to make the magic happen!

## Focus on Your Business

Now you can focus on growing your business. Leave the IT to us.

STEP 05



# Trends in the Australasian IT industry

A notable trend in the last five years has been the advent of artificial intelligence and machine learning. While initial hype may have died down and most businesses have realised they will not have a purely robot workforce in the next five years, some analysts suggest that 30% of all business digital transformation initiatives will be supported by artificial intelligence technology by 2020<sup>1</sup>. While artificial intelligence has the potential to transform the future of the workplace, many businesses remain unsure about how they will be able to use AI and other cognitive technologies, and uncertainty over the threat it faces to the human workforce remains prominent.

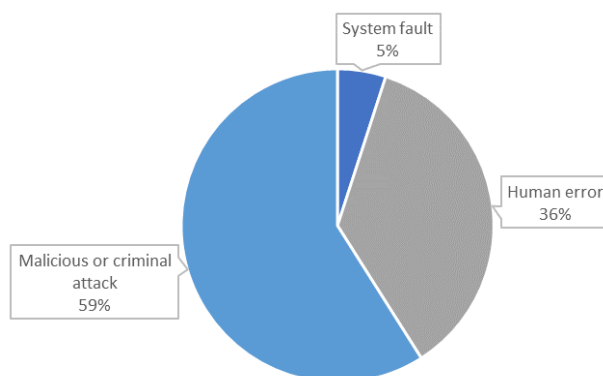
A recent spate of security breaches, especially across Australia, have led to a tightening belt as far as data privacy and system integrity is concerned. Increased scrutiny and new legislation across New Zealand and Australia has brought attention to the importance of taking every practicable step to keep the data of clients, employees, and other parties secure. A significant proportion of the breaches are attributable to human error, while historically the majority has remained a result of hackers and criminal opportunists. As a result of this trend, businesses of all sizes are pushing resources towards managing cyber risk.

IT remains an attractive industry for its workforce, in terms of salary and benefits. Talented job candidates often find they are inundated with competitive offers. This in turn has given them more negotiating power as they become more aware of their market rates. In particular, salaries for talented full stack developers have increased significantly, as their expertise reduces the need for additional FTE's across the

technology spectrum. A shift in culture over the last decade or two has also changed public perception of what has in the past been seen as an unattractive and monotonous job to be involved in. Now, being a "tech employee" is worn as a badge of honour. Auckland's thriving start-up scene has followed the lead of Silicon Valley in offering a number of benefits to its tech employees, such as flexible working hours, relaxed dress codes, and workplace amenities. Many skilled programmers, especially those familiar in niche languages, are riding the wave of the high demand for their skills by taking on pro bono work outside of their main employment, with some commanding contracted income of tens of thousands for projects only a few weeks long.

1. Reseller News, 2017.

## Source of Australian data breaches in Q2 2018



Top 5 in-demand IT skills in Auckland	Top 5 prevalent IT skills in Auckland
Project management	Software development
Software development	Networking and infrastructure
Digital	Support/help desk
Networking and infrastructure	Management
Business analysis	Project Management

Source: Absolute IT industry report, 2018



# Competitors

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The market for SME IT support in New Zealand is very fragmented, with a large number of businesses providing relatively similar offerings. While no particular competitor necessarily poses any outsized threat to Think Concepts, the aggregation of the number of players in the market means that new business will always be contested heavily, especially the business of firms who take the time to explore a range of options through an RFP process. Below are a selection of competitors who operate in the same space as Think Concepts.



## CodeBlue

CodeBlue is the largest nationwide IT Services company servicing small to mid-sized companies and organisations across New Zealand. They have around 120 employees across 5 branches around the country.

CodeBlue operate without long-term contracts, which means that their customers are able to continually re-evaluate their relationship on an ongoing basis.

Their portfolio includes information, cloud, cyber security, and procurement services, as well as a data recovery practice. They do not currently sell hardware to their clients on a regular basis.

## Think IT

As one of the most experienced IT Services companies in the country, Think IT was founded as a result of a merger between Specialist Computer Services and Rainbow Information Services in the early 1990's. They employ around 20 technicians, as well as a variety of support service staff.

They provide a range of managed services, as well as IT support, server upkeep and installation, telephony, and cloud services. They also operate an IT consultancy practice.

Think IT have one branch, in Mt. Wellington, Auckland. They have a significant presence in the health professional market in New Zealand, as well as a diverse range of clients across the enterprise, education, and not-for-profit sectors.



## Belton IT

Belton are an Auckland-based IT solutions provider with a focus on small businesses. They offer a similar range of services to Think Concepts, including managed services, maintenance, VoIP support, server upkeep and installation, as well as hardware sales.

They employ 40 staff, and service businesses within a range of industries around the country, although they have a single office in Penrose, Auckland.





# Key challenges

## Talent acquisition

New Zealand's technology sector is a significant part of its economy, with dedicated technology companies employing over 100,000 people, or around 5% of the country's workforce. However, there is plenty of competition to attract talent, and AyoubZadeh has identified two key complications in this area.

Firstly, New Zealand's economy has always struggled with retaining its talent in general. A recent OECD report suggested that New Zealand was, behind Ireland, the second most prolific exporter of its native-born population, with 14.1% of people born in New Zealand living overseas as of 2014. This trend is exacerbated in the IT industry as market wages are consistently higher overseas, creating little incentive for talented young IT professionals to remain in the country, at least for the early stages of their careers.

Secondly, IT graduates who do choose to work in New Zealand tend to be drawn towards larger companies, rather than more boutique firms such as Think Concepts. This trend is harder to explain on the basis of salary alone, as there is much less of an earnings differential between the different companies in the NZ market than compared to overseas. Many graduates will, however, feel there is more potential for career development in larger firms.

While AyoubZadeh understands this, she feels that her company's tight-knit culture creates an employee experience that is superior to many of its larger competitors, and wonders how she can leverage this to better effect.

## How to scale

Like many small businesses, Think Concepts began with a group of highly motivated people who played a "jack-of-all-trades" role in their day-to-day operations. In any given day, an employee could find themselves writing code, talking to prospective customers, replacing the office coffee machine, brainstorming the firm's future strategic direction, or anything in between.

Today, Think Concepts have expanded to the point that all employees will of course have a particular job description and set of responsibilities, but AyoubZadeh is still intent on giving her people as much exposure to different parts of the business as possible. This, she feels, will create more well-rounded employees who will both enjoy their varied work more, and make better business decisions based on their holistic understanding of the company.

In particular, Think Concepts strives to break down the traditional divide between customer facing and technical employees. Again, while employees will naturally have their own areas of specialisation, they are also expected to have some level of both technical and interpersonal skills in order to fulfil their roles effectively. This is a major point of difference between Think Concepts and many other IT firms, who will have a clear distinction between technicians and salespeople, for example.

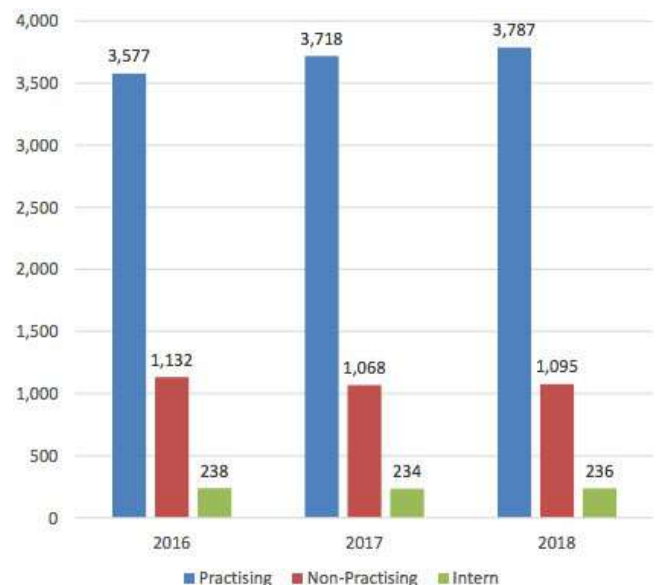
AyoubZadeh wonders whether this approach will lend itself to effectively scaling the business without losing the personal touch of a small enterprise.

## Ensuring sustainability

Pharmacy customers have long been an excellent avenue for Think Concepts to earn short-term cash, as a result of the company's longstanding reputation in the space. However, engagements with pharmacies tend to be one-off, or intermittent at best. AyoubZadeh understands the importance of maintaining a positive cash flow from month to month, and she feels that one of the dangers of pursuing pharmacies as a primary source of revenue is that a few successive months of below-par sales could leave the company struggling to meet expenses. Looking to the future, she anticipates the company will need to find further sources of recurring revenue in order to guarantee longevity and continued growth for the business. As owner, AyoubZadeh has already invested a significant portion of her personal wealth into Think Concepts, and any future cash injections would need to either carry very low risk or promise the potential for considerable returns.

Can Think Concepts achieve their mission of being the most trusted IT solutions vendor in the Australasian market through organic growth alone? Before growing in size by any significant factor, the company will first need to find a source of stability for its month-to-month income, and ensure that its current operations are not put at substantial risk by an appetite for scale. AyoubZadeh wonders if this could take the shape of an early adoption of new technologies, coupled with an innovative business model.

## Number of pharmacists in New Zealand as of 30 June 2018



Source: NZ Pharmacy Council (2018)



# Future direction

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In an industry many small businesses perceive as dry and boring – even considered an inconvenience to incumbent business practices – Think Concepts provide an unorthodox yet refreshing mix of technical expertise and personality. Providing an energizing and distinctive customer experience is as much their goal as is bringing clients up to speed with critical technologies.

Will this be compatible with their goal of pursuing growth in the IT industry? AyoubZadeh is intent on growing the scale and scope of the business, but is also clear that they will be wary of any strategy that sees them sacrificing the values that are so key to the way they operate.

AyoubZadeh is also aware that in its current state, the business has a finite pool of resources with which to serve customers. As a result, she understands the importance of selecting the right mix of customers to target. When customer relationships can last years or even decades, any decisions made today can have far-reaching consequences in the future.

Finally, it is corporate suicide for an IT company to make their decisions solely based on what present-day technologies can offer. Think Concepts aim to be proactive in considering what technologies will make the most impact on the workplaces of tomorrow, and want to consider what steps they will need to take in order to provide value to their customers in the future.



## Appendices



# Appendix 1: Income statements

## Profit margins

Profit and Loss  
Think Concepts Limited  
For the 12 months ended 31 December 2018

	Dec-18	Dec-17	Dec-16	Dec-15
<b>Income</b>	XXXXXX	XXXXXX	XXXXXX	XXXXXX
<b>Less Cost of Sales</b>				
<b>GPM</b>	33.39%	32.53%	33.34%	38.03%
<b>Less Operating Expenses</b>				
<b>OPM</b>	12.98%	11.18%	9.93%	13.62%
<b>Non-operating Income and Expenses</b>				
<b>NPM</b>	9.64%	8.24%	7.00%	9.77%

Source: Think Concepts

Note: Think Concepts have withheld exact revenue figures, but have disclosed that 2018 revenue was between \$2m and \$8m.

Note: all figures expressed as a percentage of revenue.

## Income breakdown and year-on-year growth

	Dec-18		Dec-17		Dec-16		Dec-15
	Growth	Share	Growth	Share	Growth	Share	Share
<b>Income</b>							
Australian Sales	-	0.00%	-	0.00%	-	0.00%	0.06%
Consumable Sales	-17.97%	2.56%	-13.42%	3.30%	29.29%	3.52%	2.69%
Freight On Sales	-2.37%	0.97%	-6.53%	1.06%	1.29%	1.04%	1.02%
Hardware Sales	19.87%	32.75%	-23.35%	28.98%	32.44%	34.90%	26.06%
Managed Services	12.32%	23.24%	19.82%	21.95%	54.74%	16.91%	10.81%
Other recurring income	31.52%	10.30%	75.73%	8.31%	86.46%	4.36%	2.32%
Other Sales	-135.82%	0.00%	-100.63%	0.00%	-92.58%	1.85%	24.61%
Pharmacy Labour	-12.18%	4.14%	-21.07%	5.00%	37.51%	5.85%	4.21%
Pharmacy Sales	-20.87%	11.45%	27.48%	15.34%	0.83%	11.11%	10.90%
Software Sales	0.21%	3.62%	-46.59%	3.84%	81.49%	6.63%	3.61%
Spark Project Revenue	-90.32%	0.21%	-10.97%	2.30%	-61.52%	2.38%	6.13%
TandM Labour	14.69%	10.75%	-19.88%	9.94%	49.25%	11.46%	7.59%
<b>Total Income</b>	<b>6.06%</b>	<b>100%</b>	<b>-7.70%</b>	<b>100%</b>	<b>-1.08%</b>	<b>100%</b>	<b>100%</b>

Source: Think Concepts

## Cost of sales breakdown

Cost of Sales	Dec-18	Dec-17	Dec-16	Dec-15
Opening Stock	1.22%	3.25%	2.19%	1.86%
Contractors	0.82%	0.19%	0.09%	0.02%
Dispute and Settlement Costs	0.00%	0.17%	0.00%	0.00%
Freight and Logistical Charges	0.87%	0.90%	1.05%	1.55%
Managed Services Software	1.42%	0.65%	0.00%	0.00%
Managed Services Software - Kaseya	0.00%	0.40%	0.92%	0.74%
Motor Vehicle Charges	1.09%	0.96%	1.19%	1.50%
Overseas Freight and Logistical Charges	0.00%	0.00%	0.00%	0.00%
Overseas Sales Purchases	1.88%	4.03%	3.36%	1.80%
Pharmacy Purchases	13.98%	18.68%	13.71%	14.29%
Salaries - Consultant Bonuses	4.85%	4.31%	4.54%	0.00%
Salaries - Consultants	26.23%	28.12%	28.74%	32.79%
Sales Purchases	48.40%	40.41%	44.68%	46.15%
Spark Project Costs	0.03%	0.40%	0.33%	1.26%
Stock Movement - Monthly	-0.32%	0.02%	1.99%	0.24%
Stock Movement - Monthly (Adjustment)	0.37%	-1.82%	0.00%	0.00%
Supplier Credit received	-0.03%	0.06%	-0.06%	0.00%
Travel Expense	0.21%	0.55%	0.29%	0.14%
Closing Stock	-1.02%	-1.28%	-3.04%	-2.34%
<b>Total Cost of Sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Think Concepts

## Operating expenses breakdown

Operating expenses	Dec-18	Dec-17	Dec-16	Dec-15
A and s limited - management fees	7.01%	0.00%	0.00%	0.00%
Accident compensation	0.20%	0.22%	0.52%	0.27%
Admin commissions	5.39%	1.27%	0.63%	0.00%
Bad debt	0.00%	0.19%	0.00%	0.00%
Cleaning and rubbish removal	0.35%	0.38%	0.51%	0.33%
Depreciation	3.18%	2.40%	3.24%	5.33%
Electricity	0.57%	1.18%	1.75%	1.72%
Entertainment - internal	0.56%	0.37%	0.18%	0.00%
Exchange rate variation	0.00%	0.00%	0.00%	-0.03%
Expenses - repairs and maintenance	0.00%	0.00%	0.00%	0.07%
Ezyvet - management fee	4.11%	10.09%	0.00%	0.00%
Professional services fees	7.43%	6.07%	5.21%	4.67%
Foreign currency gains and losses	0.03%	0.11%	0.00%	0.00%
Interest expense	0.00%	-0.04%	0.12%	0.06%
Investment write-off	0.00%	0.80%	0.00%	0.00%
Kitchen expenses	0.53%	0.70%	0.52%	0.26%
Kiwisaver employer contributions	3.15%	3.31%	3.32%	2.39%
Loss on sale or disposal	1.10%	1.99%	0.00%	0.00%
Marketing - accommodation and meals	0.00%	0.02%	0.00%	0.25%
Marketing - advertising	3.63%	2.32%	3.43%	3.08%
Marketing - entertainment	0.01%	0.04%	0.32%	0.19%
Marketing - travel	0.05%	0.07%	0.05%	0.25%
Minor assets under \$500	0.81%	0.10%	0.42%	0.00%
Motor vehicle - fixed	0.11%	0.25%	0.25%	0.62%
Motor vehicle gps fees	0.00%	0.00%	0.00%	0.09%
Office stationery and supplies	0.12%	0.10%	0.19%	0.11%
Rent	8.95%	11.28%	14.41%	13.28%
Repairs, maintenance, tools and consumables	0.48%	0.26%	0.50%	0.66%
Salaries - admin	36.55%	38.80%	36.35%	31.67%
Security	0.00%	0.00%	0.00%	0.00%
Settlement	0.00%	0.00%	1.51%	0.00%
Shareholder salary	1.28%	3.36%	11.98%	11.73%
Staff breakfasts	0.50%	0.88%	1.00%	0.88%
Staff lunches	1.43%	1.28%	2.86%	1.77%
Staff training and welfare	1.08%	0.50%	0.78%	1.14%
Subscriptions and publications	5.81%	6.48%	4.96%	2.04%
Subvention payment	0.00%	0.00%	0.00%	12.26%
Taxis and car rentals	0.00%	0.00%	0.00%	0.03%
Telephone	3.30%	2.44%	3.56%	3.88%
Travel expense - internal	2.28%	2.77%	1.42%	0.97%
<b>Total Operating Expenses</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# Appendix 2: Mission and values

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## Mission

“To support and develop the very best team members to deliver outstanding client focused results.”

## Values:

- Fun
- Innovation
- Exceptional Customer Service
- Integrity
- Driven
- Teamwork
- Collaborative
- Respect
- Empathy
- Efficient
- Ownership

Source: Think Concepts

# Appendix 3: New Zealand IT Industry Data

## Number of New Zealand businesses who outsourced IT support, by number of employees:

Number of employees	2008	2010	2012	2014	2016
6-19	14 766	15 339	15 516	16 854	17 910
20-49	4 368	4 116	4 221	4 890	5 097
50-99	1 221	1 179	1 242	1 395	1 479
100+	888	927	975	1 056	1 125

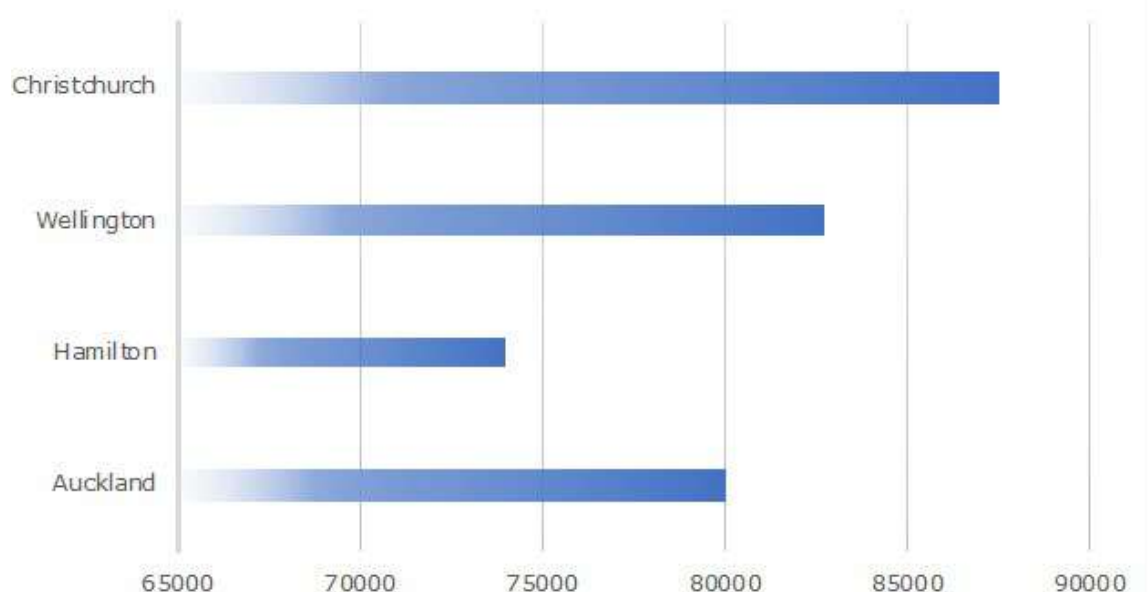
Source: Statistics NZ (2017)

## Number of New Zealand businesses who used in-house IT support, by number of employees:

Number of employees	2008	2010	2012	2014	2016
6-19	6 441	6 402	6 549	6 864	7 731
20-49	2 241	2 148	2 358	2 529	2 832
50-99	978	1 044	1 074	1 089	1 209
100+	1 251	1 248	1 251	1 368	1 425

Source: Statistics NZ (2017)

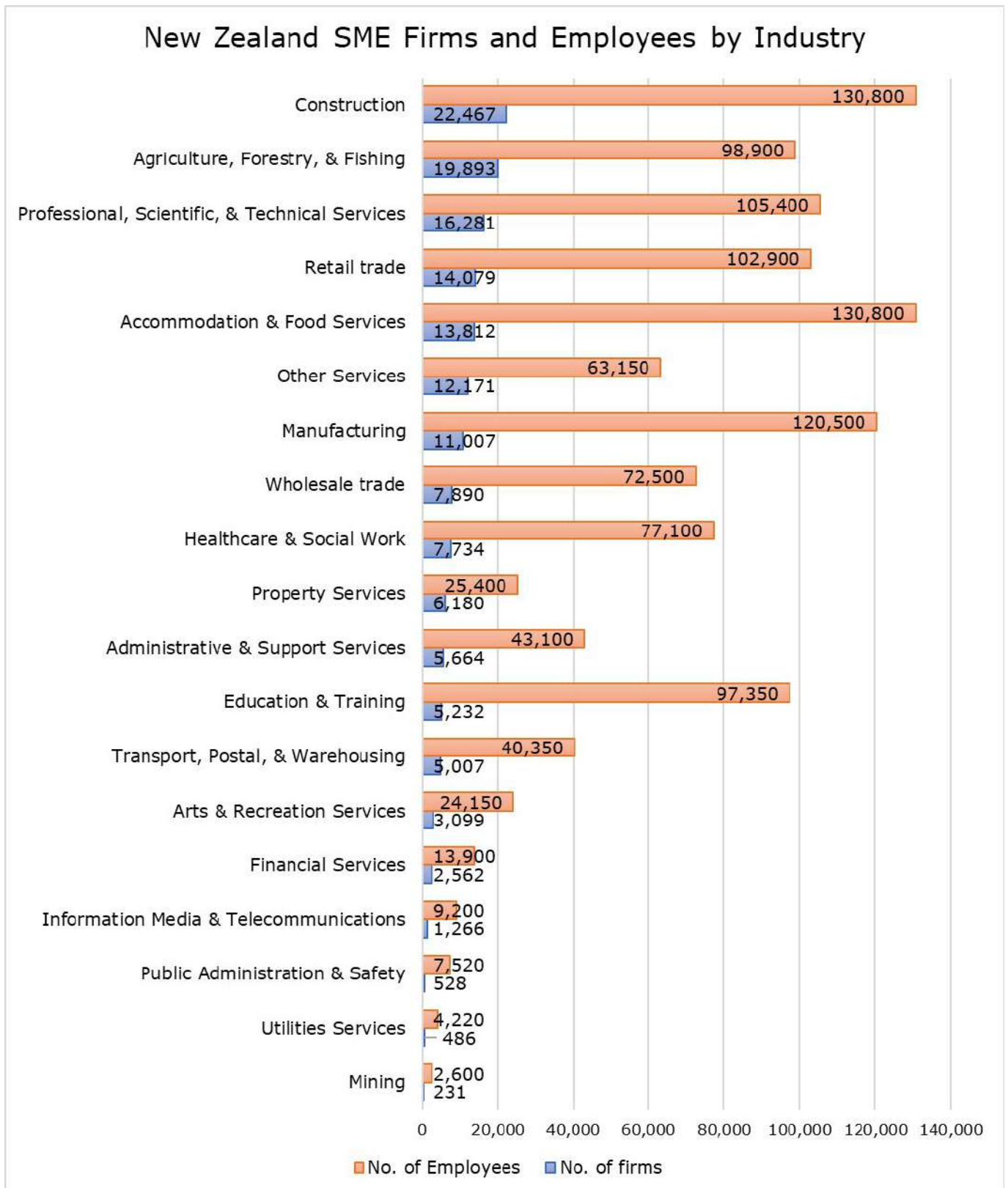
## IT MEDIAN BASE SALARY BY CITY



Source: Absolute IT Recruitment (September 2018)



# Appendix 4: New Zealand SME Data



Source: Statistics NZ (2018)

Note: an SME is defined in this case as having between 1 and 99 employees.

# Appendix 5: Vendor partnerships

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## Appendix 6: Testimonials

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*"I find Think Concepts an approachable company that provides very efficient and knowledgeable service. At our school the teachers like the idea of onsite regular visits as well as the technicians being on call all the other times."*

**–Regina Smuga**, St Joseph's School

*"Think Concepts have managed the information technology systems and helpdesk for our New Zealand Shopping Centre operations for nearly ten years now. Over that time, we have added to the asset base and just this month added three more shopping centres under the support agreement.*

*The support they give myself and the NZ team has been invaluable and we've built a strong relationship over the years, based on consistent quality of service delivery and trust.*

*Being based in Sydney, it's really important to me that the local support is of a high standard, and having Think Concepts taking care of the IT for our assets in NZ works very well for AMP Capital.*

*The service level and communication is always of a very high standard and I wouldn't hesitate to recommend them to your business if quality and reliability are important to you."*

**–Neil Evans**, IT@AMP Programme Manager, AMP Capital

*"I just wanted to say a big thank you to the Think Concepts team, and especially to Josh for handling the migration of our company email from Gmail to Outlook in Office 365.*

*Josh made the process very easy for everyone, which at times I am sure was very trying for him as a lot of our reps are not very computer literate! The whole project was completed within the time frame without any serious hiccups, downtime or loss of data. I have had nothing but positive feedback from all our staff on how helpful Josh has been, and they all really like using the new systems, even our Executive director who was rather resistant about changing at first!*

*So again many thanks to Josh and the team at Think Concepts. We look forward to working with you again in the future."*

**–Monica Strange**, CFO, Organic Initiative Limited

# Appendix 7: Client success story

## Designing a custom solution for Moore Stephens Markhams Wairarapa (MSMW) Accounting - June 21, 2018

Accounting used to mean having a good grasp of numbers and an eye for detail – but now, good accountants also need to keep up with the latest advancements in accounting technology.

Moore Stephens Markhams Wairarapa (MSMW) wanted to do just that. The Masterton-based firm provides accounting and advisory services to businesses in the area, with a focus on farming and agribusiness clients. Their IT setup got the job done, but was slowing down day-to-day processes for the firm. They had been working with their previous provider since the nineties, and felt that it was well past time to review their systems. They wanted to take advantage of ever-changing technology to create a more integrated, more efficient system.

### Processes and pain points

After using the same software platforms for years, the team at MSMW was having some functionality issues. Their various hardware and software systems still technically worked, but – partly because they were so disjointed - didn't provide the speed or capacity the firm required.

One major issue was the lack of integration. The firm was using a range of software systems that had been introduced at different times – for example, they had one program for workflow management, one for time tracking, and one for client work. These weren't integrated, which meant that data had to be entered at multiple points – increasing the risk of errors and the time spent on each job. Most of the software had been chosen because it was 'best in class' for its specific function, but this meant that integration was difficult, if not impossible. For MSMW staff, this meant most tasks could not be automated, and had to be manually tracked and triggered.

Lack of visibility was another major issue. As the firm's workflow management and time tracking programs weren't integrated, they had no real-time way to monitor profitability or other KPIs. They weren't able to see deadlines and hours for individual jobs until after the fact, which meant that jobs routinely went over budget. Manual reports, with information pulled from various sources, were an imperfect solution.

Because the systems were older, they tended to be inflexible as well. Any deviations from the norm – like a client missing a deadline, or a staff member leaving – were difficult for the system to manage. This meant more manual entries and more opportunities for error.

Document management was the final pain point. Accounting firms generate a huge amount of data, and MSMW's previous system was not set up to deal with this effectively. Although each piece of software had its own data management system, there was no central repository or 'source of truth' for the organisation as a whole. Finding certain pieces of information meant spending time searching, or having insider knowledge about where to look. This made it difficult when staff who had built up this esoteric knowledge left the company.

Although some of MSMW's IT issues were relatively manageable, they added up to a huge impact on the business. The risks ranged from wasted time and jobs going over time, to delays in work completion, major data entry errors, and costs being written off.

### Understanding problems, seeking solutions

Unlike many IT service providers, Think Concepts isn't about the quick fix. When MSMW approached them for help, gaining an in-depth understanding of their issues was their primary goal.

This meant looking at their current IT systems, then working with the company to document their business requirements and pain points. This information formed the basis of a detailed request for proposal (RFP), which Think Concepts ultimately took to market.

The next step was investigating the proposals. Jason took the lead on reviewing the resulting offers from software vendors. Because the

business had so many requirements, this meant navigating a complicated eco-system of solutions and products on behalf of MSMW.

Think Concepts identified three potential software solutions, each with its own set of pros and cons. Because the solution needed to deal with a wide range of issues, they then wrote a high level summary of our findings, explaining how each offering would deal with each pain point.

Think Concepts also made a number of recommendations around replacing existing hardware and phones in order to keep up with the demands of the new system, and thoroughly detailed the costs associated with each choice.

This made it easier for the MSMW management team to understand the differences between options, and make an informed decision.

### Designing a specialised solution

After careful consideration, the MSMW management team chose CCH to act as their new software provider, with their program iFirm. They felt that CCH was the best fit for their business in terms of features, functionality, and price. But that wasn't the end of their IT improvement journey.

Next, Jason and the Think Concepts team designed a custom IT infrastructure to run the selected suite of products from CCH. They worked with the company to ensure that the new system would meet their specific day-to-day needs and be easy to use.

The solution was designed to solve the issues MSMW was facing, and to future-proof their set-up to cope with potential changes in the accounting industry. Because the firm deals with so many farming clients, it included specialist add-ons for agribusiness accounting.

The design included integrated, cloud-based software for time-tracking, budgeting and accounting services, an upgrade plan for computers, servers and the phone network, and a training plan for staff members.

### Install, implement, and utilise

The final step was managing implementation. The Think Concepts team installed new servers, computers, and software over a long weekend, to minimise disruption to the business. Installation of new phone lines will complete the upgrade later in the year. Think Concepts managed the data transfer – key in an accounting firm – so all historic data remained accessible.

In the ecosystem of software programs and apps, each member of the team needed access to a number of specific programs, so we set up a slightly different range at each workstation.

Training staff to use the new systems was a slighter more involved process. We worked with CCH to design a training program that started before the new platform went live. Basic training and access to the system was provided before the implementation weekend, so staff got the chance to familiarise themselves with the new software before they needed to use it. We stayed on as IT support, helping staff deal with any issues that came up as they really got to know the system.

The whole process, from installation to going live, was completed over Easter weekend. Staff left on the Thursday and came back to a new system the next week. That, along with prior training and IT support, meant that implementation was minimally disruptive to the work of the business.

“Executing a migration of any application core to your business operation can be a daunting concept for most business owners. Taking a step back to review whether or not things could work better is the first step in finding something that can really improve how efficiently your workflow processes are, as well as provide much needed visibility that may be lacking. It's rewarding to help our clients execute these projects smoothly, where we can convert these outcomes from ideas into reality.”

- Jason Short, Technical Lead - Think Concepts

## Appendix 8: Email marketing campaign



### Cost effective monthly subscriptions to add value to your business

National Cyber Security awareness month might be over, however it's important that you're covered all year round. Here are some of our popular services for security, varying from basic to complex.

All organisations require different levels of security, we provide various solutions that are tailor made to suit your needs.

Click on an image below to find out more



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ThinkProtect

Cloud-managed virus protection



Cyber Security Training

Educating your team to protect your business



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