

# TRANSFORMATION



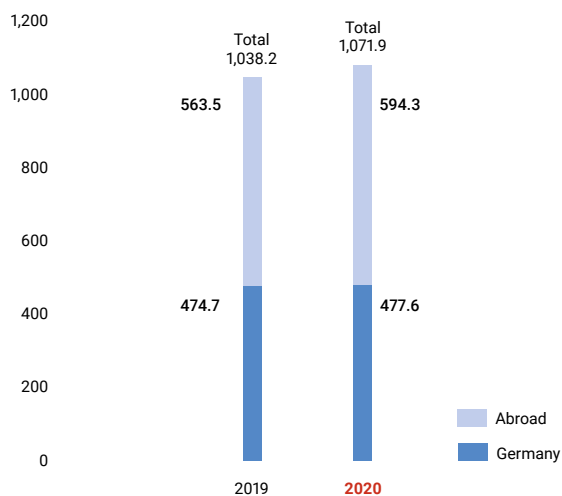
**NTT DATA Business Solutions**

## NTT DATA BUSINESS SOLUTIONS KEY FIGURES

MEUR	IFRS 2020	IFRS 2019	IFRS 2018	IFRS 2017
<b>Orders on hand</b>	<b>1,131.9</b>	<b>1,032.3</b>	<b>982.1</b>	<b>927.8</b>
<b>Total revenues</b>	<b>1,071.9</b>	<b>1,038.2</b>	<b>926.6</b>	<b>872.2</b>
<b>Revenues by area</b>				
Consulting	444.5	453.0	389.1	358.2
Licenses	68.6	67.3	81.6	87.9
Cloud Subscription	36.2	27.3	19.7	14.1
Managed Services	513.0	482.4	431.6	408.5
Other	9.6	8.2	4.6	3.5
<b>Revenues by segment</b>				
DACH (Germany/Austria/Switzerland)	477.6	474.7	444.1	417.9
Western Europe	160.4	162.7	131.7	115.6
North and Eastern Europe (NEE)	191.9	195.1	184.6	172.3
America	176.9	174.7	141.9	145.2
Asia	57.0	23.3	17.4	14.3
Other	8.1	7.7	6.9	6.9
<b>EBIT in MEUR</b>	<b>18.6</b>	<b>28.6</b>	<b>20.8</b>	<b>33.8</b>
<b>EBIT margin</b>	<b>1.7%</b>	<b>2.8%</b>	<b>2.2%</b>	<b>3.9%</b>
<b>EBITA in MEUR</b>	<b>32.0</b>	<b>38.4</b>	<b>31.0</b>	<b>44.1</b>
<b>EBITA margin</b>	<b>3.0%</b>	<b>3.7%</b>	<b>3.3%</b>	<b>5.1%</b>
<b>EBITDA in MEUR</b>	<b>77.5</b>	<b>84.6</b>	<b>55.1</b>	<b>67.4</b>
<b>EBITDA margin</b>	<b>7.2%</b>	<b>8.1%</b>	<b>5.9%</b>	<b>7.7%</b>
<b>Earnings IFRS</b>	<b>1.6</b>	<b>14.4</b>	<b>12.8</b>	<b>18.8</b>
<b>Earnings per share</b>	<b>-0.13</b>	<b>0.32</b>	<b>0.35</b>	<b>0.56</b>
<b>Cashflow per share</b>	<b>0.04</b>	<b>0.82</b>	<b>1.11</b>	<b>-0.22</b>
<b>Return to sales</b>	<b>0.2%</b>	<b>1.4%</b>	<b>1.4%</b>	<b>2.2%</b>
<b>Cashflow in MEUR</b>	<b>1.2</b>	<b>24.6</b>	<b>33.4</b>	<b>-6.7</b>
<b>Balance sheet total in MEUR</b>	<b>900.0</b>	<b>852.5</b>	<b>671.6</b>	<b>578.0</b>
<b>Equity in MEUR</b>	<b>283.6</b>	<b>275.4</b>	<b>192.2</b>	<b>174.5</b>
<b>Equity ratio</b>	<b>31.5%</b>	<b>32.3%</b>	<b>28.6%</b>	<b>30.2%</b>
<b>ROE (Return on equity)</b>	<b>0.6%</b>	<b>5.2%</b>	<b>6.6%</b>	<b>10.7%</b>
<b>ROA (Return on assets)</b>	<b>1.5%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>4.5%</b>
<b>ROCE (Return on capital employed)</b>	<b>2.3%</b>	<b>3.4%</b>	<b>3.2%</b>	<b>6.1%</b>
<b>Investments in MEUR</b>	<b>42.4</b>	<b>57.6</b>	<b>57.5</b>	<b>60.7</b>
<b>Employees as of December 31</b>	<b>10,352</b>	<b>9,459</b>	<b>7,904</b>	<b>6,983</b>
<b>Average</b>	<b>10,093</b>	<b>8,642</b>	<b>7,533</b>	<b>6,450</b>
– Germany	3,427	3,378	3,152	2,795
– Abroad	6,925	6,081	4,752	4,188

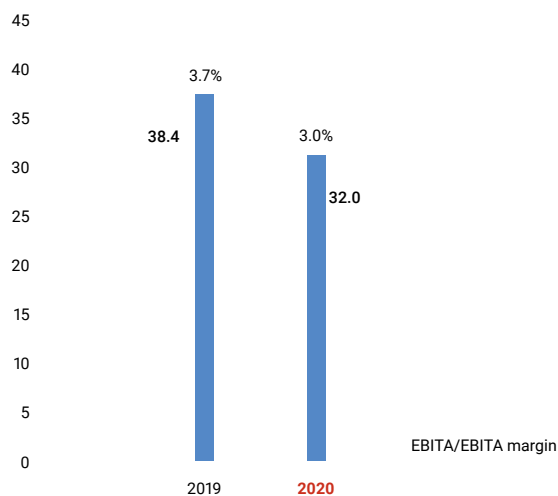
## REVENUE DEVELOPMENT

MEUR



## GROWTH IN EARNINGS

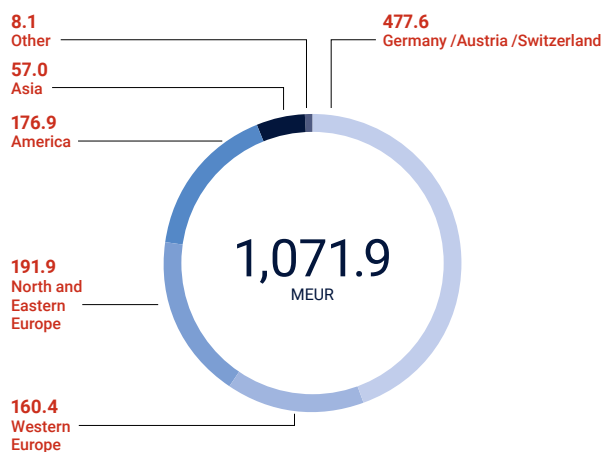
MEUR



## REVENUE DEVELOPMENT BY SEGMENT

MEUR

2020

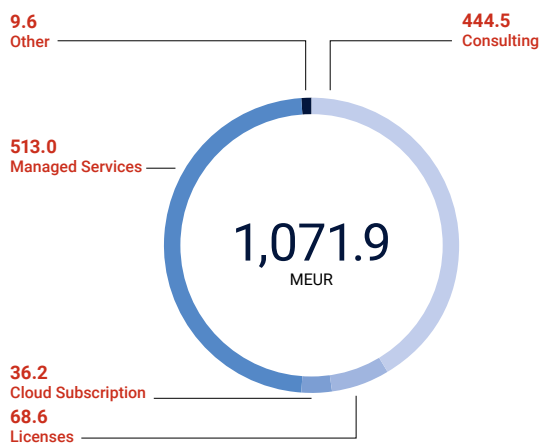


Change	+3.2%
DACH	+0.6%
Western Europe	-1.4%
North and Eastern Europe	-1.6%
America	+1.3%
Asia	+114.6%
Other	+5.2%

## REVENUE DEVELOPMENT BY DIVISION

MEUR

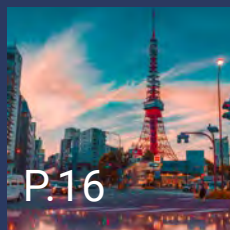
2020



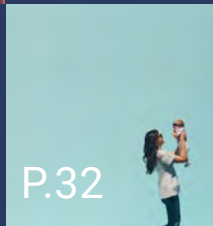
Change	+3.2%
Consulting	-1.9%
Licenses	+1.9%
Cloud Subscription	+32.6%
Managed Services	+6.3%
Other	+17.1%

# TRANSFORMATION

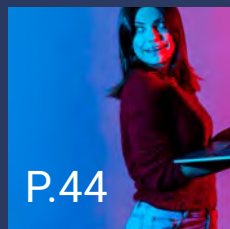
Intelligence is now called NTT DATA Business Solutions



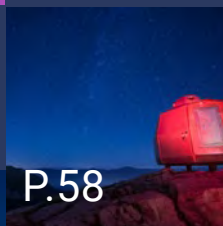
**COLLABORATION:**  
ONE NTT DATA. World-class solutions



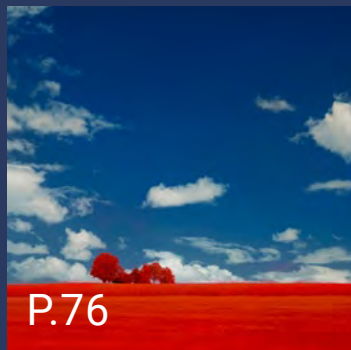
**SMART WORKING:**  
Trusted Global Advisor



**PROJECTS:**  
Never stop developing!



**INNOVATION:**  
We Transform. SAP® Solutions into Value



GROUP FINANCIAL REPORT

## CONTENTS

Letter from the CEO .....	2
---------------------------	---

---

### TRANSFORMATION

Interview: "Launching the next phase together" .....	6
Greetings .....	14

---

### COLLABORATION

SAP Alliance: Opening doors and staying relevant! .....	18
GFC: Partnership for process optimization .....	22
Global Managed Services: "We are focusing on the beneficial effects of the change" .....	25
NTT DATA Group: Collaboration – learning by doing .....	28

---

### SMART WORKING

Smart working: Heroes of (remote) working .....	34
Interview: "We have created a truly agile company" .....	40

---

### PROJECTS

My Supply Chain Group: Warp speed in the supply chain .....	46
From mining into the cloud: The HR pioneers .....	50
SAP S/4HANA in research and universities: GISA creates room for innovation .....	54

---

### INNOVATION

Flexible, well-read and patient: The AI private tutor of the future .....	60
Visit Denmark! Sun, sea, and a whole lot of data .....	64
Flexibility wins: IoT solutions, getting a good fit .....	69
Scaling innovation: From an idea to a global product .....	72

---

<b>GROUP FINANCIAL REPORT .....</b>	<b>76</b>
-------------------------------------	-----------

---

Audit Result .....	130
--------------------	-----

The consolidated financial statements and Group management report of itelligence AG have been submitted to the operator of the electronic German Federal Gazette and can be accessed on the website of the register of companies.

## TEAM SPIRIT: THE BEDROCK OF INNOVATION AND TRANSFORMATION

### Dear readers,

The past year has presented all of us with unexpected challenges, and has also made us aware of what is sometimes forgotten in everyday life: Our health is our greatest asset. Foregoing vital personal contact – including in our professional lives – has also been painful.

Without a doubt, one of the positive aspects is that we, as a company, have forged even closer ties with our employees, customers and partners during the crisis, despite the greater physical distance between us. We took on the challenges presented by the pandemic together and switched to digital working within an extremely short period of time – a true show of strength. This impressively demonstrated our company's team spirit and great potential.

I would like to take this opportunity to once again sincerely thank everyone who has played a part in this.

Thanks to all of our colleague's high level of commitment, we even increased our revenues slightly to BEUR 1.072 despite the challenging global environment.

### GOOD FOR OUR CUSTOMERS – AND FOR SOCIETY

It is not only in crisis management that we have demonstrated our strengths. NTT DATA Business Solutions increasingly help address social challenges – including regarding our greatest asset: our health. For example, our experts developed software that ensures COVID-19 vaccines can be distributed quickly, securely and smoothly. I was also impressed by an array of other innovations from our

ranks, such as the "Home School Helper", an artificial intelligence solution that helps children learn to read (find out more from page 60).

These achievements impressively highlight how ideas develop and thrive at our company, ideas that benefit customers and society in equal measure. I firmly believe that it is our corporate culture that forms the bedrock of this innovation. This is a culture defined by an open exchange of ideas on an equal footing and not bound by hierarchies, by mutual appreciation and by an excellent sense of unity.

It provides "NTT DATA Business Solutions heroes", such as Lisiane Barbato, Jamie Stamper and Gerhard Grosser, who are introduced from page 34 onwards, with an ideal environment to get involved and to flourish. Together with the managers, I will therefore continue to nurture our team spirit and corporate culture.

### WHY WE WILL EMERGE FROM THE CRISIS IN A STRONGER POSITION

I am convinced that this is crucial for the successful transformation of our company, which we must continue to drive forward – including and in particular after the pandemic. Another reason for my optimism here is that, despite the crisis, we have continued to invest heavily in the future and started the new year with a high level of orders on hand.

In addition, we have operated under the NTT DATA Business Solutions brand since April 1. This opens up

great opportunities, especially when it comes to acquiring new customers outside our core European markets. The new name is thus the logical next step on our path to becoming a global business. It will help us play to our strengths even better than before, leverage the potential of the NTT DATA partnership and together kick-start the next phase after the pandemic.

Of course, there is also a certain degree of melancholy associated with this – how could there not be? After all, I have been part of the itelligence family for over 13 years and have worked closely alongside Herbert Vogel, the company's founder, for a long time. It was him who found NTT DATA, a partner that could hardly be a better fit for our values and our culture (read more in the Management Board interview on page 6). Together, we can and we will achieve a lot in the years ahead.

I look forward to this and hope you enjoy reading this report.

Yours sincerely,



Norbert Rotter



# TRANSFORMATION

ITELLIGENCE AG BECOMES  
NTT DATA BUSINESS SOLUTIONS AG

*"You can't stop the waves, but you can learn to surf."*

Adapt, evolve, optimize – Transformation is part of our mindset. A world in movement, no wave is the same as another, nothing can resist the breakers permanently.

If you want to see the horizon, you have to grow beyond yourself and become part of something bigger.

That's why we are NTT DATA Business Solutions.

**#oneNTTDATA**

**#SAPintovalue**





**INTERVIEW** “**LAUNCHING  
THE NEXT PHASE  
TOGETHER**”

How itelligence experienced the year of coronavirus and why the company is emerging from it in a stronger position: CEO Norbert Rotter (NR), CFO Jürgen Pürzer (JP) and Supervisory Board member Robb Rasmussen (RR) talk about figures, targets, and team spirit.



**MR. ROTTER, 2020 WAS AN EXCEPTIONAL YEAR FOR ALL OF US. WHAT ARE YOUR RECOLLECTIONS OF THE START OF THE PANDEMIC A GOOD TWELVE MONTHS AGO?**

**NR:** It was a huge challenge for us, too, obviously. We had to rapidly adapt to the situation. Our HR department established a coronavirus reporting system so that we had an overview of our global workforce of more than 10,000 at all times. Some countries saw a complete shutdown and some of our consultants were unable to work on projects for several weeks – not even remotely, because their contacts at the respective customers were simply unavailable. Fortunately, things soon picked up again after this initial paralysis and remote consulting and support turned out to work extremely well. Our consultants handled a number of projects fully remotely. 95 percent of our employees have been working remotely since the start of the pandemic.

**AND YET IT WAS NOT POSSIBLE TO PREVENT A DOWNTURN IN CONSULTING REVENUES. HOW SATISFIED ARE YOU WITH YOUR PERFORMANCE IN LIGHT OF THE WIDER ECONOMIC DEVELOPMENT?**

**NR:** Our team can be very proud of what it has achieved. Despite coronavirus and substantial negative exchange rate effects, we

stabilized our revenues at a high level and even increased them by 3.2%. I am confident that we will emerge in a stronger position from the crisis thanks to the extensive investments we have made in optimizing our internal processes.

**JP:** I also believe we can be satisfied despite the downturn in consulting revenues. As a result of our systematic, timely cost-side intervention, we achieved an EBITA margin of 3% even in this crisis-hit year. Adjusted for strategic investments of almost MEUR 20, our EBITA margin was as high as 4.8%.

**RR:** 2020 was a really hard year for all of us. But intelligence showed great determination in embracing and mastering this challenge. Anyone who knows their way around SAP consulting can imagine what an impact the pandemic had. After all, our work typically involves intensive face-to-face contact with customers. This makes it all the more impressive that the transition worked so smoothly.

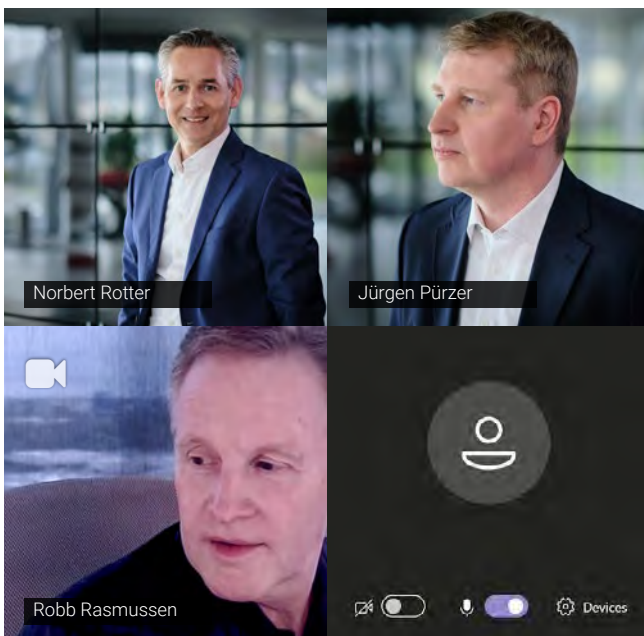
**FULLY OPERATIONAL IN ALMOST NO TIME AT ALL**

**MR. PÜRZER, YOU TOOK UP YOUR POSITION AS CFO ON MARCH 1, 2020. THERE MUST BE EASIER TIMES TO BEGIN WORKING FOR A NEW COMPANY. HOW DID YOU FIND YOUR FIRST FEW WEEKS?**

**JP:** Generally speaking, it would be fair to say that the outbreak of a global pandemic is not the best time to start in a new role. At the same time, I firmly believe that a crisis like this also offers opportunities. Of course, you have to be in a position to take advantage of them quickly and systematically, and that is what we did.

**CAN YOU GIVE AN EXAMPLE?**

**JP:** In the space of just a few days, we achieved the company-wide rollout of Microsoft Teams for more than 10,000 employees around the world, which had originally been scheduled for the second half of the year. This meant we were fully operational in





almost no time at all, even with the lockdowns and while working from home. This served as an impressive demonstration of the intelligence team's strength. However, it was also important for us to free ourselves from our desire for perfection in favor of an 80/20 approach. This is an insight that we will take with us as we address the next steps in the digital transformation.

**MR. RASMUSSEN, YOU ARE ALSO NEW TO THE ITELLIGENCE FAMILY, HAVING JOINED THE SUPERVISORY BOARD LAST FALL. HOW HAVE YOU SETTLED IN?**

**RR:** Obviously, the Supervisory Board meetings have been taking place virtually. But I have been part of the NTT DATA family for more than a decade. I have visited Bielefeld several times and I am very familiar with most of the people involved. That helped to ensure there were no teething difficulties.

**MR. ROTTER, YOU WERE PERMANENTLY IN THE OFFICE LAST YEAR. HOW DID YOU FIND THIS FORM OF "REMOTE MANAGEMENT"?**

**NR:** That's true, and all of my travel was canceled. The most interesting experience for me was learning that you can establish close personal contact even in a video conference. As such, the management team and I were able to maintain our partnership-based corporate culture even while working remotely.

**HOW DID YOU FIND IT, MR. PÜRZER?**

**JP:** Of course, when you join a company, it is always preferable to be able to get to know your colleagues in the global management team personally. But we made the best of the situation, not least thanks to MS Teams. Besides, my previous role at an international corporation meant I was already used to managing remotely.

**NEW ORDERS FROM THE PHARMACEUTICAL INDUSTRY WE SPOKE ABOUT THE INITIAL DOWNTURN IN CONSULTING REVENUES EARLIER. WHAT WERE THE MAIN FACTORS IN THE RAPID RECOVERY AND THE POSITIVE DEVELOPMENT THROUGHOUT THE REST OF THE YEAR?**

**NR:** As well as rapidly switching to remote work, we succeeded in acquiring orders in industries that were unaffected by the coronavirus crisis, or that even benefited from it. For example, we significantly expanded our business in the pharmaceutical and consumer goods industries. This offset the downturns in areas, such as automotive. We benefited from our extensive industry expertise across a wide range of different segments.

**JP:** I was particularly pleased by our strong performance in Asia and the growth in our cloud business. We also made initial progress in cash management in all regions. I see improving cash management as my key task, together with increasing our



“As well as rapidly switching to remote work, we succeeded in acquiring orders in industries that were unaffected by the coronavirus crisis, or that even benefited from it.”

**Norbert Rotter**

Chief Executive Officer

profitability. This is clearly reflected in the maturity structure of our receivables. The coronavirus crisis has undoubtedly helped to underline how important it is to be careful with our cash. Without the pandemic, we would probably have encountered far greater resistance.

**ITELLIGENCE HAS ENJOYED STRONG GROWTH IN RECENT YEARS – INCLUDING BY MAKING ACQUISITIONS. HOW IS THE INTEGRATION OF THE ACQUIRED COMPANIES PROGRESSING?**

**JP:** itelligence had a decentralized mindset for a long time. As such, we still have a considerable backlog to work through in terms of standardization and process optimization. As far as I am concerned, the most important project this year and next year is and will be the rollout of our new Group-wide cloud-based ERP system.

**NR:** We have our own subsidiaries at 90 locations in 30 countries. We guarantee high-quality consulting for our customers around the world. This requires us to streamline and standardize processes. There is still a lot to do, but we have made the most of the past year. There are undoubtedly more synergy effects left for us to leverage. One important step forward in this regard is our new global staffing tool, which is updated daily and provides a transparent overview of where free HR capacity exists within the NTT DATA Business Solutions Group. This improves planning accuracy and takes cooperation within the Group to a new level.

**CENTRAL ROLE AS A LEADING SAP PARTNER**

**SPEAKING OF THE GROUP, ITELLIGENCE ADOPTED THE NTT DATA NAME AT THE START OF THE NEW FISCAL YEAR. WHY?**

**RR:** If you look at our international competitors, you will see that they are all multinational players with strong global brands. If we wish to continue to grow and be successful, we need to cultivate and strengthen the global NTT DATA brand. I believe that this is a strategically important decision and a significant opportunity for all of us.

**NR:** In the age of globalization and digitalization, the old adage applies more than ever before: Cooperation means strength. We are now kick-starting the next phase together, and the NTT DATA brand will allow us to play to our strengths even more effectively than before. However, I can understand the wistfulness this move has engendered, not least among those employees who have been with us for a long time.

**JP:** On the one hand, we are losing an established brand. On the other hand, we can now clearly communicate that we are part of a strong global player. This will help us to acquire new customers outside our core European markets in particular. All in all, I believe the opportunities are clearly in the majority.

**MR. RASMUSSEN, CAN YOU UNDERSTAND THE WISTFULNESS SURROUNDING THE NAME CHANGE?**

**RR:** Of course. I have been through several mergers in my career. They always go hand in hand with a certain degree of melancholy and concern – but my experience is that customers do not feel the same way, and employees increasingly appreciate the benefits and the opportunities over time. Of course, this requires the merger to make good strategic sense in the first place – and that has already proven to be the case for us. The two companies that have come together here are a very good match for each other.

**WHAT BRINGS YOU TO THIS CONCLUSION?**

**RR:** Giving extensive freedom to people, teams and subsidiaries forms part of NTT DATA's culture. The same has traditionally been true for itelligence, now NTT DATA Business Solutions. We appreciate this entrepreneurial spirit and consider the corporate culture to be a key success factor. At the same time, it is important for us to raise awareness of being part of a strong global company – and to leverage potential even more effectively so that we can work together to create

value for our customers. As a leading SAP partner, NTT DATA Business Solutions plays a central role within the Group.

**NR:** NTT DATA has been and remains an optimal partner for us because the people in charge think the same way that we do. In particular, we share the same values and the same ideas about what constitutes responsible corporate governance. As such, we will continue to enjoy significant autonomy in the future – while each enjoying the benefits of close cooperation on the basis of mutual trust. After all, we have our own brand core as NTT DATA Business Solutions. Our business model is based solely on services in the SAP environment. And as a leading global SAP partner for the midmarket, we also have our own brand core within the NTT/NTT DATA Group.

**IMPORTANT FOUNDATIONS LAID**

**THAT ALL SOUNDS VERY HARMONIOUS. BUT THERE IS ALSO POTENTIAL FOR CONFLICT. NTT DATA NATURALLY EXPECTS SOLID RETURNS – TO BE PRECISE, AN EBITA MARGIN OF SEVEN PERCENT.**

**NR:** Profitability is important when it comes to growing and shaping the future. To this extent, we are no less interested in high

“As far as I am concerned, the most important project this year and next year is and will be the rollout of our new Group-wide cloud-based ERP system.”

**Jürgen Pürzer**  
Chief Financial Officer



margins than our owners – and we have laid important foundations for achieving this in recent years. But we are also aware that the measures involved will cause some pain here and there.

**RR:** Over recent years, we have shown that we are interested not in quick money-making, but in long-term cooperation. To this end, we remain fully committed to the investment program. But it is true that profitability is important, and NTT DATA Business Solutions is making good progress in this respect.

**JP:** As an organization, the cost and efficiency management we have learned over the past crisis-hit year will also help us to achieve the EBITA margin of 7%. It is important for us to continue to systematically pursue standardization and process optimization.

**THE CORONAVIRUS CRISIS IS STILL ONGOING.  
HOW CONFIDENT ARE YOU FOR THE NEW FISCAL YEAR  
THAT STARTED ON APRIL 1?**

**JP:** I am an optimist by nature, but our performance in terms of incoming orders and revenues does depend to a large extent on the progress of the pandemic and the vaccination strategy. It is

clear that cost discipline will remain essential in the new fiscal year if we are to achieve our earnings and cashflow targets.

**NR:** The pandemic means that forecasts are still subject to considerable uncertainty. However, I am confident that we will be able to record revenue growth of between 3 and 5 percent. One of the reasons for my optimism is the healthy level of orders on hand at the start of the new year. Other positive factors include the easing of geopolitical tension since the election of Joe Biden as the new US President and, of course, the global vaccination programs. At the same time, acquisition remains a challenge in the absence of important trade fairs, and many companies will undoubtedly be dealing with the economic consequences of this once-in-a-lifetime pandemic for some time to come.

**WE WILL CONTINUE TO INVEST  
ARE YOU PRESSING AHEAD WITH THE INVESTMENT AND EX-  
PANSION SEEN IN RECENT YEARS?**

**NR:** Before fiscal 2020 came to an end, we concluded two important acquisitions in December: one in Finland, the other in the US. With Pasafin, we have strengthened our HR business when it comes to the SuccessFactor of solutions and gained access



JP



“Giving extensive freedom to people, teams and subsidiaries forms part of NTT DATA’s culture. The same has traditionally been true for itelligence, now NTT DATA Business Solutions.”

**Robb Rasmussen**

Senior Vice President,  
Head of Global Marketing Headquarters,  
NTT DATA Corporation



to new customers. In the US, we have acquired My Supply Chain Group, a leading SAP partner for supply chain solutions – particularly in the booming area of mail order. This means we are very well positioned globally. At the same time, we intend to make further acquisitions in consultation with NTT DATA when strategic opportunities present themselves. This year will be more about consolidation, as it is important for us to successfully integrate the companies we have acquired within our corporate culture.

**JP:** We launched the global efficiency program “accelera7e” in October 2020. This included reevaluating the investment program that was launched in 2019 with a view to concentrating on the most promising measures in 2021. In coordination with the shareholder, investments of between MEUR 15 and MEUR 20 will be made across the two programs this year. This is equivalent to the value of the investments we made in 2020, with the difference that the measures in 2021 will be clearly focused on improving efficiency.

**RR:** That’s right. NTT DATA will continue to invest and expand – but with a more pronounced focus than in recent years, which saw numerous acquisitions and strong growth until this was interrupted by coronavirus. We will also see a shift in our

investment priorities. For example, I am looking forward to us investing together with our customers, particularly in the cloud segment.

**LAST YEAR, YOUR PARTNER SAP ANNOUNCED A HEIGHTENED FOCUS ON CUSTOMER SATISFACTION AND THE LAUNCH OF AN INVESTMENT PROGRAM. IS THAT GOOD NEWS FOR NTT DATA BUSINESS SOLUTIONS?**

**NR:** Absolutely. SAP intensifying its focus on product improvement is another good sales argument for us. A high level of customer satisfaction is essential for us, because our customers invest large amounts in SAP solutions and we always work with our customers for the long term.

**MR. PÜRZER, HOW WOULD YOU DESCRIBE YOUR FIRST YEAR OF COOPERATION WITH SAP?**

**JP:** (smiles) Demanding and good. It is still too early to say in which order I would place those two adjectives. For me, the slogan “We Transform. SAP Solutions into Value” effectively sums up our strengths and how we see ourselves. This is an extremely important message to send out to our customers and employees.





#### SWITCHED ENTIRELY TO GREEN ELECTRICITY

**SAP IS FIRMLY FOCUSED ON THE CLOUD, AND HENCE SO IS NTT DATA BUSINESS SOLUTIONS. THIS REQUIRES DATA CENTERS THAT CONSUME LARGE QUANTITIES OF ELECTRICITY. WHAT DOES THAT MEAN FOR ITelligence'S ENVIRONMENTAL FOOTPRINT?**

**NR:** Although we use around the same amount of electricity as a small town with 2,500 inhabitants, we switched entirely to green electricity last year. In light of the climate crisis, I view this not only as the correct move, but as an economic necessity. Customers and employees rightly expect companies to make a contribution to lowering emissions.

**SPEAKING OF SOCIAL RESPONSIBILITY, ITelligence IS ALSO INVOLVED IN COMBATING CORONAVIRUS. WHAT EXACTLY DOES THIS ENTAIL?**

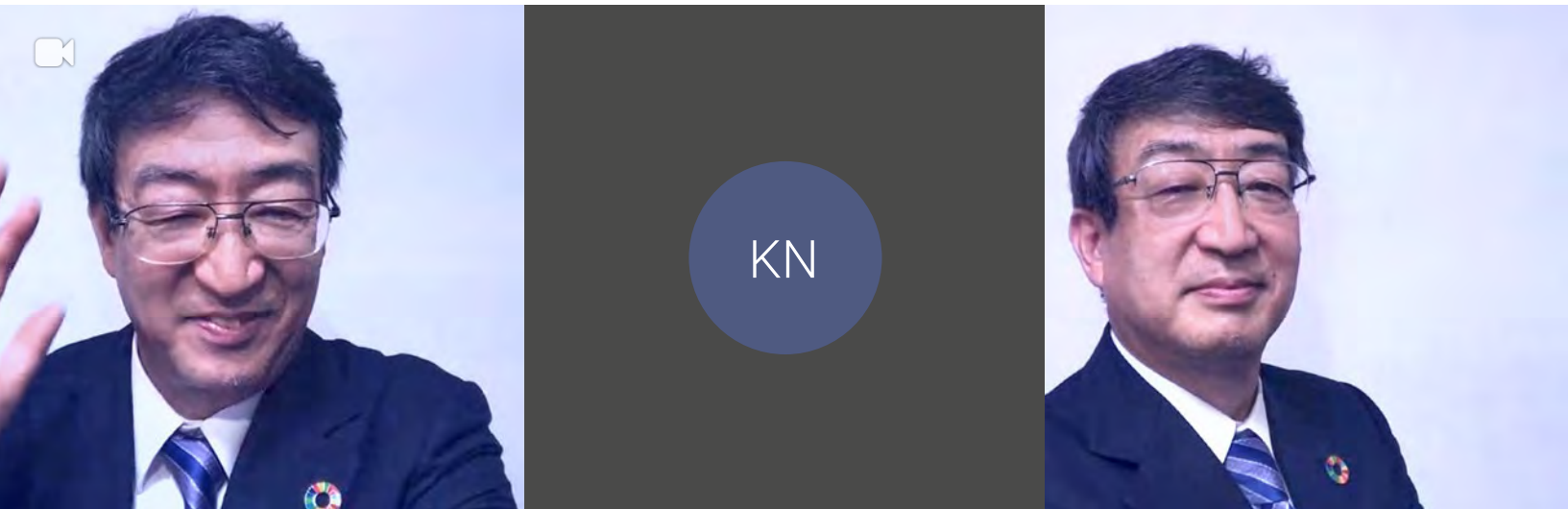
**NR:** Our customers include companies that are developing vaccines and medications. Secure, quick and transparent supply chains are incredibly important in this area. We have made a contribution with our it.lifescience solution, for example. This enables our customers from the pharmaceutical and life science industry to model, report on, monitor, and manage entire processes

such as plasma donation in their IT systems, from the donation through to the end product. it.lifescience is based on the latest version of SAP S/4HANA.

**JP:** Used together with sensors and state-of-the-art automation technology, it.lifescience ensures that batches of vaccines and medications are continuously controlled. That is a wonderful thing, and it serves to underline our impressive corporate and innovation culture – which has also been the most positive surprise for me since taking up my position.

**NR:** It was immediately clear that Jürgen Pürzer would be a good fit for our team both professionally and personally – another factor that makes me highly optimistic for the challenges to come.

Thank you for taking the time to talk to us. ■

**GREETINGS****SWEN REHDERS**

Managing Director Business Development & Strategy,  
NTT DATA Deutschland GmbH



Expanding our position as a global IT consulting firm, enhancing our perception on the market, and pressing ahead with our partnership-based cooperation with NTT DATA Business Solutions. Those are my focal topics, and we can achieve them only by working together with our shared passion for success. Renaming itelligence AG as NTT DATA Business Solutions represents the external projection of this, but what really matters is the willingness of everyone to work toward new objectives across the board and leverage our vast potential in the global markets. Given the many enthusiastic initiatives at both companies in recent years, I am confident in our ability to solve future tasks – as we have already impressively demonstrated with the successful implementation of S/4 at a global automotive supplier. ONE NTT DATA marks the start of our journey together into the future of global IT consulting.



The global third stage of our corporate strategy is characterized by seeking synergy and efficiency. Our close partnership with NTT DATA Business Solutions helps us considerably in achieving these two goals as a combined Group. The better we work together at all levels and between all companies, the more value we will be able to create for our customers. This in turn is crucial for developing innovations and forward-looking services so that we can establish ourselves as a trusted global innovator in the lead among global IT consultancies. The most pressing task now is to transform the current mosaic of the Group into a focused image. In this process, NTT DATA Business Solutions will play a particularly important role. I would like NTT DATA Business Solutions to be a strong driver of growth not only for NTT DATA Business Solutions itself but also for NTT DATA and NTT Group. As a leading SAP partner, I would also like it to play a representative role for our Group's global SAP alliance. I am confident that its management team and employees will continue its longstanding success story with its new name.

**KAZ NISHIHATA**

Representative Director and Senior Executive Vice President,  
NTT DATA Corporation



# 13 YEARS AS A SUBSIDIARY OF NTT DATA

Our Transformation. Your Advantage. On April 1, 2021, itelligence AG became NTT DATA Business Solutions AG – We are connected by the same name and the same values. By taking this step, we are intensifying the knowledge transfer within the NTT DATA Group, creating synergies, and honing our focus on SAP solutions.

**One NTT DATA. World-Class Solutions**

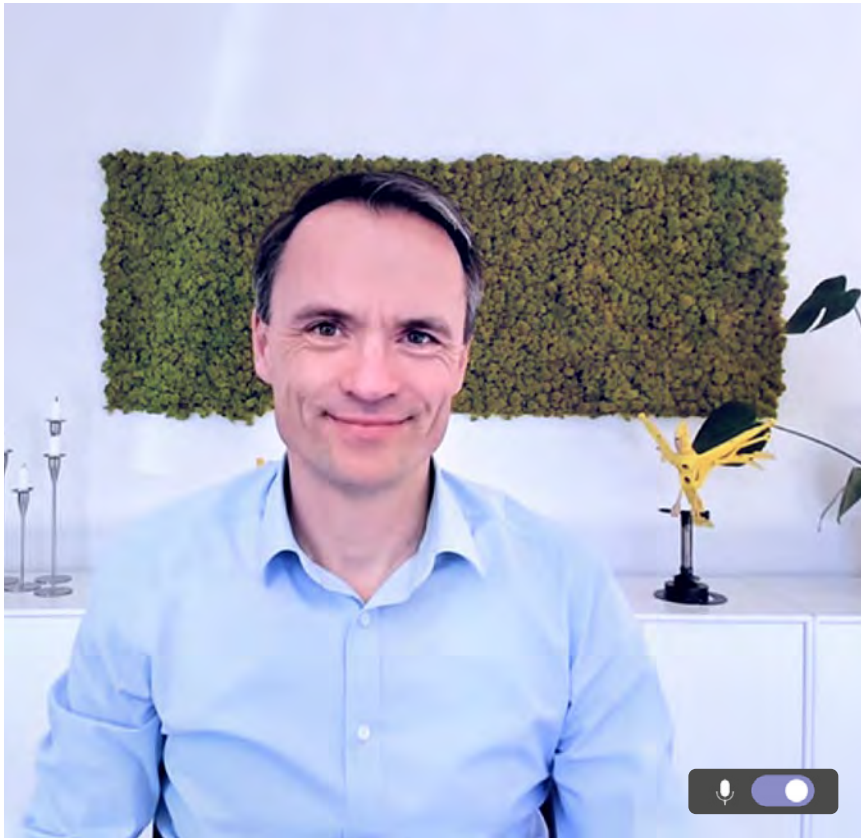


**SAP  
ALLIANCE**

## **OPENING DOORS AND STAYING RELEVANT!**

**NICOLAJ VANG JESSEN** is responsible for NTT DATA Business Solutions' relationship with SAP. He has to keep an eye on the complex and multilayered network of relations that has developed in the years since the first contract was concluded in 1989. And customers always play a central role.





“We are probably the organization in the world that buys the most software from SAP and sells it on to customers.”

**Nicolaj Vang Jessen**

Executive Vice President

Global Innovation & IP Products

Global SAP Alliances

Region Nordics & Eastern Region

As the Iron Curtain across Europe was falling in 1989, intelligence’s first predecessor company was formed with the aim of supporting companies with software. This software was at the time known as standard software and came from a small Walldorf-based start-up called SAP. Today the company has evolved into one of the largest global players in the IT industry, and the range and depth of its software offerings has advanced with it. However, the connection between the two partners has remained firm: “We have a strong relationship with SAP and we proactively work to ensure that this continues in the years ahead,” says Nicolaj Vang Jessen, who is responsible for the SAP Alliance at NTT DATA Business Solutions.

**ALLOWING RELATIONS TO BLOOM LOCALLY**

There is no single point of contact between the companies, but a network of synapses where paths cross and common goals emerge. “My team’s aim is not to control the local relations to

SAP”, explains Vang Jessen. “Instead, we see our job as being able to open doors so that the overall system of global and local relations can continue to grow.” NTT DATA Business Solutions is present in 28 countries and, according to Vang Jessen, the local connection to SAP’s subsidiaries is of utmost importance because “business takes place locally.”

NTT DATA Business Solutions’ local subsidiaries – especially the smaller ones – are relying on the global depth of the partnership to be able to offer their customers the full range of SAP services that NTT DATA Business Solutions represent – and this is a wide range. “We are probably the organization in the world that buys the most software from SAP and sells it on to customers. Last year we were also the partner that grew our cloud business the most.” The experience and power these achievements represent should benefit NTT DATA Business Solutions’ customers in all countries, regardless of the size of the company’s local subsidiary. From a strategic perspective, Vang Jessen and his team

make every effort to clear the path globally, so local sales teams can pick up the dialog with SAP and continue it at a local level.

### CO-INNOVATION IN THE INDUSTRY CLOUD

While software sales is of course important for the business of both partners, both SAP and NTT DATA Business Solutions are highly aware that the key to unlocking the value of a given software lies in the strategic consulting that accompanies the implementation. Also in this area Vang Jessen is continuously aiming to expand the company's position. One way of doing this is by heightening its industry focus and strengthening the collaboration with SAP's Industry Business Units. "Collaborating on industry applications is a way of getting closer to the core of SAP where the software is developed. This allows us to work together on innovations and also to contribute with our own solutions."

This collaboration is made possible by the SAP Business Technology Platform, which is the foundation of the industry cloud. This is the innovation space for SAP customers and partners to build industry-specific software solutions and applications that will complement the SAP Intelligent Suite. Vang Jessen highlights the strong industry competences of NTT DATA Business Solutions and explains that the company is

collaborating with SAP to make internally developed ABAP solutions ready for the industry cloud. "This will ensure that our customers will still benefit from their applications in the 'new world', which we tend to call the new reality of the cloud expansion". The company's cloud-ready industry solutions will be available on the SAP Store and Vang Jessen is seeing high growth potential in the area of cloud industry solutions, specifically in the areas of higher education, life science, manufacturing and consumer goods.

### ENTERING THE "NEW WORLD" OF THE CLOUD

Is this all part of becoming a software house? "There is a trend in that direction, although our core business continues to be driven by consulting and managed services," says Vang Jessen. However, he is aware that the expansion of cloud will transform the market, where it will bring shorter project implementations, new subscription models and of course changes in required skill set and business understanding of consultants. This naturally entails a disruption to the way the company conducts business.

According to Vang Jessen, the key to future success however, lies entirely in the relations with the more than 6,000 customer companies, all of which use SAP software. This view is shared by SAP, who have embraced the cloud transformation and created





a structured program to address the need to not only provide the actual cloud software, but also secure its optimal usage. With the new customer engagement framework called LACE (Land, Adopt, Consume, Expand), focus is placed on how cloud solutions are received by customers and the success they achieve using them. "In a cloud world it will never be enough to just be a software seller. You need to make sure that your customers actually benefit from what they buy," argues Vang Jessen.

"Our relationship with our partner SAP depends on how successfully we implement their programs at our customers, not how much software we sell." The triangular relationship of SAP, NTT DATA Business Solutions and their customers should ideally have three winners, and with the LACE model the measure of success for all three is harmonized. For NTT DATA Business Solutions, this means employing the best people in sales and delivery and developing in-house solutions that add value to the SAP ecosystem. "The aim is to remain relevant for both sides in the future."

#### GOING FORWARD AS NTT DATA BUSINESS SOLUTIONS

Vang Jessen is sure that the new name will help the Company to achieve its objectives and he anticipates the benefits that will come with emphasizing the brand of the world-leading group to

which the company belongs. He feels confident that NTT DATA Business Solutions will successfully lead the SAP activities of the Group. "At this point we are not only a reseller, our businesses are connected at so many levels. We are each other's suppliers and buyers, we co-innovate and co-create and most importantly we work relentlessly to ensure that our customers succeed with their transformation," says Vang Jessen about the partnership with SAP. "And this is how we succeed together." ■



Nicolaj Vang Jessen

"In a cloud world it will never be enough to just be a software seller. You need to make sure that your customers actually benefit from what they buy."



“We need to drive the digital transformation with our partners, because it is not a question of technology. No one makes changes purely so that they can install some new software.”

**Stefan Ellerbrake**

Executive Vice President  
Global Field Consulting Services  
(GFC)

**GLOBAL FIELD  
CONSULTING  
SERVICES – GFC**

## **PARTNERSHIP FOR PROCESS OPTIMIZATION**

SAP’s strategic focus and the new name, NTT DATA Business Solutions, also have consequences for the consulting business. In this interview, **STEFAN ELLERBRAKE**, Executive Vice President Global Field Consulting Services (GFC), discusses the extent to which the triangular relationship is a challenging one – and the benefits he expects to see over the coming years.

**MR. ELLERBRAKE, TRANSFORMATION IS THE HOT TOPIC RIGHT NOW, AND NOT ONLY FOR CUSTOMERS. SAP IS ALSO SETTING NEW PRIORITIES. WHICH OF THESE DRIVERS WILL HAVE THE BIGGEST IMPACT ON YOUR BUSINESS?**

**STEFAN ELLERBRAKE:** In recent months, SAP has adopted an even more pronounced focus on process integration and transformation. It intends to make considerable investments in optimizing the integration of the S/4HANA solution and the cloud solutions line of business. Instead of saying "let me give you a solution for your recruitment process", the aim is to say "let me give you a solution to optimize your recruitment processes and bring them into the digital world."

**WHAT DOES THAT MEAN FOR YOUR AREA, GLOBAL FIELD CONSULTING?**

**ELLERBRAKE:** We need to drive the digital transformation with our partners, because it is not a question of technology. No one makes changes purely so that they can install some new software. Moreover, we are returning to placing greater emphasis on process transformation right from the start of a project. We intend to engage with our customers even more intensively in order to discuss which processes they need to optimize irrespective of the software. Then we will create a complete solution that

encompasses the software solutions, the technologies, the operating platform and, of course, the necessary partner services.

**TO WHAT EXTENT WILL THIS BENEFIT CUSTOMERS?**

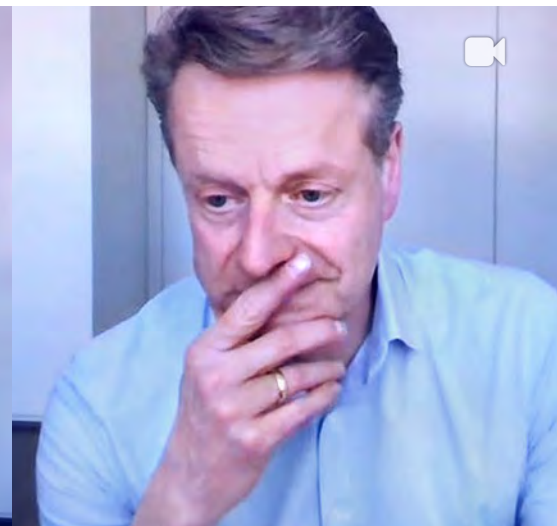
**ELLERBRAKE:** To give you an example: A company wants to replace a 20-year-old system. This requires new software, new licenses, an operating concept, data center services, and a project partner to support the transformation process. Our aim is to offer the complete solution as a professional, complex, and holistic transformation process – potentially even as a subscription model over several years. The "boundaries" between applications, operation and services will increasingly disappear. When this is well managed, there is no doubt that customers will benefit.

**PROCESS RE-ENGINEERING IS VERY CLOSELY TIED TO INDUSTRY EXPERTISE. WHAT WILL BE YOUR APPROACH IN THE FUTURE?**

**ELLERBRAKE:** We will supplement our traditionally strong industry expertise with approaches from the field of business process re-engineering to an even greater extent than previously. This includes the increased use of process mining and re-engineering tools, such as those offered by SAP and third-party providers.



SE



Digital transformation ultimately means process transformation and automation. And industry-specific process models will form the basis for achieving this. I compare the process model to an industry benchmark, examine the processes that could offer competitive advantages, and optimize them. We are skilled at dealing with these tasks on the consulting side of things, and we have components like technical operation and implementation at our disposal. At the same time, we intend to pool our activities more intensively with a clear worldwide focus on industries that we will address with targeted global industrial solutions. We are already piloting this on all continents in the area of life science and pharmaceuticals. And thanks to our colleagues from the NTT Group, our capacity for global scaling and our access to additional industry expertise have improved significantly.

**YOUR ORGANIZATION IS ALSO EXPERIENCING A TRANSFORMATION. WHAT DO YOU EXPECT FROM THE NEW NAME, NTT DATA BUSINESS SOLUTIONS?**

**ELLERBRAKE:** Sharing a name will mean we cooperate even more closely than before, which is definitely a plus. Firstly, working with our colleagues will allow us to provide our SAP-specific expertise to a clientele that we are unable to reach with our existing setup and size. The trend among SAP-focused companies is also shifting toward the Business Technology Platform – and this is an area where “non-SAP” services and solutions like those offered by the NTT DATA Group will also come into play. In particular, I am thinking about synergies when it comes to the use of digital technology.

**IN WHAT AREAS DO YOU NEED TO EXPAND YOUR PORTFOLIO?**

**ELLERBRAKE:** As NTT DATA Business Solutions, we can effectively combine our industrial expertise with SAP technology in order to automate and digitize. We need to supplement this ability with business advisory services. While this naturally primarily involves process consulting, it also includes value engineering services that show customers the benefit of software conversion and provide them with a road map. Innovations in areas, such as IoT, AI and blockchain will also play a bigger role in our projects – as a natural element of the project. To underpin these

technologies with corresponding specialists, we intend to make greater use of experts from NTT DATA. Close cooperation within the Group can only help us in this respect.

**CAN YOU CITE A SPECIFIC EXAMPLE OF COLLABORATION BETWEEN SAP, THE NTT GROUP AND THE FORMER ITELLIGENCE?**

**ELLERBRAKE:** Universities are facing the challenges that come with growing internationalization. Every year, thousands of applicants from around the world submit their certificates and qualifications as part of the application procedure. In a pilot project, we have expanded the SAP student administration application to include a function that can generate keys for certificates via blockchain and read them to determine the authenticity of the submitted documents. However, this requires in-depth knowledge of blockchain. This is where NTT DATA can supplement our expertise on a targeted basis. If we wish to harness the full potential of the changing market, we must address the requirements of SAP and our customers and systematically leverage the strengths of our affiliates. ■

**GLOBAL MANAGED SERVICES**

# “WE ARE FOCUSING ON THE BENEFICIAL EFFECTS OF THE CHANGE”

Major new customers, a global scope, an innovative portfolio, operational excellence – the Global Managed Services (GMS) business unit is growing continuously. The close relationships within the NTT Group offer fertile soil for this growth. In this interview, **LARS JANITZ**, Executive Vice President and Head of GMS, talks about the drivers in the market and the benefits of global cooperation.



“We have made good progress. In 2020 alone, we concluded a number of new managed services contracts that are among the largest in itelligence’s history in terms of their volume. This includes corporations like SAP and ArcelorMittal.”

**Lars Janitz**

Executive Vice President  
and Head of GMS



**MR. JANITZ, SOME YEARS AGO YOU DESCRIBED BUSINESS WITH LARGE ENTERPRISES AND GLOBAL DELIVERY AS THE KEY CHALLENGES FACING GMS. WHAT DO THINGS LOOK LIKE TODAY?**

**LARS JANITZ:** We have made good progress. In 2020 alone, we concluded a number of new managed services contracts that are among the largest in itelligence's history in terms of their volume. This includes corporations like SAP and ArcelorMittal. In turn, this means global delivery is even more relevant for us. In order to seize this momentum, we will be integrating India, one of our most important global shoring locations, into GMS this year. This will make us even more flexible, scalable and cost-efficient, allowing us to realize requirements even more effectively.

**HOW HAVE YOU DRIVEN BUSINESS WITH MAJOR NEW CUSTOMERS?**

**JANITZ:** With the "Managed Services @ Large Enterprises" initiative, we created a strategic platform that was and is visible throughout the Company. We also adjusted our organization, made new appointments to key positions, optimized our portfolio, established dedicated innovation management, and launched the AMS@Large Enterprise task force. The reasons are clear: We are continuing to support SMEs with our services, but a global approach is proving even more valuable when it comes to large companies. This is making operational excellence a factor in our

success, and we need to be in a position where we can deliver globally. That is not least one of the reasons why we already work in close cooperation with our affiliates in the NTT Group.

**WHAT DIFFERENCE DO YOU EXPECT THE NEW NAME, NTT DATA BUSINESS SOLUTIONS, TO MAKE?**

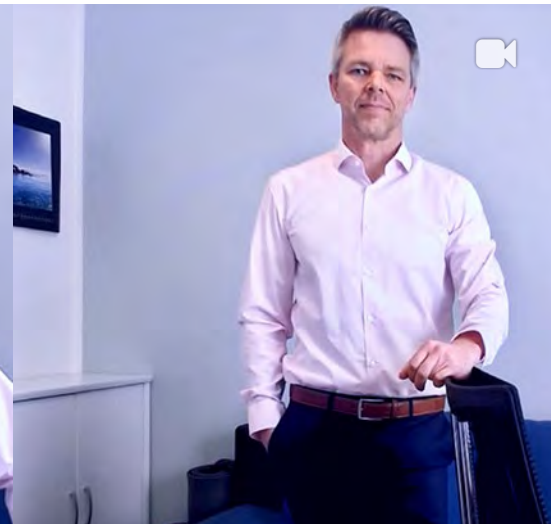
**JANITZ:** GMS's positioning has been fully global since 2014. Our more than 1,500 employees are active in Malaysia, India, China, Poland and Germany, and work together with the local front ends in the market units. We have also been working intensively on shared customers and topics within the NTT Group for some time now. Internationally, this often involves large companies. For all itelligence has earned a good reputation in many countries and at many companies, I do not expect the new name to have much of an impact. I am focusing on the beneficial effects of the change – being a part of ONE NTT means we can deploy our resources more flexibly and no longer have to explain the special position we occupied when we worked under a different brand.

**HOW ARE YOU ORGANIZING THE COLLABORATION WITH THE NTT AFFILIATES AND HOW ARE YOU DIFFERENTIATING YOURSELF?**

**JANITZ:** We have established intensive cooperation across all regions in the area of sales and delivery. However, it also depends on the situation in the respective country. For example, the Group



Lars Janitz



is especially reliant on our SAP expertise in Germany, Belgium, the United Kingdom, and France. When it comes to large customers in particular, the overall contractual partner is often NTT DATA or NTT Ltd. and we deliver the SAP element. This means coordinated account management is extremely important. However, there are also competitive situations in some countries. To address this, we have worked with NTT Ltd. to establish a “tiger team” of top people for each European country and engaged in proactive discussions to define a shared customer and portfolio matrix. We have to accept that there will always be a certain degree of overlap.

#### **CAN YOU GIVE A SPECIFIC EXAMPLE OF COLLABORATION?**

**JANITZ:** In a large SAP tender, the software group came to us and requested our participation – provided our involvement was uniformly under the “ONE NTT” brand throughout the Group. GMS coordinated the bid, reconciled the authorization with the head office in Tokyo and actively involved the relevant affiliates. Having won the tender, we are now one of SAP’s few global strategic suppliers.

#### **WHAT DO YOU EXPECT TO GAIN FROM THE AGREEMENT?**

**JANITZ:** In early December, the CEOs of SAP and NTT announced the intensification of the strategic partnership. Global strategic supplier status is an important element of this. It will improve our visibility, give us momentum and increase our business volume. I doubt we would have been able to achieve this as itelligence alone. And the content of the collaboration also makes sense. We can offer an even broader SAP portfolio as a group. One example is the service desk provided by our affiliate NTT DATA Services, which we have integrated into our HANA Enterprise Cloud service offering. We complement each other in many areas, and we are also working in close cooperation with NTT Ltd. SAP’s “mega-RfP” has given us a huge boost, because we can now contribute our relevant business experience and our reputation as a successful and long-standing SAP supplier to the Group to an even greater extent.

#### **HOW IMPORTANT IS IT FOR GMS TO BECOME EVEN MORE CLOSELY INTEGRATED INTERNALLY?**

**JANITZ:** In recent years, we have worked to remove our own local and regional particularities. Although knowing and accepting the local characteristics is all part of operating in a global market, that does not mean every country can follow its own approach. Nevertheless, we need local people as a front end so that we can understand customers and cultures better as a global unit. Strategic partnerships with global hyperscalers like AWS, Azure and GCP also require a globally coordinated approach from our side.

#### **WHAT ARE THE CONSEQUENCES OF THE BREAKTHROUGH OF THE CLOUD FOR YOUR BUSINESS?**

**JANITZ:** The cloud transition is making hyperscalers even more important and disruption is continuing apace. Although that might sound negative at first, it also presents us with a lot of new opportunities. Concluding global agreements with hyperscalers allows us to offer new services and serve our customers even more comprehensively and flexibly. They can choose between their own data centers, our private cloud, the public cloud, or a hybrid variant. This is consistent with our “we manage your cloud” strategy. Today, flexibility is an important key to success. ■

**NTT DATA  
GROUP**

## **COLLABORATION – LEARNING BY DOING**

**MASAHIRO “YANARY” YANAGAWA** has worked at itelligence for seven years, helping to improve cooperation with affiliates within the Group. In the future, the Executive Vice President and Head of Global Collaboration will continue to rely on the power of positive experiences – and sees the new name as a sign of moving to the next level.

“It is not always easy to capture all of the expertise at the other affiliates. But everyone needs to know what we can achieve so that cooperation can be made simple and the process is effective.”

**Masahiro Yanagawa**

Executive Vice President  
Head of Global Collaboration  
& J-MNC Business





**MR. YANAGAWA, ITelligence IS NOW CALLED NTT DATA BUSINESS SOLUTIONS. WHAT HAVE YOU BEEN DOING OVER THE LAST TWELVE MONTHS TO SUPPORT THIS STEP IN THE COMPANY'S DEVELOPMENT?**

**MASAHIRO "YANARY" YANAGAWA:** My role has not changed. I am driving collaboration just like I did previously. Ultimately, the aim is to generate more common business together with the affiliates. All of the parties can support each other in achieving this. Our main contribution is our SAP business. In the international market, this expertise is the glue that binds our cooperation. NTT DATA Business Solutions has the most extensive solutions experience and offers forward-looking innovations.

**WHAT DO YOU CONSIDER TO BE THE GREATEST CHALLENGES FOR THE COLLABORATION?**

**YANARY:** It is not always easy to capture all of the expertise at the other affiliates. If no one knows what we can each do, cooperation becomes difficult and the process is ineffective. We need to work on getting a lot better at sharing our activities and knowledge with each other – but this is not a simple task, and my team's capacity is limited. In my role as a liaison officer, I've been trying to share our experiences with customers, projects and capabilities with the NTT DATA HQ and other OpCos. One of the

objectives is to communicate our potential to the other OpCos and business units in the Group.

**A CHANGE OF BRAND IS ALWAYS A SENSITIVE MATTER. TO WHAT EXTENT WILL A SINGLE BRAND IDENTITY HELP TO IMPROVE INTERNAL NETWORKING?**

**YANARY:** Although I originally come from NTT DATA, I have worked for itelligence for a long time. And I understand that the brand is very important to many of my colleagues, because they are proud of their work. But as our CEO Norbert Rotter recently pointed out, itelligence is not the first name we have had as a company, but the fourth. After 21 years, it is time to make another change and take the step to the next level. We are in a decisive phase of our transformation from a company with an entrepreneurial approach and a focus on SMEs to one that handles also larger accounts as well. The change of brand makes sense because most of the latter customers are positioned internationally.

**DO YOU EXPECT THE EMPLOYEES TO EXPERIENCE A SIGNIFICANT CULTURAL CHANGE?**

**YANARY:** Not if we retain our fundamental characteristics, like entrepreneurship and an open mindset. These are the attitudes we need when working internally with our affiliates, and we will need

MY



to frequently think outside the box in the future. As part of the NTT Group, we have access to interesting opportunities for more business and new personal networks. Although itelligence has long been a global company, there are lots of other good people within the Group. We are in the advantageous position of being able to offer our SAP expertise to help all of the units to leverage interesting business opportunities.

**HOW WILL YOUR PERSONAL ROLE CHANGE AS A RESULT OF THE REORGANIZATION?**

**YANARY:** Although our name is changing, my tasks will remain the same. We need to continue optimizing the way in which we collaborate in order to generate more revenue and profit and to differentiate ourselves from our competitors. I will also act as an intermediary in the event of any conflicts between the affiliates. This is an important role.

**AS A KIND OF INTERNAL ARBITER?**

**YANARY:** Exactly, but I am still a member of the itelligence team. Because my aim is to be fair and strike a balance, this task can sometimes be a challenge.

**HOW DO YOU SOLVE A DILEMMA LIKE AFFILIATES STANDING IN EACH OTHER'S WAY WHEN IT COMES TO MARKET ACCESS?**

**YANARY:** I have always tried to highlight the positive sides of collaboration and point out the win-win nature of the situation. But cooperation requires more than just demands, as this often means letters of intent are the end result. The units have different objectives, and achieving convergence takes time as well as experience of collaboration. The cooperative mindset only emerges by working together on larger, joint contracts. This is why I have always sought to generate flagship projects that involve lots of people from throughout the Group. Learning by doing helps everyone to appreciate the benefits of collaboration.

**WHAT IS YOUR VISION FOR WHAT THE JOINT ORGANIZATION WILL LOOK LIKE IN THE MEDIUM TERM?**

**YANARY:** I expect NTT DATA Business Solutions to enjoy an even stronger position in global SAP business. In five years, we have successfully established ourselves in the market for large companies of up to 10 billion Euro annual revenue. Our task is to learn how to take on board their special requirements and fulfill them. These customers need more additional services in and around



the SAP core, and we need to continue to grow into the role of an SAP system integrator in order to round out our offering. The expertise of our affiliates will help us to achieve this more effectively, and we can provide them with support on SAP matters in exchange. Over the coming years, we will have the opportunity to positively realize change together and shape a better future for all of us. ■



Masahiro „Yanary“ Yanagawa

“I have always tried to highlight the positive sides of collaboration and point out the win-win nature of the situation.”

**>8,000**  
**CUSTOMERS IN MORE**  
**THAN 60 COUNTRIES**

**>30,000**  
**PROJECTS,**  
**CONSULTATIONS,**  
**AND TRAINING SESSIONS**  
**PER YEAR**

Closer to customers – Worldwide. We transform our ideals into material value added: Close relationships with our customers designed for the long haul make it possible for them to achieve their requirements and goals. With vision, we seize the technical future and apply it systematically. This way, we use our passion and experience to guide our customers in their journey to becoming smart companies.

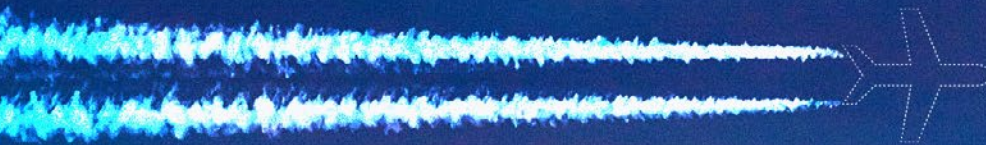
#### **Trusted global advisor**



**SMART  
WORKING**

# HEROES OF (REMOTE) WORKING

Since March 2020, 95 percent of all NTT DATA staff around the world have found themselves in a highly unusual situation: They are doing their work, in which meetings in person, business travel and customer visits used to be taken for granted, almost exclusively digitally. This has changed the company – for the better.



When the first lockdown began, **JAMIE STAMPER** happened to be in Kansas City, Missouri. The project manager and her team were in the middle of launching a major project. As it is normal in this phase of a project – at least before the COVID-19 pandemic – they weren't in their offices at NTT DATA in Cincinnati (Ohio), but rather in the field with customers to run their final checks. After all, the systems were due to be up and running at the start of April. "Suddenly, everything was different," remembers Stamper (58). "Management just said: You're all working from home, effective immediately. At the very least, nobody's going out to see customers anymore." Stamper grins. "We didn't spend much time going on about whether we could do it. We asked ourselves, what's the best way we can do it?"

Their response was virtually textbook for how NTT DATA staff around the world have been dealing with the crisis. They're not beating around the bush. They're doing what has to be done. For more than a year now, almost everyone has been working from

home, business travel and visits to customers have been put on hold, now we only see our teams virtually. People are working remotely as if that's what they'd always been doing. And it's completely ok to think that's heroic – even if brave NTT DATA employees like Jamie Stamper would probably want to distance themselves from the label "hero".

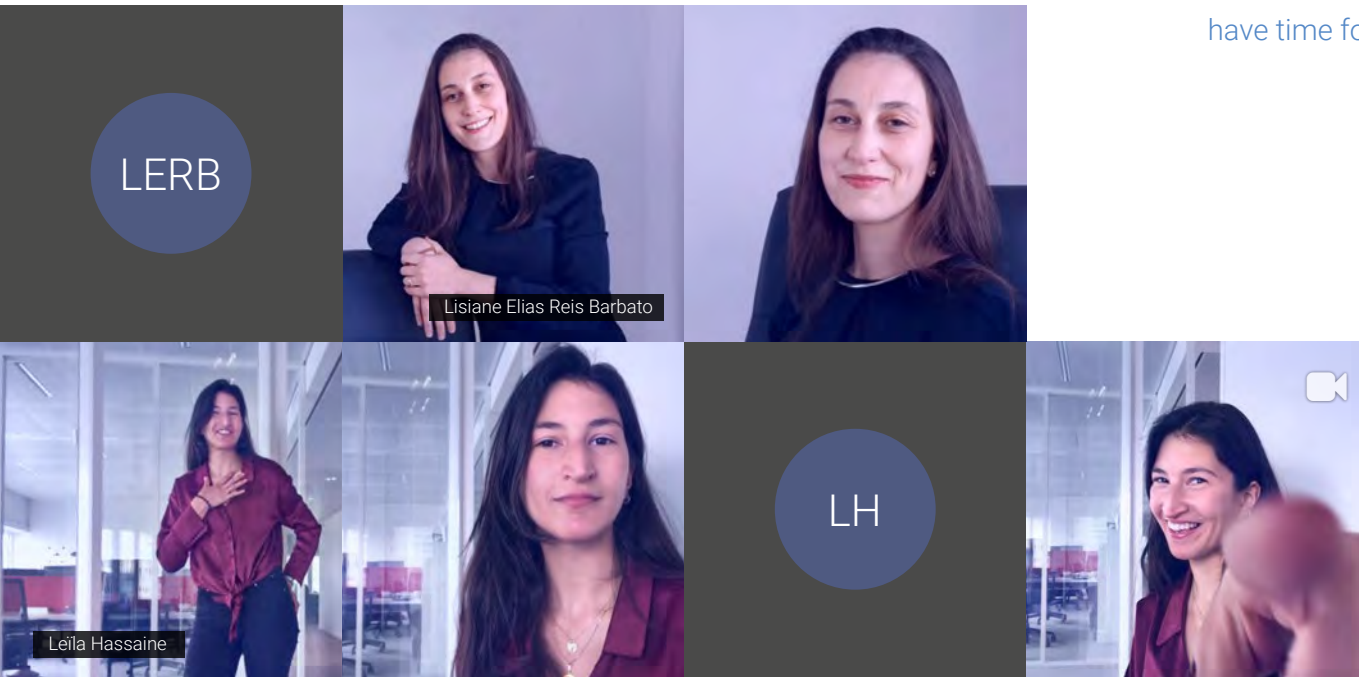
Stamper and her team had no problems switching to remote working: "We all have laptops anyway, and we've worked on a lot of project steps remotely before, at least partially." For example, the developers from India were almost always only online anyway. And yet she was surprised how suddenly but straightforwardly everything was just being done digitally. Before the pandemic, she used to travel across the whole of the US all the time. "I'd get on a plane Sunday evening and be back Thursday evening," she says. Then on Fridays, she would be on calls all day internally. Now every day is Friday as she sits at her laptop in the conservatory, day in, day out. She says with astonishment: "I



"Suddenly, everything was different. Management just said: You're all working from home, effective immediately. At the very least, nobody's going out to see customers anymore."



“I can concentrate more on things that I used to think I didn’t have time for.”



never would have dreamed that I can do my job just like this.”

The COVID-19 pandemic has drastically changed the way that NTT DATA works all over the world. In terms of the technology, the switch to remote working was relatively easy – but for some business units and employees it meant an entirely new daily routine. Take **LEÏLA HASSAINE** (27), for example. An SAP logistics consultant from the Courbevoie office in the north of Paris. It used to be normal for her to drive out for meetings with customers. She enjoyed it, just as she also enjoyed regularly spending time in the office. “I never used to work from home,” says Hassaine. Since the pandemic began, except for a handful of days in summer, she has spent all her work time in her the living room of her small apartment. “Being younger, I think I have an easier time with remote working than some of my colleagues, who might have children to look after as well,” she says.

Her problem is more that she misses the contact with customers and colleagues, many of whom were also her friends. NTT DATA France is actively making efforts to take care of employees, like Hassaine, who the pandemic has largely left to fend for themselves. Supervisors, for example, often ask how she is and

whether she needs support. Hassaine says that she’s grateful for that. Despite everything, she was able to keep the quality of work and there are good aspects as well: “I can concentrate more on things that I used to think I didn’t have time for.” She’s eating better, and has taken up the violin.

Or there’s **LISIANE ELIAS REIS BARBATO**, Customer Experience Leader in the NTT DATA office in Curitiba, Brazil. Companies there get to decide for themselves how they handle the situation. Like most of her colleagues, Barbato has been working from home since March 2020. The human resources department supported its workers and assisted whenever an employee or one of their family members got ill. Barbato says that work is going smoothly thanks to MS Teams and other digital communication channels, even though she misses human contact. And just like her French colleague Leïla Hassaine, she’s trying to make the best of the situation: As she no longer has to spend one and a half hours travelling to work every day, she has more time for her daughter, who goes to elementary school.

**DILARA ARSLAN** (32), SAP project manager at NTT DATA in Istanbul, Turkey, normally works in the IT department of the

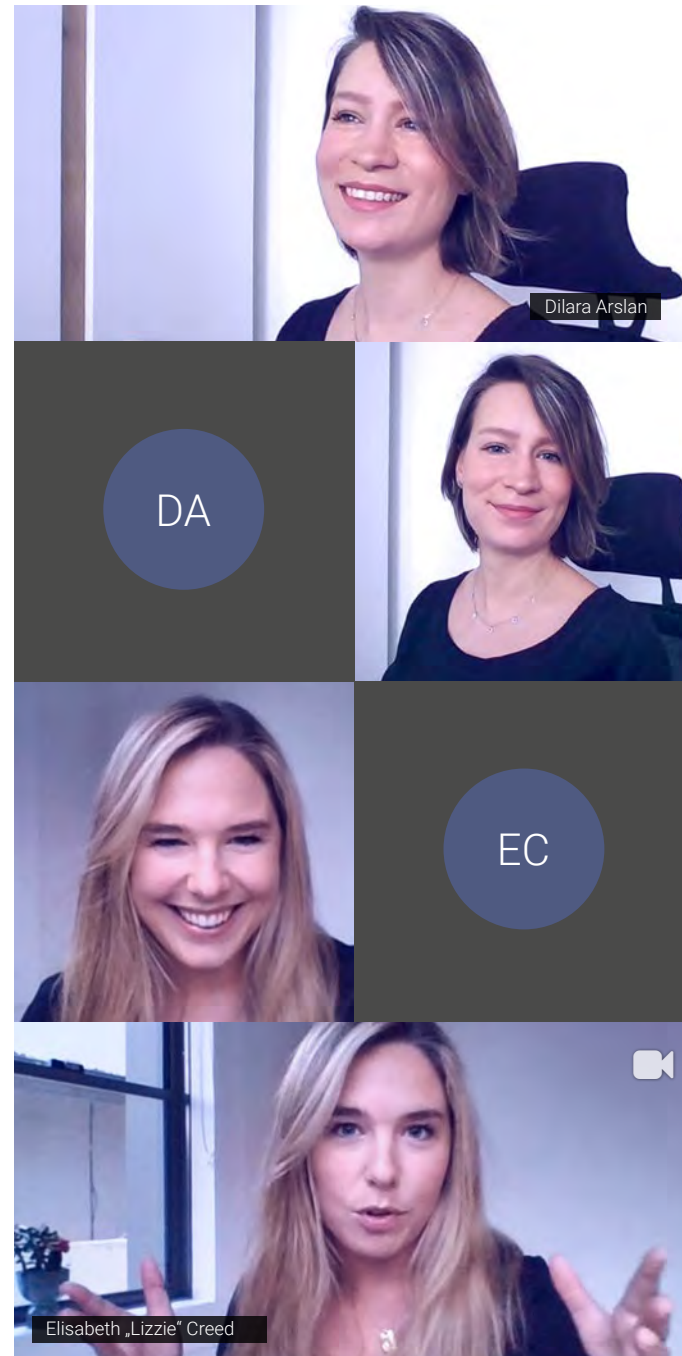


customer Unilever. There she is doing IT projects of Unilever companies in 49 countries, and had been due to fly to Singapore twice in 2020 alone. "Now we have all our meetings online," she says. Unilever had made the switch from Skype to Teams even before the pandemic, so Arslan and her colleagues already had a good handle on the system. "But the different time zones make it difficult to arrange times for meetings," says Arslan. "Some things are taking much longer." Because of the time difference, some Teams calls for the Singapore project have started at five in the morning. At the same time, Turkey has been hit especially hard by the pandemic and curfews are in place. Arslan and her husband, who also works for NTT DATA, didn't leave the house from March to May. "We were very scared of getting sick."

Meanwhile, in back office, people like **ELIZABETH "LIZZIE" CREED** are making sure that NTT DATA as a community doesn't fall apart in spite of coronavirus. Creed (32) is a People Manager for the People & Culture department in Sydney, Australia. And while she herself has been working from home since March, she's also been looking out for her coworkers also working remotely all over the country. "The government is taking the virus very seriously, and it responds to changes rapidly," says Creed.

For instance, the Western Australian city of Perth was cut off from the outside world for five days following a single case of coronavirus. The state of Victoria was locked down for almost four months. "We had work permits for any employees in Melbourne where it was required for them to work at the customer sites and each customer had to have a covid safe plan that strictly met Government safety guidelines."

Above all, Creed has spent the last few months organizing the various initiatives for her colleagues in Australia. Like "Values Week" when Creed and her team usually travel the country offering workshops. This year the event was held virtually and "Happy Boxes" were posted to people at their homes where they could complete the activity with their families. There were rounds of "coffee roulette" where employees were randomly assigned and encouraged to include their families and pets in conversations. Often photos of these conversations were shared on the social platform yammer. Whilst working remotely, employees have been able to borrow monitors and ergonomic chairs from the office, have access to confidential counselling and enjoy



"There were presentations on work-life balance – a lot of options in general to help us deal with the situation."

some Uber Eats vouchers. “We have to be especially considerate and flexible towards employees with children as juggling working from home, child care and home schooling has been difficult at times for some,” says Creed.

In other countries as well, teams turned out to be highly creative when it came to substituting meeting up in person, like spending a lunch break together, with virtual formats. In Denmark, for example, NTT DATA hired a personal trainer to offer online courses – 15 minutes every morning and 30 minutes in the evening.

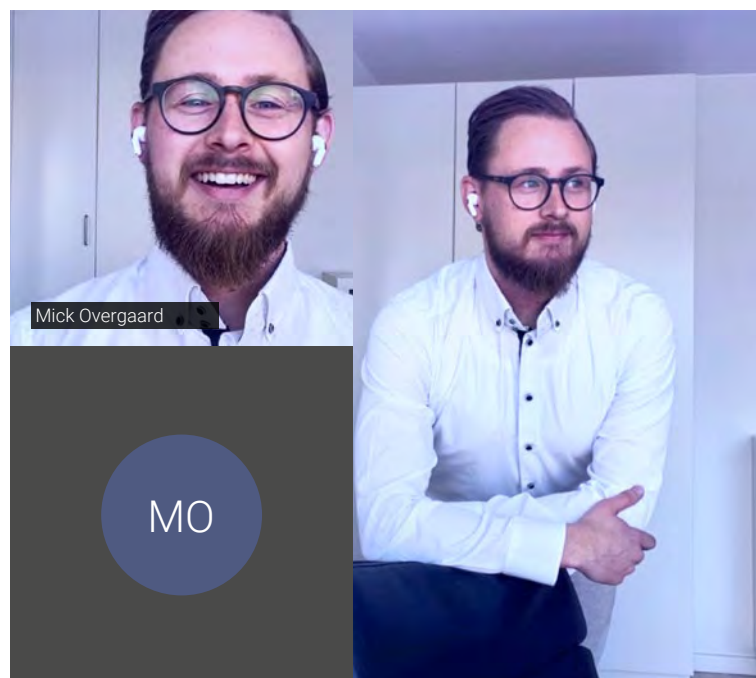
**MICK OVERGAARD**, Senior Professional Supply Chain Management at the Horsens location, has done it a couple of times. “We have someone doing online mindfulness exercises on Friday mornings,” he says. “There were presentations on work-life balance – a lot of options in general to help us deal with the situation.” He’s heard from friends whose employers aren’t offering nearly as much.

Overgaard is 32 and, as a consultant for cloud applications, he’s used to working remotely for weeks on end. It was like that before the pandemic as well. “All the systems I work with are browser-based,” he says. “I don’t even need VPN access.” COVID-19, Overgaard firmly believes, has finally shown that the future belongs to cloud applications. Yes, the first lockdown was hard for Overgaard, when it wasn’t just him and his wife suddenly spending the entire day and doing their jobs online in their detached house in Aarhus, but also their two small children, two and three years old, who were left without childcare. “We worked in alternating, four-hour shifts until midnight,” he says. But now that preschools in Denmark are open again, he’s handling the situation rather well. “I’m sure it’s tougher on the extroverts.”

**GERHARD GROSSER** (57), project manager at Bielefeld in Germany, is happy to admit that he misses his coworkers and the travel. In the before times, Grosser spent an average of 50 weeks out of the year on the road – always at least three days per week. “I’ll be glad when we can do all that again at long last,” says Grosser. “It means a lot of living out of suitcases, but I want that freedom back.” When there was an unavoidable in-person customer visit in the middle of lockdown, his people had to produce negative coronavirus tests and spend the night in apartments that had been rented just for them. Of course, says Grosser, we

can work together online as well, not least because his coworkers were already a solid team and knew each other well. “It probably wouldn’t be so easy with strangers. It’s just harder to get a read on another person on the phone or in Teams.” Grosser is also concerned that team spirit may suffer from going so long without human contact.

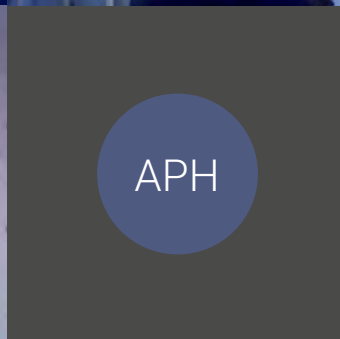
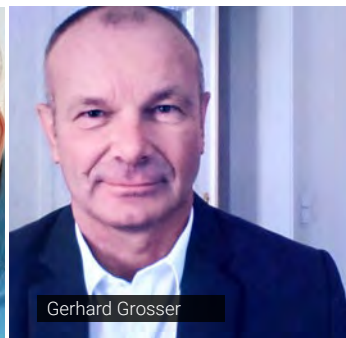
Lockdown became a particular challenge for **ANNEGRET PILLE-HENTSCHEL** (43) when, at the height of the first wave of the pandemic, in early April 2020, she was promoted to team leader Cloud Consulting of Global Managed Services. She works in the Cloud Infrastructure Services business unit in Dresden, Germany. “Half of my new team is in Bielefeld with the other half in Bautzen,” says Pille-Hentschel. At the time there were strict travel restrictions within Germany, but nonetheless she had to wrangle together two teams, suddenly finding herself in charge of nine people. “Moving up the roll-out of MS Teams was a good idea,” says Pille-Hentschel. “It made all the communication much easier. It was a blessing.” Still, she doesn’t particularly enjoy sitting at her computer for eight hours at a time. “I feel that face-to-face meetings are more efficient a lot of the time, especially with larger groups.”



She's counting the days until real meetings are at long last a reality again. But she's also seeing how positive change is emerging from the crisis: When her son came into the room during a big Teams meeting needing help with his homework, accidentally turning on the microphone, Pille-Hentschel found herself apologizing to the other people in the meeting. But then one of her colleagues sent her a chat message saying that it really wasn't something that she had to apologize for. 23 other colleagues clicked on "Like". "We have more compassion for each other," says Pille-Hentschel. "It's very valuable."

After coronavirus as well, Jamie Stamper in the US is sure that everyone will be much more considerate and more attentive in the way that they interact. "We've all seen that we can organize a lot of our work remotely as well, that makes us more efficient," says Stamper. "But we've also realized how important direct personal contact can be sometimes. We definitely won't go back to doing everything like we did before. We've learned a lot of new tricks." ■

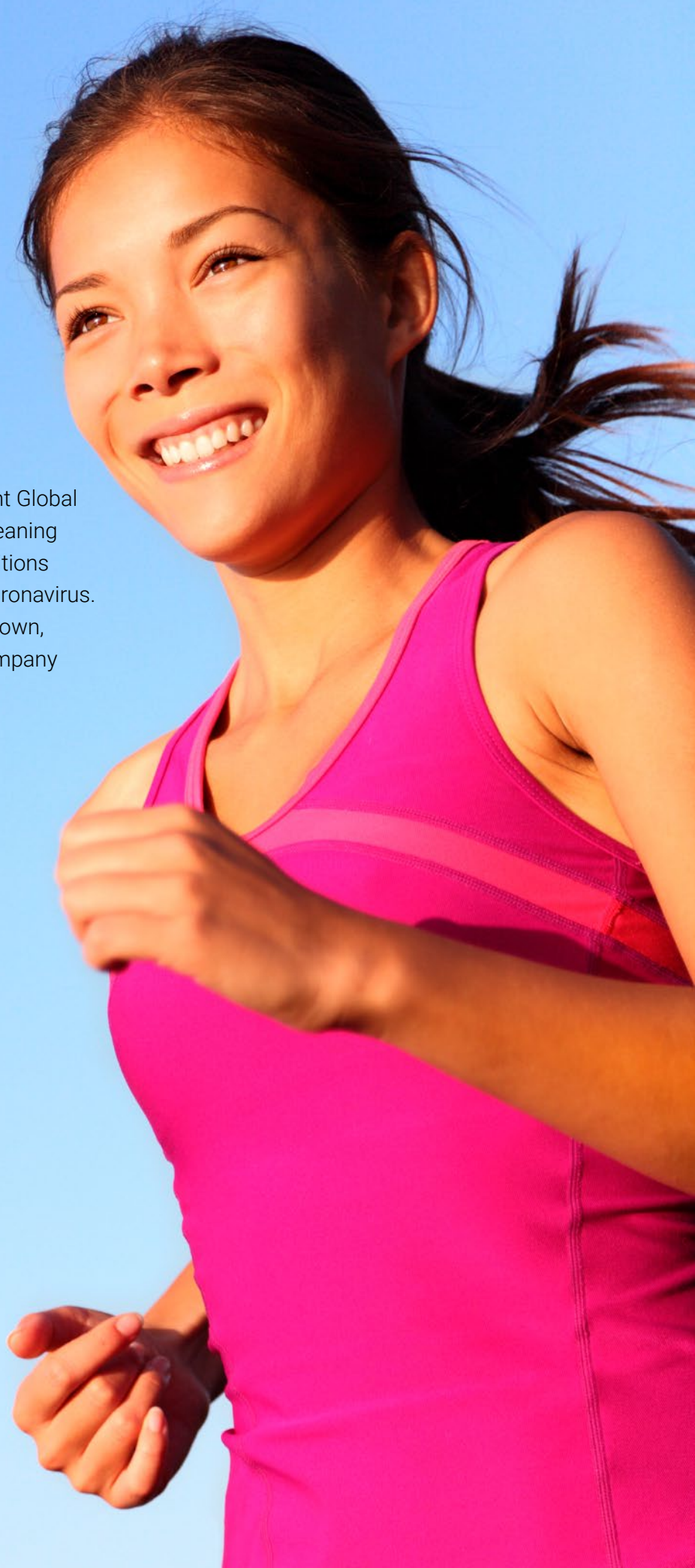
"We've all seen that we can organize a lot of our work remotely as well, that makes us more efficient. But we've also realized how important direct personal contact can be sometimes."



## INTERVIEW

**“WE HAVE  
CREATED A  
TRULY AGILE  
COMPANY”**

**DIETER SCHOON** is Executive Vice President Global People of NTT DATA Business Solutions, meaning he was on the front line when working conditions were being organized during the onset of coronavirus. In a video interview during the second lockdown, he reported on what has changed at the company as a result.



**MR. SCHOON, IT IS TEN IN THE MORNING AS WE SPEAK – HOW MANY VIDEO CALLS HAVE YOU ALREADY BEEN ON TODAY?**

**SCHOON (LAUGHS):** Good question. There have been a few. The first ones are always with Australia, around seven o'clock or half past seven. Then I have a coffee. The last calls tend to be with the US or Asia/Pacific, sometimes as late as 11 p.m.

**YOU WORK FROM HOME. HOW MANY NTT DATA BUSINESS SOLUTIONS EMPLOYEES ARE ACTUALLY IN THE OFFICE RIGHT NOW?**

**SCHOON:** Very few. According to the monthly coronavirus report that we have compiled since March, around 95 percent of our employees are working on a mobile basis. We are selling projects remotely, implementing remotely, doing our managed services and managed cloud business remotely as best as we can. There are even some benefits to this, and our promise of continuity and the way we are managing this for our customers is exemplary worldwide.

**WHAT EXACTLY ARE THE BENEFITS OF WORKING REMOTELY?**

**SCHOON:** When it comes to SAP implementation, our consultants used to sit down with the customer and explain the various

operations that need to be controlled in the SAP environment. Now they can say "share your screen with me and we'll take a look at it together" – which effectively allows them to take the customer's hand and guide them through it. Our sales colleagues can spontaneously add experts or reference customers to meetings even if they are on a different continent. This would not have happened as readily before coronavirus.

**IS NTT DATA BUSINESS SOLUTIONS AS AN IT COMPANY IN A BETTER POSITION THAN AN INDUSTRIAL FIRM TO VIRTUALIZE ITS WORKFLOWS?**

**SCHOON:** Of course. Most Application Management tickets were already handled remotely. When it comes to administrative activities, the situation for us is the same as for other companies: Our office colleagues are doing what they have always done, just from home. But they were already used to this kind of thing, as we regularly held virtual training sessions even before the outbreak of the pandemic.

**DURING THE FIRST LOCKDOWN IN MARCH, YOU ROLLED OUT MICROSOFT TEAMS ACROSS THE ENTIRE COMPANY IN THE SPACE OF TWO WEEKS. WAS THIS YOUR PLAN?**

**SCHOON:** We had to accelerate the project somewhat, which required our IT colleagues to work night shifts. But we were well

DS



prepared because our employees all had laptops and mobile phones even before the pandemic. I am pleased that the vast majority of them took the matter seriously. COVID-19 touched the workforce directly when our first colleague – in Kuala Lumpur – died from the virus and the infection figures kept rising in fall.

#### **ARE THE EMPLOYEES ALL GETTING ALONG WITH REMOTE WORKING TO THE SAME DEGREE?**

**SCHOON:** I would say that our developers are the people for whom mobile work has meant the least upheaval. The same is true for our managed services employees. The only difference is the teams no longer sit together in an open-plan office. Our sales staff might be the ones who especially miss the non-verbal feedback you get in face-to-face discussions. They do still meet occasionally – all while observing the rules on distance, hygiene, face coverings and ventilation, of course. Our consultants have also needed some time to get used to the situation, and we are offering training to assist them. A relationship built up via MS Teams is inevitably more fragile. But we all have a lot more time for each other because we are not travelling around as much as we used to.

#### **HOW MUCH DID YOU YOURSELF TRAVEL BEFORE THE CORONA-VIRUS PANDEMIC?**

**SCHOON:** A lot. Back in March, my initial response was: My job is impossible without travel! But then we switched everything to video calls, because we had no other choice. We prepared the meetings differently and modified the workflows to help the people involved to stay focused. And I have to say it has all worked surprisingly well. Indeed, the lockdown has actually brought us closer together in some ways.

#### **HOW DO YOU MEAN?**

**SCHOON:** We have introduced new formats like “Talk to the Management”. Up to 600 employees join a Teams meeting and can ask questions of senior management anonymously. We didn’t have anything like that before. Colleagues are creating online chess groups, organizing escape rooms, posting funny videos from their workspaces at home. Everyone around the world

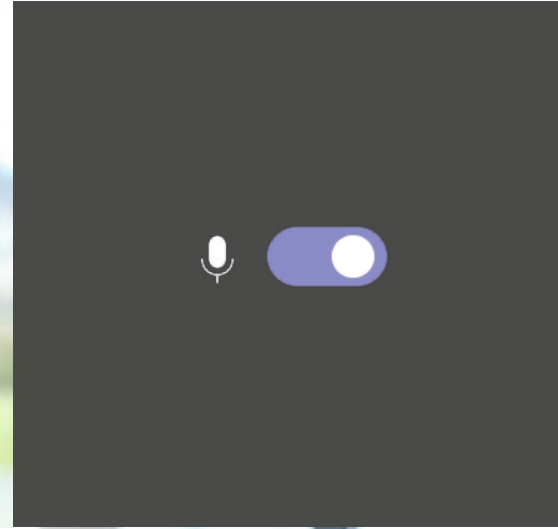
is doing things a little differently, but with great resourcefulness – and that has helped us to get through this difficult time. Our culture is unique and robust!

#### **STILL, REMOTE WORKING IS NOT INTENDED TO BE PERMANENT.**

**SCHOON:** Of course not. We have all tapped into the vast reserves of our corporate culture over the past year, but they will run out eventually. That is something we notice when making new appointments in particular – we welcomed around 2,000 new employees in 2020 alone. Those people have yet to experience at first hand what our corporate culture means. In order to reflect this a little, we have extended the online onboarding process to one week with smaller tidbits every day.

#### **WHAT WILL REMAIN OF THE CHANGES ONCE THE CRISIS IS OVER, HOPEFULLY IN THE NEAR FUTURE?**

**SCHOON:** We will certainly think twice about boarding a plane just for a short meeting somewhere. If it is just a matter of giving a presentation, that is something we can do just as well in Teams. Conversely, these times have taught me the value of face-to-face meetings when it comes to getting to know someone and really listening to them. We have shown that we can adapt to crisis situations. We have a greater appreciation of each other’s personal circumstances. We have created a truly agile company that is excellently equipped to deal with digitalization. That will make us even more successful. And when coronavirus is over, we will celebrate with a huge party. We all deserve it! ■



**DIETER SCHOON** has been the Executive Vice President Global People at NTT DATA Business Solutions with responsibility for all HR matters worldwide since early 2015. After completing his studies (psychology and labor law), he began his professional career in 1992 as a human resources and organizational development consultant at Gemini Consulting (later Cap Gemini Ernst & Young) before moving to Cell Consulting in 2000. In 2003, he joined the chip manufacturer Advanced Micro Devices (AMD) in Dresden. He became the head of HR management at itelligence AG in Bielefeld in 2004. Schoon has been married for more than 25 years and has six children, all of whom are being home schooled or doing their university studies online while adapting to the coronavirus situation every day.



“According to the monthly coronavirus report that we have compiled since March, around 95 percent of our employees are working on a mobile basis. We are selling projects remotely, implementing remotely, doing our managed services and managed cloud business remotely as best as we can.”

**Dieter Schoon**

Executive Vice President Global People



**>130,000**  
EMPLOYEES  
AT NTT DATA

Culture of passion. With a passion for technical masterstrokes and the combined resources of NTT DATA, our employees create solutions in all areas of IT so that customers can achieve their full potential in their journey to digital perfection. Indispensable: Teamwork, freedom of creativity, and a clear commitment to diversity at all levels.

**Never stop developing!**





**MY SUPPLY CHAIN  
GROUP**

# **WARP SPEED IN THE SUPPLY CHAIN**

My Supply Chain Group, NTT DATA Business Solutions' latest investment, is supporting the fight against COVID-19 in the United States. The SAP experts from Birmingham, Alabama, have improved supply chain planning for a leading life sciences company. Their recipe for success involves extensive experience with the tools, the segment and the industry.



In difficult times, you can see which supply chains are well planned and dependable. This is all the more true for companies that develop, package and distribute the vaccines for pandemics. Time is the crucial factor here – which is why the US government launched “Operation Warp Speed” to break down barriers in the approval process and get life-saving biopharmaceuticals faster to the market. Without digital solutions, the high requirements of delivery reliability and efficiency are unmanageable.

Odell Smith can tell you straight away the year in which the SAP tool Advanced Planning and Optimization (APO) was launched: “By 1998 I’d already been working as a supply chain consultant for a few years, and I’ve specialized in SAP in the segment since then.” Today he works as a solution architect for the US company My Supply Chain Group (MSCG), and gathers customer requirements to bring them into line with SAP standard solutions. He says that it’s all about gaps, the necessary adjustments and about “trying to keep things as simple and standardized as possible”. And of course fast solutions, because the virus is not giving anyone a break.

Odell Smith’s current client is an US life sciences company, which, as part of “Operation Warp Speed”, has to optimize the planning and execution of its supply chains. The company develops vaccines and antibody therapeutics with offices around the world. However, its most promising growth engine is its Contract

Development and Manufacturing (CDMO) division, which has been under strategic development for years. This has received a massive boost from COVID-19: The organization is now working as a service provider for vaccine manufacturers, such as Johnson & Johnson and AstraZeneca, from clinical development trials to commercial drug substance and drug product manufacturing operations.

What was missing was an overarching planning software for supply chains, says solution architect Smith. “They need to know how much of their current capacity is being used by ongoing contracts and assess how much more they can take on.” The forecast for planning operations and distribution has to be standardized across all facilities so that product lines can be relocated to a different production site if necessary. “That’s why they hired us to implement best practices from SAP’s life sciences applications for inventory management, production and reports in a single IT solution,” says Smith.

SAP was chosen because of the standardized integration into an existing execution system and the lower TCO. The project’s goal was to systematically standardize processes and solutions to integrate past and future acquisitions more quickly, both financially and operationally, says supply chain expert Smith: “Right now a lot of life sciences companies in the US are moving towards a uniform platform to consolidate their heterogeneous systems.”



“Our recipe for success is that we concentrate and focus on supply chain planning and execution, both from business processes and the technology automation perspective.”

**Naren Gangidi**

Managing Partner,  
MSCG



“By 1998 I’d already been working as a supply chain consultant for a few years, and I’ve specialized in SAP in the segment since then.”

**Odell Smith**  
Solution Architect,  
MSCG

A technical cornerstone for this is SAP Integrated Business Planning (IBP), a cloud solution for forecasting, production, network and inventory planning along the entire supply chain.

The cooperation between the client and MSCG began in summer 2020, with rapid implementation in an existing drug division. “The inventory system was only financially integrated, and not in the supply chain,” remembers the solution architect. In the fourth quarter, the team switched to the CDMO division to develop a fundamental supply chain model by the end of the year. It was rolled out at one initial facility in January 2021, followed by a warehouse and three production lines. In total, eight experts from MSCG are working on documentation, development, functional tests, user training and project management. The client uses a similarly large team of IT professionals.

Smith says that supply chain execution and planning were standardized, all existing product lines were documented and capacity was systematically prepared in the tool. “So that they are positioned for future success and know exactly how capacity and risks have to be calculated in a new contract.” Simulations also help to estimate the financial impact of strategic investments, for example, which can take 18 months before they become operational.

In addition to standardization, at the same time it is a question of handling new requirements as flexibly as possible. If, for example,

the US government orders a certain number of vaccine doses, they become part of a priority-rated order process and specifications have to be complied with. “That’s the priority over everything else,” says Smith. However, a company can be involved in more than one government initiative: “So they have to identify the conflicting priorities, assign component requirements and let suppliers know about the specifications.” This is only possible with a systematic approach to supply chain planning.

“Our recipe for success is that we concentrate and focus on supply chain planning and execution, both from business processes and the technology automation perspective,” says Naren Gangidi, MSCG’s managing partner, who has been actively involved in this national emergency project. According to Gangidi, years of experience, expertise in state-of-the-art tools and a solid understanding of the sector are what counts most in optimizing supply chains: “Our personal contacts with these best-of-the-breed-skills, who we have built relationship with over years, continue to stay with MSCG.”

And of course it’s also a question of the quality of work and understanding what the customer really needs. “A new dashboard alone isn’t enough – we need to know how we can best handle their business requirements in this rapidly changing markets,” says Gangidi. “If you really want your customer to benefit and be successful, the goal has to be the usage of new programs to run their business efficiently rather than just launching them.”

Close cooperation within the project, user training, management awareness – “we even developed a road map for using the software,” adds solution architect Smith. The long-term relationship and the role of a trusted advisor are two main reasons why MSCG is in demand among its customers, especially in the mid-market. “They need someone who respects them, understands them and can help them efficiently.” That’s what Birmingham, Alabama, and Bielefeld, Eastern Westphalia, have in common. ■

#### ABOUT THE MY SUPPLY CHAIN GROUP

At the start of 2021, NTT DATA Business Solutions announced the take-over of the US SAP consulting firm My Supply Chain Group (MSCG) from Birmingham, Alabama. The move significantly increases its presence in the US and grows its service portfolio in the areas of supply chain planning and supply chain execution.

MSCG specializes in services for supply chain reengineering and implementation, with a focus on the modules SAP Extended Warehouse Management, SAP Integrated Business Planning/Advanced Planning and Optimization and SAP Transport Automation. Mid-sized companies in the US are currently stepping up their efforts to digitize and optimize their supply chains. MSCG employs around 120 permanent employees, and has specialized in the industries of manufacturing, consumer goods, oil and gas, chemicals, paper processing (mill industries), food and beverages, and life sciences. Together with MSCG, NTT DATA Business Solutions is also enhancing networking and cooperation within the NTT Group on the North American continent.

[www.mysupplychaingroup.com](http://www.mysupplychaingroup.com)



**FROM MINING INTO  
THE CLOUD**

## **THE HR PIONEERS**

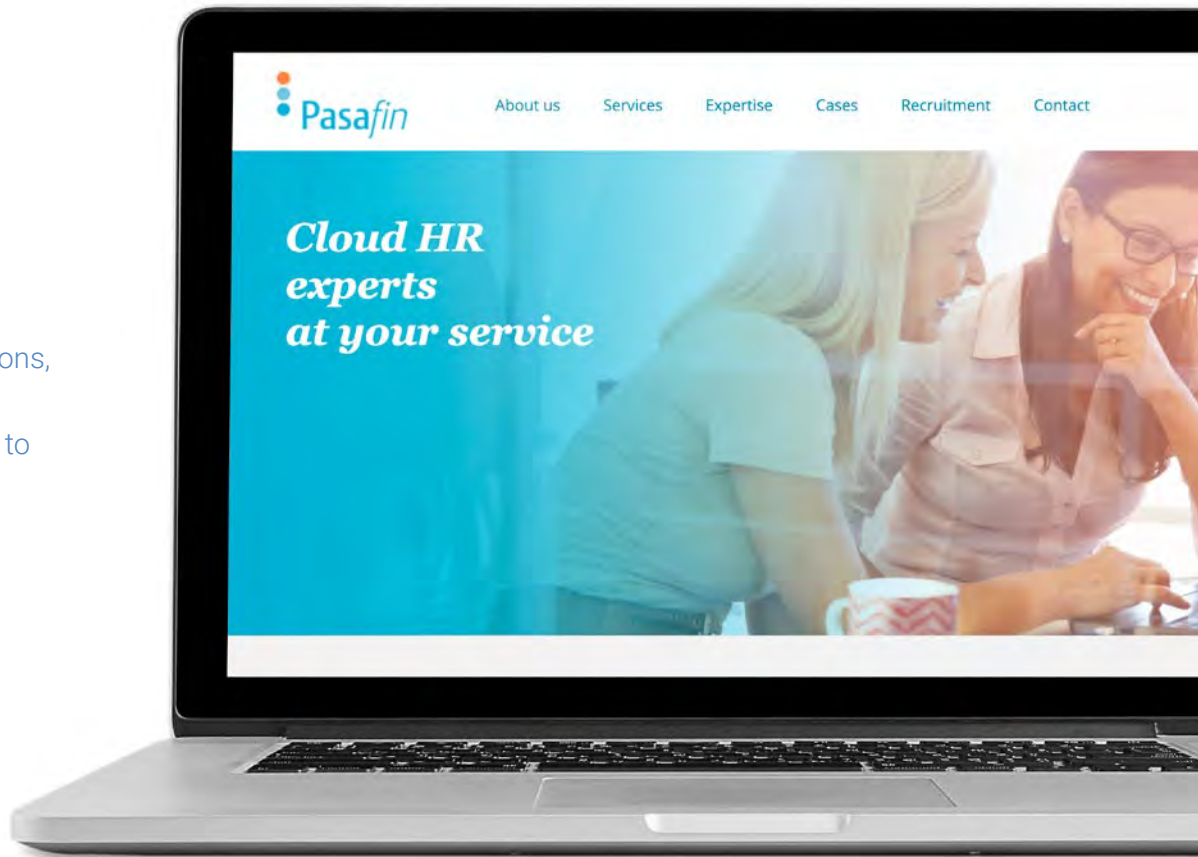
The Finnish Metso Group had to manage one acquisition, one merger and a carve-out in 2020. The company's HR applications were supported by Pasafin – the newest subsidiary under the NTT DATA Business Solutions umbrella.



“Roll up your sleeves, think in terms of solutions, break down tasks into small pieces and work to resolve them.”

**Anne Hiljanen**

Founder and Project Manager,  
Pasafin



Some years ago, Anne Hiljanen gave up her job as a manager in an IT company for entrepreneurship and immersed herself in the world of consulting: “I am especially interested in solving complex IT problems in customers’ HR applications.” This used to mean traditional applications running on an in-house data center, but nowadays it mainly involves cloud-based services. “All of our customers are there – Finnish companies were among the first to relocate their HR processes to the cloud.”

In early 2020, Hiljanen and the Pasafin team had the opportunity to get to grips with another complex “HR puzzle”. The Metso Group (mining, rock and recycling systems) acquired one company (McCloskey) and announced plans to merge with another company (Outotec) in quick succession. Meanwhile, Metso Flow Control was spun off into a separately managed and independent company called Neles. The new Metso Outotec employs over 15,000 people in more than 50 countries worldwide. Its head

office is in Helsinki, Finland. This is where Pasafin came in.

The company founded by Anne Hiljanen specializes in projects and services relating to HR IT, especially to the consulting of SAP SuccessFactors – with 15 certified consultants, it is the local top dog. Metso is one of its longest-standing customers, as Hiljanen explains: “We first came into contact when they switched from on-premise SAP HR to cloud-based SAP SuccessFactors some years ago.” The implementation encompassed all modules, with Employee Central being the last to take the journey into the cloud for now. “In 2019, the project won us the SAP Quality Award for business transformation in the Nordic countries.”

The time line for the latest major project with the mergers and carve-out was ambitious: Pasafin began planning in late October 2019, most of the consultants came on board in January 2020, and the go-live was scheduled for April. Due to formal reasons

“In 2019, the project won us the SAP Quality Award for business transformation in the Nordic countries.”

including the conditions of the merger, the go-live was postponed until early July. As the project manager recalls, this meant a total of nine exciting months including half a year working at full speed with a project team comprising ten consultants. “And we were not unhappy to have an extra three months.”

After all, this was Pasafin’s largest project during 2020: complex, global, and involving all SuccessFactors modules and processes – not only in core HR, but also in recruitment, talent management, and payroll. Hiljanen says: “We supported the customer in all of the planning steps and system-side changes of SAP SuccessFactors and integrations related to it.” The merging company Outotec already used SAP SuccessFactors for some processes, while core HR ran locally on SAP HR.

The cloned HR IT system landscapes were validated and cleaned up, with personal data and histories being allocated to the new companies and deleted elsewhere. “The puzzle comprised a lot of individual parts that we had to arrange in the right way.” Working together with the customer, the pieces were sorted and the sequence of the conversion steps was defined – all on the basis of a complex IT architecture with numerous interfaces, such as with local payroll systems. The customer’s project team was also divided between the companies, with some members moving to Neles and others staying with Metso Outotec. And, of course, coronavirus had its own impact on the plans.

According to Hiljanen, the fact that the group already ran its HR systems in the cloud was a huge benefit for the project and made

the short duration possible in the first place. “They do not require an army of consultants like they used to, configurations are fast to do, there is no need for own servers, and SAP takes care of the technology,” she summarizes. Hiljanen notes that benefits like this had already become apparent from smaller acquisitions in previous years. “If the customer had not implemented SAP SuccessFactors in its HR core, the project would have been extremely challenging given all of the employees, the organizational structure and the reporting connections involved.”

For the management of Metso Outotec, it was important for employees and management to be able to see their position within the new organization from the very first day after the merger and carve-out. In addition, the next steps following the merger were based on a comprehensively recorded organizational structure and one common source for identity management. Among other things, this meant sharing master data with other systems in order to allow the reorganization to be planned more effectively “and the new company to be seen in its entirety”. Ultimately, SuccessFactors became the first global system at the new Metso Outotec, and hence a pioneer within the group – the reorganization of the ERP landscape only began later.

The customer’s highly experienced project team was a real plus, as Hiljanen explains: “Having worked together for years, we already knew each other well, including our style of work and the solutions involved.” This helped the team to maintain a good atmosphere even when surprises reared their head. “Roll up your sleeves, think in terms of solutions, break down tasks into small pieces and work to resolve them.” The right work ethic and shared values such as energy, expertise and passion were also what persuaded her to become part of NTT DATA Business Solutions in 2020: “The good feeling I got from their Nordic HR team in particular was the key.” ■





With 15 certified experts for SAP SuccessFactors, **PASAFIN** is one of Finland's largest consulting firms in the segment. Formed in 2005 with HR, finance, logistics and SAP technology as its initial pillars, the company began focusing purely on HR just a few years later.

In addition to SAP SuccessFactors implementations, the company also offers HR Advisory (for SAP SuccessFactors, Workday HCM, and other HR IT products), application management services and cloud experts on demand. The name Pasafin comes from the old "Accelerated SAP" method (ASAP) for the more rapid implementation of SAP R/3. "We simply reversed the abbreviation and added 'Fin' for Finland," Hiljanen explains. Pasafin was acquired by NTT DATA Business Solutions in late 2020.

[www.pasafin.fi](http://www.pasafin.fi)



"We supported the customer in all of the planning steps and system-side changes of SAP SuccessFactors and integrations related to it."

**SAP S/4HANA  
IN RESEARCH AND  
UNIVERSITIES**

# GISA CREATES ROOM FOR INNOVATION

The intelligence subsidiary GISA is expanding into a new business area – by using digital innovation and personal proximity. This commitment is paying off: The relatively new Higher Education & Research business line has landed one of the biggest contracts the industry has seen in recent years. Now GISA is setting its sights on new milestones.



Marco Fahsel has one clear goal: "When a university chancellor gets a call in the middle of the night and is asked for a reliable IT service provider, his immediate answer has to be 'GISA'." Now Fahsel has taken a crucial step towards achieving his goal. The business line manager, who built up Higher Education & Research at the IT provider GISA, has landed an SAP project with five Bavarian universities for applied sciences in Munich, Augsburg, Coburg, Ingolstadt and Landshut as the general contractor. Another 13 Bavarian universities are to follow in the coming years.

Getting to this milestone was a marathon, not a sprint. Fahsel came to GISA in 2017 to build up the Higher Education & Research business line: "We had a dozen unrelated customers in this segment and we wanted to create a place for them in the company's strategy." The goal was to establish a business area that could become similarly important to the core business at the time of Utilities. Fahsel says that he spent almost a year talking to universities, analyzing the portfolio and honing a strategy. Something that helped a lot was the fact that he'd already been familiar with the sector and the contacts for years with other employers – including SAP.

The time was right, major opportunities were emerging: The competition was slow off the draw, some had gotten their fingers burnt on invitations to tender, and the target market of 166

universities and 19 Helmholtz research centers had to make active strides in their digital transformation. But things weren't as they once were: It used to be that universities were the pioneers of technological development on the new territory of the Internet, today they are adrift in an ocean of complex technical dependencies. And while stakeholders' requirements are rising, the personnel and financial resources available for administrative work in particular are relatively unchanged. In short, says Fahsel, there isn't much headway for innovation: "What we want to do is strengthen administrations in this situation."

The pan-European invitation to tender for the project was kicked off at the end of 2018 and took almost a year. As two similar joint projects had just recently failed in Germany, above all the business line manager had to build and invest trust: "We made our solution available for two weeks so that staff at the five universities for applied sciences in Munich, Augsburg, Coburg, Ingolstadt and Landshut would have plenty of time to test it out." To great success – the group signed the contract. The project will take several years altogether. During this time, requirements will be gathered, channeled into a system and then adapted for the individual universities.

Functionally, it consists of 20 digitized processes for administration, including budgeting, accounting, procurement and reporting. It comes as no surprise that the solution was delivered using



"When a university chancellor gets a call in the middle of the night and is asked for a reliable IT service provider, his immediate answer has to be 'GISA'."

**Marco Fahsel**

Head of Higher Education & Research,  
GISA

SAP software. At its heart is the “GISA University Master”, based on S/4HANA. “We started with a clean slate and developed the state-of-the-art system without any baggage based on our own experience,” says Fahsel. The motto is “SAP standard first!” The universities’ specific processes were also recorded and implemented in current technologies, such as SAP Build and SAP Fiori.

In addition to the strategic approach and personal engagement, partnerships are also a key to success. These include the majority shareholder NTT DATA Business Solutions with an exclusive go-to-market approach for Fahsel’s business line in Germany. NTT DATA Business Solutions also has a Higher Education division focusing on the UK and Benelux. One medium-term goal is to get the initiatives more closely interwoven. “We will bolster our joint portfolio for the DACH region by working as partners, and by working on pooling existing customers and expertise.” The significance of NTT DATA as a partner is also on the rise. That would mean regular (online) meetings and talks for getting in closer to the sector’s needs and decision-makers. “It’s in the pipeline.” Other partners are BPC AG and arf GmbH – two consulting companies that specialize in the public sector and helped to shape the GISA University Master.

The latest version isn’t set in stone, says Fahsel: “We’re investing a lot of innovation in product development and plotting a road map for innovative aspects, such as AI and RPA.” Fahsel also has plans for growth in business areas, such as student lifecycle or research management. “Besides the secondary administrative

processes, we have to get into the core processes of universities and research institutions.” That can only be done by regularly talking to them about their IT challenges. “Then they catch on soon enough why what we’re developing can benefit their institution.”

Overall, Fahsel feels that his business line is on the right path. “Thanks to the GISA University Master, universities and research institutions could keep running and be innovative at the same time even with just a small staff.” This lightens the load for the chancellor, so that he can focus on key matters and questions of digitization. Questions like: “Do you know a reliable IT service provider for universities?” ■



**GISA** is a holistic IT service provider from Halle/Saale with around 830 employees. Its range of services extends from process and IT consulting to the development and implementation of IT solutions and the outsourcing of end-to-end business processes and IT infrastructures. As a multi-certified SAP partner, GISA operates throughout Germany as one of the leading experts for the energy industry and the public sector with an extensive portfolio of solutions for industrial SMEs. It acquired 51 percent of GISA in 2014.

[www.gisa.de](http://www.gisa.de)

[www.hochschuledigital.de](http://www.hochschuledigital.de)



**>460**  
**SAP S/4HANA PROJECTS**

Taking the next level together. Together with our customers and our partner SAP, we form strong relationships that outlast technology trends and create sustainable value for all. Within NTT DATA, we are continuing the digital transformation success story from this unique position.

**We Transform. SAP® Solutions into Value**

**>5,000**  
**MANAGED SERVICES CONTRACTS**



**FLEXIBLE,  
WELL-READ AND  
PATIENT**

# THE AI PRIVATE TUTOR OF THE FUTURE

Children who are unable to go to school rely on digital learning aids and lots of self-motivation. A new AI program from NTT DATA Business Solutions supports them and their parents: The AI Learning Helper teaches elementary school children how to read aloud in English and understand stories.



## **INNOVATION, ETHICS, AND SUSTAINABILITY**

The cooperation between the AI Learning Helper and the Denmark South school district forms part of NTT DATA Business Solutions' CSR initiative. All the innovation projects support the corporate social responsibility (CSR) requirements as well as the United Nations Sustainable Development Goals ([sustainabledevelopment.un.org](https://sustainabledevelopment.un.org)). The team headed by Mark Albrecht already won the NTT DATA sustainability prize in 2020 for a project with the Danish child welfare organization Børns Vilkår. The joint AI solution can be used to support, improve and accelerate counseling sessions with children.

NTT DATA has also adopted ethical guidelines on artificial intelligence (AI). The IT service provider is taking responsibility for shaping a society in which people and AI coexist and collaborate. On the basis of these guidelines, NTT DATA Business Solutions will promote, research, develop, and facilitate AI, and use it for the common good. The aim of this work is to use AI to foster a sustainable, integrative society geared towards human needs while reducing potential negative aspects of AI.



There are many reasons why children do not go to school, from physical and mental disabilities and temporary illness to an active choice on the part of their parents. Home schooling has become hugely more commonplace as a result of the COVID-19 pandemic. But learning from home is not easy: Children miss participating in lessons with their friends, feel less motivated, and are more easily distracted. Parents often have to juggle their work commitments with educating their children, while teachers find it hard to keep a classroom's worth of children engaged virtually, track their learning progress, and give individual attention and support to each child. Inevitably, things don't always go to plan.

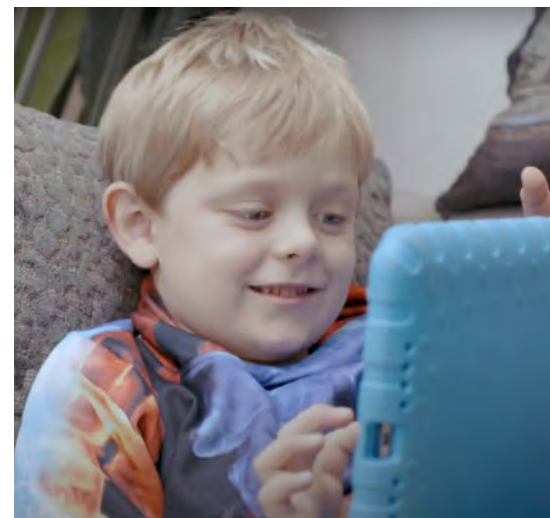
An innovation team led by Thomas Nørmark has developed an approach to solving the problem: the AI Learning Helper. Nørmark, Global Head of AI & Robotics at NTT DATA Business Solutions and himself a father of two school-age children, has combined state-of-the-art AI methods with a user interface that is designed for the target group of elementary school children. It aims to help them learn how to read in English. "The idea came about during the first wave of coronavirus, when it proved almost impossible to reconcile the needs of children and parents faced with learning and working from home respectively." Nørmark looked for a way of providing targeted support in the form of a virtual teacher that can engage with individual achievement and progress. The AI Learning Helper is ideal because it is always available, flexible, well-read, and patient. And it is a lot smarter than the existing learning apps.

For something that is "just" an app on the pupil's tablet, the solution proved to be anything but trivial. With technological assistance, the virtual buddy can recognize gestures and body language, provide emotional feedback, analyze pronunciation phonetically, summarize content, generate questions and answers on the basis of a text, and recognize image objects. Even with all their AI experience, Nørmark and his employees needed support: "We cooperated with the renowned MIT Media Lab and the NTT Boston Exponential Hub, both of which provided valuable input for the project," explains the AI expert.

For Mark Albrecht, Head of Innovation at NTT DATA Business Solutions, partnerships like this are worth their weight in gold: "These institutions are researching the technologies of the future – and interestingly, MIT is working on the same topics as us." The researchers are focusing on children and how to interpret what they say and recognize their emotional state. "This showed us that Thomas's team is leading the way with its AI application – making it a think tank for our Group in the coming years." The AI Learning Helper has also established itself as a ground-breaking project in NTT DATA's global CTO circle, because the underlying technology can be easily transferred to other business applications.

The technical basis has been developed over recent years and tested in various scenarios. "Our digital human platform allows us to create human avatars that act in real time," explains AI

"The idea came about during the first wave of coronavirus, when it proved almost impossible to reconcile the needs of children and parents faced with learning and working from home respectively."



expert Nørmark. Artificial intelligence allows the avatars to interpret and express emotions, but also to operate on a content level. “We are replicating human appearance and intelligence in digital form.” In addition to the new AI teacher, NTT DATA Business Solutions has already used the platform to develop shop floor assistants, tour guides, a digital switchboard, and the Kia Mia virtual car salesperson.

There was no shortage of technical challenges to solve. “In the beginning, we had big problems with translating audio signals into text,” Nørmark recalls. Providers like Google offer very good AI services for speech and voice to text. “But we discovered that they were actually far too good for our needs.” When a child pronounced a word incorrectly, it was automatically corrected by the AI service – the software guessed what the child meant to say and the answer was marked as correct. “But we didn’t want to identify the right word, we wanted to find out whether the child was pronouncing it correctly.” Ultimately, they located a start-up called Speedace, whose neural network is capable of analyzing the phonetic representation of sound waves. “That was the key to our solution.”

Another important task was summarizing the child’s input. The AI teacher ultimately has lots of options at its disposal when it comes to shaping the learning journey: recording illustrations in books, summarizing content, talking about stories, and

comparing the child’s efforts with the correct pronunciation. “All of these elements use AI to interact with the child.” This is made possible by AI language models like GPT-2 from the OpenAI initiative, which is supported by the likes of Elon Musk and Microsoft. “We also had access to the newly released GPT-3, which is more powerful than its predecessor by a factor of 100.” The top level of the neural network is trained with domain-specific data – in this case, children’s books. The method can analyze 175 billion parameters and has read around 300 billion lines of text, according to Nørmark. “As recently as two years ago, the AI Learning Helper would not have been technically possible.”

The project also relied on overarching cooperation within NTT DATA, as Mark Albrecht reports: “The team included three specialists from the United Kingdom, three from Romania, a colleague from Australia, and five experts from Denmark.” The Brits took care of the customer experience and the user interface, while the Romanians used their edge computing expertise to solve issues with the audio input thanks to their experience of embedded software in the automotive industry, Albrecht explains. “We are sharing the assets of the NTT DATA Group to create something new for the entire organization.”

Nørmark also intends to drive innovation with version 2.0 of the AI Learning Helper: “The aim is for the AI to be able to develop its own learning materials.” If the child wants a book featuring a

“All of these elements use AI to interact with the child.”

**Thomas Nørmark**  
Head of AI & Robotics



TN

pirate, a dragon and a fire engine, the GPT-3 language model can invent a new story based on the hundreds of children's books that were used to train its neural network. "The AI Learning Helper is not designed as a replacement for human care and attention," concludes Nørmark, "but it can certainly provide valuable support in difficult times." ■

**THE AI LEARNING HELPER**

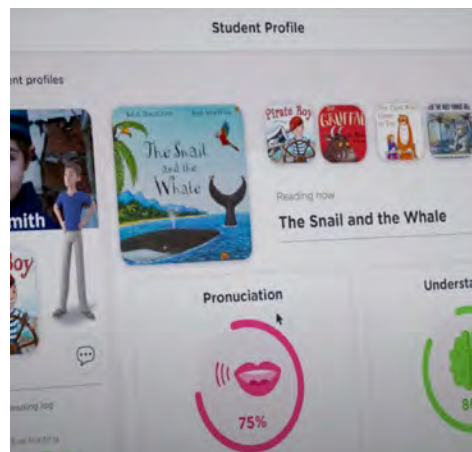
The AI Learning Helper was recently made available as a minimum viable product and is now being tested and optimized. The AI aims to teach English to Danish children. "I wish the software was already finished," says AI expert and project manager Thomas Nørmark in light of the ongoing coronavirus pandemic. Considering the effort and technical challenges involved, the project time frame to date has been extremely short. "The reason we have made so much progress is because we can implement solutions quickly with a little agnostic approach and the resources of the Group."

The AI Learning Helper is currently aimed at supported reading for children aged between seven and ten. Reading is the bedrock of learning at this age and is incredibly important for children's further development. "Many children need continuous support and guidance," says Nørmark. The AI Helper is the epicenter of a learning universe comprising books and illustrations. It can be personalized and – unlike traditional learning apps – it can respond to the child's actions, emotions, and individual progress in real time. Reading a text involves decoding (pronunciation/phonics) and comprehension (understanding/description/vocabulary).

In addition to supporting a traditional learning strategy, the system can adapt to particular conditions. "When it notices that the child is distracted or demotivated, it changes position and reads aloud itself or engages in small talk," explains AI expert Nørmark. This approach was developed during the project in response to extensive discussions with children, teachers and parents "as a way of reintegrating the child into the learning flow".



You can scan the QR code to watch a video about the AI Learning Helper.

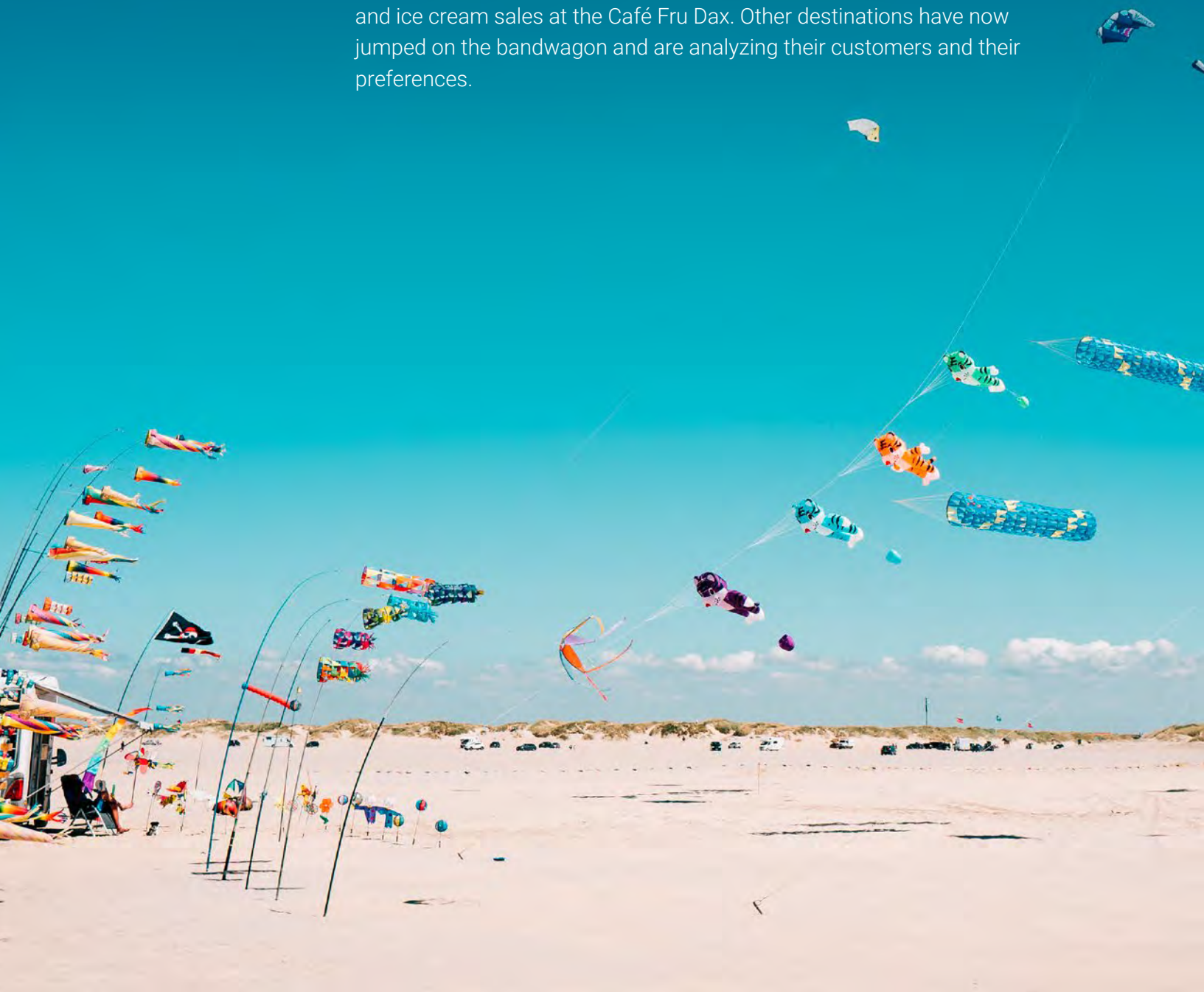


"Our digital human platform allows us to create human avatars that act in real time."

**VISIT DENMARK!**

# SUN, SEA, AND A WHOLE LOT OF DATA

A team from NTT DATA Business Solutions measured the Danish holiday island of Rømø digitally in order to capture tourist flows, water consumption, and ice cream sales at the Café Fru Dax. Other destinations have now jumped on the bandwagon and are analyzing their customers and their preferences.



“Rømø is the southernmost of Denmark’s Wadden Sea Islands. It is located around six kilometers south of the island of Mandø and three kilometers north of Sylt. With its kilometer-wide beach on which driving is permitted, Rømø is a popular tourist destination.” What Wikipedia describes in such plain terms is the idyllic vacation spot for many tourists. A little house, dunes, a vast beach – and direct island access via a causeway, with no train delays and no need to board a ferry. However, almost no one is aware of what makes Rømø truly unique: It is a “smart island”, a large-scale field experiment comprising a network of sensors and a cloud platform for integration and data evaluation – from shower heads to social media posts.

The Danish tourism authorities realized the “Digital Destination” project together with NTT DATA Business Solutions, with the involvement of researchers from Copenhagen Business School and Aalborg University. It involved analyzing and forecasting flows of people, holidaymakers’ buying habits and water and energy consumption, traffic flows, weather information, and data from the web. Taken together, this delivers real-time insights into connections that would otherwise be invisible.

Rømø, one of Denmark’s most important vacation destinations, was the ideal test bed for a range of strategic objectives with the

aim of promoting sustainable year-round tourism:

**1 GREEN AGENDA** – Making the Danish tourism sector generally greener with regard to tourist behavior and services.

**2 KNOW YOUR CUSTOMER** – Helping tourism organizations to get to know their customers, their preferences, and how they spend their money.

**3 CUSTOMER SATISFACTION** – Defining measures to increase tourist satisfaction.

**4 GROWTH MINDSET** – Finding answers to the question of how to positively influence the revenue of the island’s stores and service providers.

**THOMAS KIERKGAARD** was the NTT DATA Business Solutions project manager for the digital measurement of the island, which began in April 2020 – a little later than planned due to coronavirus – with a core team of five experts: “Beyond a few additional sensors, we did not install any infrastructure on Rømø but largely used existing devices instead.” This includes several cameras

TK



“Our main task on the island was to aggregate all data and integrate it on our cloud platform so that we could analyze it.”

**Thomas Kiergaard**

Project Manager of  
NTT DATA Business Solutions

used by the municipality to monitor its streets remotely. The images supplied are evaluated using an AI platform from NTT DATA Business Solutions to record the number of pedestrians and vehicles and the routes taken. “Our main task on the island was to aggregate all data and integrate it on our cloud platform so that we could analyze it,” explains project manager Kierkgaard.

Other places where information is collected on Rømø include garbage cans, flow meters, parking lots, sanitary facilities, and at the point of sale – such as revenue and the cardholder’s origin. This data is uploaded to the Azure cloud in line with data protection regulations before being transferred to an SAP system, where it is supplemented by mobile network, weather and statistical information – and 47,675 Instagram posts with hashtags relating to Rømø that were made on the island. “Our AI recorded the objects in the images and the core message,” says project manager Kierkgaard. The classics: watersports, horses, festivals. Differences were identified compared with the benchmark – the holiday island of Bornholm – when it came to tourist behavior outside of the peak season, e.g. due to events in late summer and fall.

Quantifying the exact number of tourists alone was enough to justify collecting and analyzing the data, since the estimates made on the island had shown huge variations over the years. Kierkgaard: “We were able to say with certainty that a maximum of 58,000 people can visit Rømø every day.” In addition, it is now possible to realistically forecast visitor numbers for the following

day. “This helps the ice cream parlors to work out how many employees they need and how many waffles to bake in the morning.” Notably, ice cream sales are driven less by the sun and more by the wind: An easterly wind draws people to the sea, several kilometers away from where the ice cream sellers are, whereas a westerly wind makes swimmers congregate in the dunes where they are nearer to the local businesses. “Now the sellers know to send their mobile ice cream stalls to the seaside when an easterly wind is forecast.”

Kierkgaard says that similar analyses were also performed for the island’s supermarkets, where business is affected by factors such as the composition of the visitor flows. Even when Germans book a majority of the holiday homes, this is not reflected in the revenue of the local shops. For example, a majority of ice cream and food sales during the week comes from Danish customers. “Then we see a sharp rise in demand from German buyers on the changeover days at the weekend,” Kierkgaard reports. “Based on the customer group, clear differences in product sales can be observed and predicted – for example, there is a significant gap in beer and mineral water sales.”

Another goal is to improve ecological sustainability by lowering water consumption. To this end, flow meters have been installed in the bathrooms of the holiday homes and the results are displayed on a public screen. “This has reduced average consumption by between 15 and 20 percent without having to make anyone feel like they are being lectured to.” For Kierkgaard, however,



“Now the sellers know to send their mobile ice cream stalls to the seaside when an easterly wind is forecast.”



the biggest success of the project “is the bridge we have built to people and companies with little experience of technical IT solutions.” Ice cream parlors, supermarkets, tourist service providers: “They had to be shown what data analysis in the hybrid cloud can do and how the project will benefit their bottom line.”

Following on from Rømø, the NTT DATA Business Solutions team is now working with the tourism authorities to win over other Danish destinations for the concept. A second island, Mandø, is in the starting blocks. “Our platform is scalable and ready to use,” says project manager Kiergaard. “We can start now and let the project run throughout the summer season.” Incidentally, the German weather report turns out to be a distinct driver of tourist demand. “When reports of heatwaves in Spain with temperatures of up to 45 degrees are broadcast on television, many Germans look at booking a vacation in Northern Europe instead,” explains Kiergaard. This is the ideal time for the Danes to launch their social network marketing campaigns – with images of watersports, horses, and festivals. ■

#### A FLEXIBLE DATA PLATFORM

NTT DATA Business Solutions developed a multi-cloud ecosystem for analyzing various data sources for the island of Rømø. Six experts from the Nordics organization and the head office in Bielefeld made up the core team, supported by NTT DATA specialists from the US and Romania. The centerpiece was a technical platform that can process information from a wide range of sources as required.

“Above and beyond applications for tourism, our data analysis platform offers the benefit that we can easily model different business cases,” says Mark Albrecht, Head of Innovation at NTT DATA Business Solutions. Project-specific adjustments mainly relate to the integration of data sources, such as cameras, industrial scales or public social media posts, into the infrastructure layer. The following pages describe an example of how the platform is being used on an automotive supplier’s production line.

In addition to tourist data on Rømø, which enable sales forecasts and a deeper understanding of demand, Mark Albrecht says the platform can be used to create smart cities or to analyze patterns in water quality. Instead of having to perform downstream quality control, a pharmaceutical manufacturer can use the solution to detect in advance when the process water is no longer good enough for the respective product. Albrecht adds that the key point is not technical feasibility, but the questions the tool can answer for the customer. “It always comes down to the business focus of the project – ensuring that it makes sense for the customer and that it ultimately pays off.”



**FLEXIBILITY  
WINS**

## **IOT SOLUTIONS: GETTING A GOOD FIT**

Cameras and AI analysis go together well. But sometimes the solution doesn't fit the company's reality. It's good when you have a plan B up your sleeve to solve the problem flexibly and efficiently.



The problem can be quickly described: Parts for car assembly have to be packaged so that they can be smoothly incorporated into production. If they're damaged, sorted wrong or if the number isn't right, it will have financial consequences for the supplier – in this case a German plastics engineering company. The central question: How can technology support the packaging process and people to reduce the error rate and streamline processes?

This is a case for **WOLFGANG MÖLLER** – he's in charge of IoT innovation issues and runs the Center of Excellence for IoT at NTT DATA. "The supplier is an interesting customer because they're open to new ideas that go beyond traditional process optimization in logistics and production." For Möller, this is state-of-the-art technologies coming together in a single context, such as image data analysis with cameras as IoT devices and AI models. "We analyze the customer requirements and consider which modules and platforms from our technology portfolio can be used to make the company smarter and more innovative."

The IoT expert sees it as his job to lead the customer through a pragmatic innovation process. "It has to work, it has to be a good fit for the application and it has to pay off." The joint team initiated a proof of concept (PoC) that looked at multiple IoT

solutions based on cameras. This included, for instance, the automatic booking of OEM packaged goods as incoming goods and a goods transaction when they are brought into production from the warehouse. And, in production itself, cameras could check the injection-molded parts and their packaging. Finally, they could monitor and record when a packaging process is complete and the package is ready for shipping.

All concepts were analyzed and weighted with the customer, says Möller: Where's the greatest potential, the greatest risk, the greatest RoI? "Ultimately the decision was made to optimize packaging in production." The planned solution was that a camera on the wall above the packaging station keeps an eye on how many products the worker puts in cases and whether they're properly positioned in the package. They can even tell when parts are taken out and put back in the right place. The cameras compare all this against the specific plan for each individual product: "You need a lot of images to do that, a lot of processing power and well trained analytics models," says Möller. For every product, every workstation and different lighting conditions in shift operations, you need an individual AI model to decide what's "wrong" and what's "right".

In addition to having the camera check that packaging was

"We analyze the customer requirements and consider which modules and platforms from our technology portfolio can be used to make the company smarter and more innovative."

**Wolfgang Möller**  
Global Director  
Discrete Industries &  
Internet of Things



WM

correct, the team considered using industrial scales for the final booking of the completed packaging. Parallel to this, the PoC solved another problem for the customer: replacing work and packing instructions in paper form in the work place with real-time information. "That helps us to better visualize the packaging rules for workers with current data – a huge advantage." All the information on the products is in the SAP system.

After technical feasibility, the ROI was calculated. The result was clear: "The costs for this application over the entire lifecycle were so high that there would never have been a positive ROI," remembers Möller. Even manual packaging costs and OEM penalties for errors would not have justified the use of AI and cameras. But he thinks this is a positive result anyway: "In every PoC we use an iterative process to get to something that's the right fit for the customer." What's crucial is approaching things in the right order, from the process through the technology to the solution.

At the same time, closing the door on cameras meant opening a window for scales: They show all the relevant information on the weight of the materials, the boxes and the layer pads on the screen from the SAP system. Then it simply does the math and shows the number of packaged products. Once the target is reached, the worker is shown a message on the screen that they confirm. The scales serve as an IoT device and then send the packaged quantity back to the SAP system.

The quick switch to plan B is made possible by pre-configured solutions based on a technology platform that is individually and flexibly tailored to requirements. So the move from cameras to scales was a quick, agile project. Möller says it's a misconception that IoT projects are vast and expensive: "Usually they start with the planning, testing and implementation on a single piece of machinery before scaling up and using the multiplier."

And the solution ultimately used, it.x-scale, is an established NTT DATA Business Solutions packing station software already in use in other sectors. No wonder that Möller expects more hybrid approaches in the future, "because off-the-rack solutions often aren't a good fit for IoT". Every IoT ecosystem and every



technology has its strengths that have to be incorporated into the respective process worlds. These strengths also play a role later on, for instance when expanding the solution. Today's on-screen entries could be replaced by a chatbot using SAP technology. "It's the smart interaction between processes, technologies, people and data that creates the optimal solution." ■



SCALING  
INNOVATION

## FROM AN IDEA TO A GLOBAL PRODUCT

A new structure is bringing the innovation and product business of NTT DATA Business Solutions closer together. Nicolaj Vang Jessen and Mark Albrecht report on why the new division was created and what its goals are.

**MR. VANG JESSEN, AT NTT DATA BUSINESS SOLUTIONS ,  
INNOVATION WAS ALWAYS A TOP PRIORITY.  
NOW YOU'VE REORGANIZED THE DIVISION. WHY?**

**NICOLAJ VANG JESSEN:** NTT DATA Business Solutions realized early on that we generate more value for our customers when adding our own solutions where needed to achieve the best possible solution for our customers. Historically, our Line of Businesses therefore developed their own software, when they came across issues or aspects, that wasn't covered by the standard solution we were implementing. This recipe for success made us the market leader for SAP-based industry solutions back in the 90s, but also resulted in a de-centralized product business. In 2017, we created a global department to focus on streamlining our global product portfolio and scale our solutions, so even more customers could benefit from these product inventions. This has been a success and we have also started to invest in developing "born global" software solutions that generate value across a variety of business and industries. This naturally led to a close collaboration with our global innovation and R&D department, and therefore it was a logical next step to merge the two functions in 2020 to fully exploit synergies.

**WHAT PROBLEMS DOES THIS SOLVE?**

**VANG JESSEN:** It increases the speed of innovation in our product business, allowing us to be closer to the market. Mark's existing innovation team was great at multinational collaboration and in experimenting with new technologies in collaboration with partners and customers – an ability that any product development team naturally would benefit from. The product team, however, knows how to take these experiments and turn them into – well, you guessed it – a product, and thereby making it scalable. Therefore, we've combined the functions and now we're using a structured approach to drive innovation in the product development team.

**MARK ALBRECHT:** The innovation team has the possibility of using our NTT DATA R&D funds to integrate the latest technologies. When having learned how to use a given technology in an innovation project, our new structure offers an organized way of

accessing if the technology can be used in other sectors or to solve other problems than in the initial PoC. In this way, we can better replicate our successes in other markets as well.

**HOW DO YOU DESIGN THE COLLABORATION WITHIN THE  
NTT DATA GROUP?**

**VANG JESSEN:** We're working closely with our Japanese parent company in a so-called "market focus team" led by us, which is more relevant than ever, now that NTT has broadened its focus on SAP. We also share issues in the Group's global CTO community to leverage each other's knowledge. It's not just about generating business, it's also about inspiration.

**ALBRECHT:** Since we in some areas have started to move beyond the classic SAP world and gather experience in various modern fields – from automation to IoT to AI and data analytics, we draw very much on the expertise and R&D knowledge of NTT DATA. For instance, the projects "Smart Island" (see page 64) and of a German automotive supplier (see page 69) show us how we can deploy our classic business in two areas using a flexible technological platform. To do so we're reaching out to NTT DATA and utilizing the expertise of the other organizations in the group. But we're also sharing our knowledge, experience and assets. It's a win-win situation for every member of the NTT family and of course also for our customers. In this way, we encourage our colleagues to inspire our customers, making sure we find the best solution to enable our customers' business processes with new technologies and maybe even new business models.

**OTHER THAN CLOSE COOPERATION, WHAT DO YOU THINK ARE  
THE MOST IMPORTANT FACTORS FOR SUCCESS?**

**ALBRECHT:** Customer proximity has always been number one for us, because it allows us to understand their needs and then incorporate our own experience, providing us with the inside-out perspective on our customers' challenges. On the other hand, we follow a global strategy where we focus our innovation in six digital areas from cybersecurity to customer experience, analyzing what goes on in the market. That allows us to also address challenges in our customers' business processes applying an

outside-in perspective. When we work with innovation cases, we try to look beyond the short-term future of our customers, to ensure that our portfolio will serve them for many years.

**VANG JESSEN:** The whole point of our innovation is to help our customers on their transformation journey. When we work with new technologies, we always maintain focus on what the customer actually needs, as well as what makes sense in their landscape. By working intensively on their issues, we both support their change and open up new possibilities for them. That is how we remain a relevant partner for our customers – by creating value.

**AREN'T YOU SHIFTING TOO FAR AWAY FROM YOUR CORE BUSINESS, HOW LONG WILL YOU BE ABLE TO KEEP UP THE BALANCING ACT?**

**VANG JESSEN:** Some of our innovation projects, like Frontline AI, the PoC for our digital assistant it.human, seem a bit weird at first because they're not related to our existing customer base and our established portfolio. But these innovation projects offer a chance for us to gather experience and develop showcases that we can then use to discuss tangible solutions for other remits. Working on innovation cases makes it easier for us to change the way we think and subsequently transfer new knowledge to our customers. It allows us to be a sparring partner in their transformation journey. Without innovation projects, we would never gain the necessary background knowledge to conceptualize a good, modern solution in a specific situation. It's the only way that we can keep on being a relevant partner in a volatile world.

**WHAT'S YOUR BROWNFIELD STRATEGY? HOW DO YOU MAKE SURE THAT YOUR EXISTING PRODUCTS WILL STILL BE VIABLE IN THE FUTURE?**

**ALBRECHT:** For a year now, we've been running a pilot transformation project in collaboration with SAP aimed at renovating existing products to get them ready for the "new world", namely the world of the cloud. By giving the products this lift, we make sure that they can support customers in their new cloud setup. We also overhauled the digital platforms that we use to present our products. In 2020, we rolled out a new global e-commerce platform – the intelligence AddStore –, which is based on SAP Hybris. That's how we've specifically prepared for the future, especially for the Industry Cloud transformation.

**NOT EVERY INNOVATION IS AUTOMATICALLY A SMASH HIT. HOW DO YOU GAUGE THE MARKET POTENTIAL OF YOUR NEW DEVELOPMENTS?**

**ALBRECHT:** It's not that we just innovate at random and then go knocking on people's doors. The customer is always at the heart of the ideation story and the decision-making process. We analyze sectors, market segments, current customers' business processes and we calculate business cases. This gives us a chance to continuously validate whether our idea makes sense, for instance by seeking the input of our global innovation community and the narrower partner network. Then we map out a route to implementation and positioning for the given innovation case.

**VANG JESSEN:** That's the classic way of looking at product innovation, and it's of course the only way to do it. But at the same time, I would like to highlight that our colleagues are also allowed to try out ideas that seem pretty "out there" for R&D purposes. Innovation happens when you let minds roam free. If the idea then shows signs of promise, it will lead to a small pilot with a customer or a partner – a test is always better than discussing it with ten experts. Of course, this is only the approach at PoC

level. If we're developing an actual product, we switch to a different gear and apply a structured process with real criteria and indicators. Our innovation strategy is a three-step approach. First inspiration and small tests, second co-innovation with partners and customers in projects and thirdly the specific product development. Our former innovation team excels in the first two steps, while our former product team excels in the last two. With the new merged function, we are bringing together these skill sets in one place to fully exploit our good ideas and scaling our talent and solutions. ■



**NICOLAJ VANG JESSEN** is an Executive Vice President with global responsibility for IP (products) and NTT DATA Business Solutions' Nordics and Eastern Europe (NEE) region. He was the co-founder, partner and CEO of the company 2C change, which was bought by itelligence ten years ago.



**MARK ALBRECHT** is the Vice President Global Head of Innovation in charge of introducing and using the latest SAP technologies and innovation in NTT DATA and NTT DATA Business Solutions. He is also responsible for national and international R&D projects, the management of the long-term product and solution portfolio and is a member of the global NTT DATA R&D CTO Committee.







## GROUP FINANCIAL REPORT\*

---

Group Management Report .....	84
Consolidated Income Statement .....	124
Consolidated Statement of Comprehensive Income .....	125
Consolidated Balance Sheet .....	126
Consolidated Cashflow Statement .....	128
Consolidated Statement of Changes In Equity .....	129

\* This publication does not take the form required by law.

---

## OTHER INFORMATION

Audit Result .....	130
Service & Publication Details .....	131

## REPORT OF THE SUPERVISORY BOARD

**Ladies and gentlemen,  
dear friends of the Company,**

Despite the difficult conditions under the pandemic, itelligence AG increased its revenue in 2020 as a whole with growth of 3.2% to BEUR 1.072 as against BEUR 1.038 in the previous year. We are particularly proud of our employees all over the world, who adapted to the unusual circumstances excellently and who always did their best for our customers. itelligence has essentially grown as a result of acquisitions in Brazil and Thailand. In Asia, itelligence more than doubled its revenue. There was a clear upward trend in earnings in the fourth quarter of 2020. For the fiscal year as a whole, itelligence AG generated EBITA of MEUR 32.0 after MEUR 38.4 in the previous year, with an EBITA margin of 3.0% after 3.7% in 2019. However, in the fourth quarter, EBITA climbed by a strong 34.9% from MEUR 12.9 in the same quarter of the previous year to MEUR 17.4; the EBITA margin thus improved significantly from 4.5% to 6.1%. Overall, the itelligence Group can look with confidence to the new fiscal year thanks to its excellent market positioning. Its goal is to continue the earnings momentum from the fourth quarter of the past year into 2021.

The Supervisory Board performed the tasks assigned to it by law, the Articles of Association and its Rules of Procedure in the 2020 reporting period. It regularly advised and monitored the Management Board in its management activities and was involved in all decisions of material importance to the Company immediately and at an early stage. The Supervisory Board also thoroughly examined, extensively discussed and ultimately voted on the reports and proposed resolutions of the Management Board.

In all cases, the reporting by the Management Board met the requirements of the Supervisory Board in full. The Supervisory Board received detailed, timely information from the Management Board in both written and verbal form on the Group's position. There was a particular focus on presenting the development of the net assets, financial position, results of operations, fundamental issues of corporate planning and strategy, the financing and liquidity situation, the risk situation, risk management, compliance requirements and significant transactions. Above and beyond this, the Chairman of the Supervisory Board was regularly informed about current business developments, the medium-term outlook and other key issues. Potential future scenarios and the future

focus of the divisions were also discussed with the Management Board. No conflicts of interest arose within the Management Board or the Supervisory Board in the year under review.

The Supervisory Board held four meetings in fiscal 2020. All the members of the Supervisory Board attended more than half of the meetings of the Supervisory Board. In some cases, Supervisory Board members were connected by video or telephone. Members unable to attend submitted their votes on resolutions in writing.

The Supervisory Board meetings regularly discussed the Company's economic position and development, the financial and liquidity situation, planned investments, the risk situation and risk management and corporate planning and strategy.

In addition, the meetings in the past fiscal year focused on the following topics and resolutions in particular:

- Approval and adoption of the single-entity and consolidated financial statements for 2019
- Commissioning of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as the auditor for fiscal 2020
- Budget definition and budget review for 2020
- Investments and planned acquisitions
- Election of new Supervisory Board members and composition of committees
- Monitoring of the early risk detection system established by the Management Board
- Management Board matters
- Oversight of projects in the Finance department and of escalation projects
- Preparation for a rebranding of itelligence and the renaming of itelligence AG and its subsidiaries

In fiscal 2020, the Audit Committee met on March 26, 2020 and September 23, 2020. At these meetings, the Audit Committee intensively discussed the audit of the single-entity and consolidated financial statements, new accounting provisions and their future inclusion in the annual and consolidated financial statements, matters relating to the planning process and risk management and compliance issues.

The Personnel Committee met on March 26, 2020 and September 23, 2020 to discuss Management Board matters, matters relating to employee development, the integration process for acquired companies and developments in the management team and the management structure.

The Strategy Committee also met on December 18, 2020. It primarily discussed the Company's orientation within the NTT DATA Group, investments, acquisitions and the optimization and reorganization projects initiated at the Company.

The Annual General Meeting on March 27, 2020, adopted resolutions on the appropriation of the unappropriated surplus, the approval of the actions of the members of the Management Board and the Supervisory Board and the election of the auditor of the single-entity and consolidated financial statements for fiscal 2020. Furthermore, Robb Rasmussen (Senior Vice President, Head of Global Marketing Headquarters, NTT DATA Corporation) was elected to the Supervisory Board as a shareholder representative by the Annual General Meeting in December 2020. He replaces Koji Ito, whom the Supervisory Board thanks for his work and his commitment to the Company.

As in the previous years, the Supervisory Board regularly addressed the adherence to and further development of corporate governance at the Company, and intensively discussed the recommendations and suggestions of the German Corporate Governance Code together with the Management Board in fiscal year 2020. The Management Board and the Supervisory Board of itelligence AG identify with the objectives of the German Corporate Governance Code, namely to promote good, trustworthy company management that is oriented towards benefiting shareholders, employees and customers. The Management Board and the Supervisory Board have therefore decided to report on corporate governance at the company in the corporate governance report, which has been



Friedrich Fleischmann, Chairman of the Supervisory Board

published with this annual report. In the opinion of the Supervisory Board, this is preferable to a formal corporate governance declaration tailored to listed companies because itelligence AG can report transparently and comprehensively on its corporate governance.

The Annual General Meeting on March 27, 2020, elected KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as the auditor of the single-entity and consolidated financial statements for fiscal 2020. KPMG had previously declared to the Chairman of the Supervisory Board that there were no circumstances that could compromise its independence as an auditor. KPMG consequently audited the single-entity financial statements of itelligence AG and the consolidated financial statements and the management reports of itelligence AG and the itelligence Group. As stated in its unqualified audit opinions, these examinations did not give rise to any objections. The dependent company report prepared by the

Management Board was also audited and issued with an unqualified audit opinion by the auditor. The audit opinion is worded as follows:

"Following the completion of our audit in accordance with professional standards, we confirm that

- a. the factual statements made in the report are correct,
- b. the Company's compensation with respect to the transactions listed in the report was not inappropriately high, and
- c. there are no circumstances that would justify a materially different opinion of the measures listed in the report than that held by the Management Board."

At its meeting on March 25, 2021, the Audit Committee discussed the single-entity and consolidated financial statements for 2020 and the management reports with the Management Board and the auditors. The relevant documents, including the audit reports, were provided to all of the members of the Audit Committee and the Supervisory Board in good time prior to the meeting. The responsible auditors informed the members of the Audit Committee of the key findings of their audit and answered additional questions. The Committee concluded by recommending that the Supervisory Board approved the financial statements.

At the meeting of the Supervisory Board to adopt the financial statements on March 26, 2021, the consolidated financial statements and Group management report prepared in accordance with the International Financial Reporting Standards (IFRS), the single-entity financial statements and management report prepared in accordance with the German Commercial Code (HGB), the audit reports and the dependent company report were discussed in detail by the Supervisory Board in the presence of the Management Board and the auditor. The auditor reported on the key findings of its audit and was available to the Supervisory Board to provide additional information and answer questions as necessary. The Supervisory Board then recommended the adoption of the annual financial statements and the approval of the consolidated financial statements.

Based on its own careful examination of the documents relating to the financial statements and the audit reports, the Supervisory Board did not raise any objections and consequently approved the findings of the audit by KPMG. The Supervisory Board thus

approved the annual financial statements of itelligence AG and the consolidated financial statements of the itelligence Group prepared by the Management Board for the year ended December 31, 2020. Following its own examination, the Supervisory Board also approved the Management Board's proposal for the appropriation of net profit. Based on its own careful examination of the dependent company report and the audit report, the Supervisory Board did not raise any objections to the declaration by the Management Board at the end of the dependent company report and approved the findings of the audit by KPMG.

As the Supervisory Board, we will continue to actively support itelligence AG's strategic focus and course of business in the future. Together with the Management Board, we will therefore make our contribution towards the further positive development of the itelligence Group, which has now lasted more than 30 years. In particular, the Supervisory Board would like to thank all of the employees around the world and the members of the Management Board for their high level of personal commitment and performance in a dynamic and challenging market environment.

Bielefeld, March 26, 2021

For the Supervisory Board



Friedrich Fleischmann  
Chairman

## CORPORATE GOVERNANCE REPORT 2020

The Management Board and the Supervisory Board of itelligence AG attach great importance to corporate governance. We believe that responsible corporate governance is the only way to increase enterprise value sustainably and in the long term. Accordingly, both bodies are committed to the principles of the German Corporate Governance Code (GCGC). The implementation of these principles is intended to stabilize the trust of customers, employees and the public in the company at a high level.

Both bodies addressed corporate governance topics on several occasions in the past fiscal year. The Management Board and the Supervisory Board of itelligence AG are guided by the recommendations and suggestions of the current version of the GCGC, dated December 16, 2019. While the GCGC is intended for listed companies and companies with access to the capital market, the Management Board and the Supervisory Board of itelligence AG believe that the nationally and internationally recognized standards of good, responsible corporate governance set out in the GCGC also provide a suitable framework for ensuring the quality of corporate governance at itelligence AG. As a wholly owned subsidiary of NTT DATA, itelligence AG's structure differs from that of a listed company, the intended subject of the GCGC, including in terms of its shareholder structure and capital market access. Nonetheless, the Management Board and the Supervisory Board of itelligence AG believe that the GCGC is a reasonable guideline for ensuring the quality of corporate governance at itelligence AG. Material deviations from the principles of the German Corporate Governance Code only arise in legitimate instances due to itelligence AG's size, structure, the fact that it is not a listed company or special considerations specific to the company.

As a Group company of NTT DATA, itelligence AG also complies with the corporate governance principles of the NTT DATA Group and the NTT Group.

### MANAGEMENT BOARD AND SUPERVISORY BOARD

As a German stock corporation, itelligence AG has a two-tier management and supervisory structure in the form of its Management Board and Supervisory Board. The Management Board is responsible for managing the company. The Supervisory Board monitors and advises the Management Board and is responsible for

appointing and dismissing Management Board members. These two bodies of itelligence AG have always worked together in a trusting and efficient manner.

In fiscal 2020, the Management Board reported to the Supervisory Board regularly, promptly and comprehensively on all material aspects of planning, business development and the position of the Group by way of written and verbal reports. These reports focused in particular on the risk situation, risk management and compliance. Transactions of material importance require the approval of the Supervisory Board.

Under certain circumstances, the Supervisory Board also meets regularly without the Management Board.

The Management Board of itelligence AG had two members in 2020: Norbert Rotter (CEO) and Jürgen Pürzer (CFO, since March 1, 2020). Norbert Rotter was the sole member of the Management Board until February 29, 2020. There were no conflicts of interest within the Management Board in 2020.

Together with the Management Board, the Supervisory Board ensures long-term succession planning. Typically, members of the Management Board are initially appointed for not more than three years.

The Supervisory Board of itelligence AG advises and monitors the Management Board in its management of the company and is of the opinion that it has a sufficient number of independent members. The Supervisory Board ensures that its composition takes into account the principles expressed in the Code concerning diversity and appropriateness with regard to the geographical, industry-specific and other material requirements of the company. The six-person Supervisory Board of itelligence AG has two members – Mr. Friedrich Fleischmann and Prof. Heiner Schumacher – who are independent of the company, its Management Board and NTT DATA as the controlling shareholder. The Supervisory Board of itelligence AG also has two shareholder representatives from NTT DATA and two employee representatives. The Supervisory Board of itelligence AG therefore has two independent shareholder representatives in accordance with the recommendations of the GCGC, even though itelligence AG has no minority shareholders in addition to NTT DATA.

The members of the Management Board and the Supervisory Board do not perform any material functions outside the Group or hold material supervisory board mandates at other external companies.

As in previous years, the Supervisory Board formed an Audit Committee, a Personnel Committee and a Strategy Committee from among its members in 2020. There were no conflicts of interest within the Supervisory Board in 2020.

In accordance with the recommendations of the GCGC, the Chairman of the Supervisory Board, the Chairman of the Audit Committee and the Chairman of the Personnel Committee that handles Management Board remuneration are independent of the company and its Management Board. The Chairman of the Audit Committee is independent of the controlling shareholder.

Details of the remuneration paid to the members of the Management Board and Supervisory Board can be found in the notes to the annual financial statements and in a remuneration report within the management report. The remuneration of the members of the Management Board is disclosed individually.

Further information on the cooperation between the Management Board and the Supervisory Board and the work of the Supervisory Board and its committees can be found in the report of the Supervisory Board in this annual report.

## **SHAREHOLDER STRUCTURE AND ANNUAL GENERAL MEETING**

NTT DATA EUROPE GmbH & Co. KG is the sole shareholder of itelligence AG.

itelligence AG is incorporated into NTT DATA's corporate strategy, but operates on the market autonomously and reports on its performance autonomously and transparently. itelligence AG is managed by the Management Board and Supervisory Board of itelligence AG on their own responsibility.

## **ACCOUNTING AND AUDITING**

The Management Board prepares consolidated financial statements as at the end of a fiscal year. itelligence AG will adapt its fiscal year to that of NTT DATA in 2021. The fiscal year begins on April 1 and ends on March 31 of the following year. Group financial reporting is consistent with the International Financial Reporting Standards (IFRS), thereby ensuring a high degree of transparency and international comparability.

The audit for fiscal 2020 was performed by the auditor elected by the Annual General Meeting at the proposal of the Supervisory Board and the recommendation of the Audit Committee, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin. The Audit Committee has agreed with the auditor that the auditor must inform the Audit Committee without delay of any findings or incidents material to its activities of which it becomes aware in the performance of its audit of financial statements. The Audit Committee regularly assesses the quality of the audit of financial statements.

## **TRANSPARENCY**

itelligence AG has been providing timely, comprehensive, and detailed information for many years. The company's website – [www.itelligencegroup.com](http://www.itelligencegroup.com) – is the central communication instrument and is available in various languages, reflecting the company's international activities. itelligence AG uses press releases to provide information on current events. The annual report, together with key content from the consolidated financial statements, is published on the company's website. The consolidated financial statements are also published in the Federal Gazette.

## **CORPORATE GOVERNANCE REPORTING**

The Management Board and the Supervisory Board report annually on corporate governance at the company. This corporate governance report is included in the annual report.

From fiscal 2020 onwards, the Management Board and the Supervisory Board of itelligence AG will dispense with a separate corporate governance statement in accordance with section 161

AktG, which is only a legal requirement for listed stock corporations. This does not change the fact that itelligence AG is largely guided by the recommendations and suggestions of the GCGC. The new version of the GCGC of December 16, 2019 is also taken into account extensively in ensuring the quality of corporate governance at itelligence AG. However, the Management Board and the Supervisory Board of itelligence AG now believe that comprehensive reporting in the corporate governance report is preferable to a formal corporate governance statement, as the form and content of corporate governance statements are geared to listed companies.

## MANAGEMENT REPORT OF THE ITELLIGENCE GROUP FOR FISCAL 2020

### KEY FIGURES FOR FISCAL 2020

#### **itelligence still on track for growth: Consolidated revenue rises by 3.2% to BEUR 1.072 in 2020**

- Organic growth declined by -2.9%, -2.0% of which caused by negative currency effects due to the strength of the euro
- Revenues up by +6.1% as a result of acquisitions
- Revenue distribution: 58.5% outside Germany, 41.5% within Germany

#### **itelligence AG generated EBITA of MEUR 32.0 for the year as a whole after MEUR 38.4 in the previous year. This includes expenditure on the strategic investment program of MEUR 19.8 (previous year: MEUR 5.6). EBIT amounts to MEUR 18.6 after MEUR 28.6 in the previous year**

- The operating EBITA margin was 4.8% in 2020 (previous year: 4.2%), hence the forecast of 5.0% was almost achieved
- The EBITA margin was 3.0% in 2020 after 3.7% in 2019
- The EBIT margin for year as a whole is 1.7% (previous year: 2.8%)

#### **The cashflow from operating activities increased by MEUR 31.6 to MEUR 98.9 in 2020. This development is essentially due to improved receivables management**

#### **Orders on hand continue to rise despite difficult circumstances**

- Orders on hand amount to BEUR 1.132 as of December 31, 2020, up by 9.6% on the previous year's level of BEUR 1.032
- Non-current orders on hand amount to MEUR 278.0 (previous year: MEUR 255.3)

#### **Headcount rises by +9.4% to 10,352 as of the end of the reporting period (previous year: 9,459)**

- 893 new employees in total, 287 of whom through acquisitions
- Successful start to integration of acquisitions in Thailand and Finland

#### **Forecast for 2021 as a whole**

- Revenue growth of 1% to 3% projected despite ongoing pandemic
- itelligence still aiming for organic and inorganic growth
- itelligence striving for an EBITA margin of 3.6% to 4.2%
- itelligence pursuing an efficiency/investment program of MEUR 15 to 20 for sustainable profitability enhancement



## **BASIC INFORMATION ON THE ITELLIGENCE GROUP**

### **BUSINESS ACTIVITIES**

itelligence AG was formed in 1989 as an SAP consulting company and is today a leading international full-service IT provider and partner of SAP SE. Customers in the traditional and upper mid-market with a strong international presence are itelligence AG's main target group. Today, itelligence operates at 90 locations in 30 countries, working on behalf of more than 8,000 customers.

itelligence AG is focused on the sale of rights of use to SAP software solutions for the mid-market, SAP Managed Services consulting business, solution and product business.

itelligence has used its extensive industry and IT expertise to develop and preconfigure various industry solutions for the more efficient implementation of SAP in Germany and abroad. Key sectors addressed by the Group include manufacturing and the automotive supply industry, mechanical and plant engineering, steel and non-ferrous metal companies, the wood and furniture industry, food processing, the process and pharmaceutical sector, the service industry, retail, and expertise in the area of educational institutions. itelligence is also driving ahead digitization and the industry-specific integration of mobile and analytical solutions.

### **ORGANIZATION**

itelligence is represented by subsidiaries with local sales and consulting teams in the following regions: D-A-CH (Germany, Austria and Switzerland), Western Europe (Spain, France, Belgium, Netherlands, UK, Ireland), Northern and Eastern Europe (Denmark, Norway, Sweden, Finland, Russia, Ukraine, Poland, the Czech Republic, Hungary, Slovakia, Turkey), the Americas (US, Canada, Brazil, India, Qatar), and Asia (China, Malaysia, Thailand, Australia).

The itelligence Group comprises 59 subsidiaries worldwide. The largest subsidiaries are located in Germany, the US, India, Brazil, Switzerland, the UK, Denmark, and Turkey. itelligence AG is domiciled at its head office in Bielefeld. itelligence AG is a wholly owned subsidiary of NTT DATA EUROPE GmbH & Co. KG.

The Global Managed Services business unit operates globally via a matrix organization to optimally serve the requirements of local and international customers for a scalable, cost-efficient, and innovative range of services in this segment. itelligence provides managed cloud and application management services for more than 4,000 customers from seven global off-shore and near-shore centers with local front-ends in 30 countries. As a leading managed cloud services provider focusing on SAP, itelligence operates state-of-the-art data centers in Germany, Poland, Malaysia, Denmark, Switzerland, and the US, and works closely with the leading hyperscalers. The geographical and portfolio position-

ing is rounded off by intensive cooperation with affiliates within the NTT Group and operations as a global strategic supplier for SAP and its consumers.

## **GROWTH STRATEGIES**

(unaudited management report content)

itelligence's success is based on a clear corporate strategy and its systematic implementation and continuous further development. itelligence maintains lasting partner relations with its customers and takes responsibility for the success of the IT projects it carries out for customers.

itelligence's customers face intensive global competition and must constantly adapt to an extremely dynamic environment. Continuous improvements to internal structures and the value chain are therefore strategically important. itelligence sees itself as a strategic partner to SMEs and large corporations worldwide, and helps its customers to manage these challenges with innovative IT solutions and services. In particular, this includes actively shaping the relentlessly rapid advancement of digital technology and ensuring greater efficiency and transparency in workflows.

Growth strategies are the centerpiece of itelligence's long-term orientation, and are systematically augmented together with the NTT DATA Group in three-year cycles. The current strategy cycle covers the years 2021 to 2023. Compared to the previous strategy cycle, itelligence is especially focused on further efficiency and margin enhancements.

## **MANAGEMENT SYSTEM**

To manage its operating business, the itelligence Group uses selected financial and non-financial key figures that are consolidated into central performance indicators at Group level. These are presented on page 111 and following.

## **ANNUAL AND MULTI-YEAR PLANNING FOR ALL REGIONS AND DIVISIONS**

All management and controlling processes at itelligence are based on an established planning process. Building on strategic multi-year planning, the Management Board manages the itelligence Group's long-term focus and derives annual operating targets applying a top-down approach. The annual plans developed at the level of the national subsidiaries are then coordinated with the overall targets. The results of planning are then compared against rolling forecasts each quarter to identify deviations. In addition, target and actual figures are compared each month and reported as a management tool so that deviations from the agreed targets can be identified early on and corresponding measures for achieving targets can be initiated in good time.

## MARKET POSITIONING

(unaudited management report content)

As one of the leading international full-service IT providers for the SAP environment, itelligence is positioned mainly in the traditional and upper mid-market segment. itelligence offers its customers a coordinated range of solutions and services over the entire lifecycle of an IT investment. The company's portfolio has been continuously enhanced over recent years and now consists of consulting, development, and system integration in the SAP environment, the sale of SAP licenses, cloud subscriptions and Managed Services. itelligence offers these products and services around the world. Alongside Germany, itelligence has a long-established market presence in Western Europe, Eastern Europe, the Americas, and Asia. itelligence will also continue to build up this excellent market position through both organic growth and targeted acquisitions.

## ACQUISITIONS

itelligence continued to grow through acquisitions in fiscal 2020, systematically maintaining its expansion strategy of recent years with additional purchases and actively expanding its service portfolio. With its acquisitions, itelligence is pursuing the strategic objective of being one of the leading SAP partners on each of its key sales markets and further expanding this position. The two major acquisitions are described below. Please refer to section D in the notes to the consolidated financial statements for information on other acquisitions in the current fiscal year.

### **itelligence expands reach to Finland by acquiring Pasafin Oy**

itelligence acquired the SAP consultancy Pasafin Oy in Finland in November 2020. itelligence is thereby accentuating its positioning as Scandinavia's foremost SAP consultancy.

By acquiring Pasafin, itelligence has now also secured a foothold in Finland. Pasafin is a specialist for HR concerns and cloud transformation. itelligence will leverage this expertise to raise its profile as the leading SuccessFactors partner for the whole of Scandinavia.

Pasafin, founded in 2005, is a renowned Finnish consulting company that specialized in consulting for cloud-based SAP solutions, such as SAP SuccessFactors, for human capital management very early on. Pasafin not only has close ties with a number of renowned Finnish customers, but is also a sought-after consultant for international corporations.

### **itelligence acquires My Supply Chain Group, LLC (MSCG), USA**

itelligence has further broadened its position in the US market's supply chain segment by acquiring the US SAP consultancy My Supply Chain Group, LLC (MSCG), Birmingham, Alabama, in December 2020. itelligence has thus not just significantly grown its presence in the US, but also added new possibilities in the areas of supply chain planning and supply chain execution to its service portfolio. MSCG specializes in supply chain reengineering and implementation services with SAP Extended

Warehouse Management, SAP Integrated Business Planning/Advanced Planning and Optimization and SAP Transport Automation; it focuses exclusively on SAP solutions.

According to Gartner, the global market for supply chain management amounted to USD 14 billion in 2018, and will expand to USD 19 billion in 2021. It is further assumed that 65 percent of goods movements in automated warehouses will be robotically controlled by 2023. MSCG specializes in the industries of manufacturing, consumer goods, oil and gas, paper processing and life sciences.

MSCG is an acknowledged leader on the US market for SAP Extended Warehouse Management and Integrated Business Planning. The cloud solution SAP Integrated Business Planning already has a strong market position in the US today, and offers a number of ways for assisting customers in digital transformation.

## **PARTNERSHIPS**

(unaudited management report content)

Partnerships are central to itelligence's business model. With more than 8,000 customers around the world, the company seeks long-term relationships that are trust-based and profitable for both parties. Other long-standing partnerships on top of this also provide an important basis for the company's long-term success.

### **SAP partnership**

itelligence AG is a partner of SAP, whose products form the core of its service portfolio along with the related services. itelligence's prominence within the SAP ecosystem is regularly demonstrated by various awards and the most important partner status titles that SAP currently confers on its strategic partners. The most important awards include SAP Global Platinum Reseller (formerly SAP Global Value Added Reseller), SAP Global Strategic Services Partner, and Global SAP-Certified Provider of Hosting Services. itelligence is also a global SAP-certified provider of: SAP Business Suite Solutions Operations, SAP S/4HANA Solutions Operations, Cloud and Infrastructure Operations and SAP HANA Operations.

In 2020, itelligence won another two SAP Pinnacle Awards and was a finalist in three further categories. itelligence AG was recognized for its outstanding achievements as an SAP partner with the SAP Pinnacle Awards 2020 in the "SAP SuccessFactors Partner of the Year – Small and Midsize Companies" and "Intelligent Spend Management Partner of the Year – Small and Midsize Companies" categories. itelligence was a finalist in three further categories, including "SAP S/4HANA Movement Partner of the Year" and "Global Platinum Reseller of the Year". SAP awarded a third finalist spot to the itelligence AG subsidiary Sybit GmbH in the category "Customer Experience Partner of the Year – Small and Midsize Companies".

With these annual awards, SAP recognizes partners that have rendered outstanding service to the development and expansion of their collaboration with SAP and help customers realize their full

potential. Based on suggestions by SAP sales employees, customer feedback and various key performance indicators, finalists and award winners were chosen in 34 different categories.

From more than 21,000 partners worldwide, only 27 were selected to receive an SAP Pinnacle Award in recognition of their commitment to value added, exponential growth, and simplification. These outstanding partners demonstrate the ability to understand customers' business needs, deliver unmatched value added, offer solutions that reduce complexity, and help every customer to become a best-run business.

In March 2020, itelligence again received the acclaimed certification as Partner Center of Expertise (Partner COE) from SAP SE. This SAP certification guarantees a consistent, high level of support and service in software maintenance for SAP users globally. SAP resellers are required to undergo the certification process and the associated audit every two years. itelligence, an SAP Global Platinum Reseller Partner, achieved the highest partner COE status and was certified in 21 countries. The current PCOE certification is valid until February 28, 2022.

Partner Center of Expertise certification from SAP involves assessing the entire support system, including personnel, processes and the service infrastructure. It confirms that itelligence AG fulfills the highest standards for quality of service both technically and organizationally. Partner COE certification is a prerequisite for global resellers offering product maintenance services (SAP Standard Support or SAP Enterprise Support) for different solutions in the SAP software landscape. itelligence AG has support authorization for SAP Business All-in-One, SAP Analytics, SAP HANA, SAP Mobile Platform, Database, Data Management and the SAP Commerce omni-channel platform.

itelligence AG has continuously developed its global service and support strategy as an SAP partner. The goal of this strategy and the delivery model that builds on it is to provide optimum support to customers around the world in all aspects of Managed Services. The itelligence subsidiaries in Australia and Malaysia are now also included in this global approach, meaning that itelligence subsidiaries in 21 countries or sub-regions have been (re-)certified for the next two years.

In April 2020, itelligence announced the further expansion of its strategic partnership with SAP for SAP Concur solutions. itelligence now implements solutions in Europe and Asia, allowing it to offer consistent service quality in these strategically important regions as one of the biggest partners. Until now, itelligence AG's partnership in the area of SAP Concur solutions was limited to Europe. Starting from January 2020, the partnership now also covers large parts of Asia, including India, Singapore, Malaysia and the Philippines.

In June 2020, itelligence was recognized for its outstanding performance in the "SAP Deutschland SE & Co. KG Partner of the Year" and "Partner of the Year for SMEs and Partner Sales" categories in the 2020 Diamond Initiative for SAP partners. The itelligence subsidiary Sybit obtained "Focus Partner" status for the discrete manufacturing industry (DMI) sector and sales of professional services. itelligence AG was also nominated as a participant in the Partner Advisory Council.

With these awards, SAP Deutschland recognizes partners that have rendered outstanding service to the development and expansion of their collaboration with SAP and help customers realize their full potential. Launched by SAP last year, the Diamond Initiative is based on an SAP evaluation matrix known as the “diamond model”, which takes into account five performance dimensions: innovation, expertise, solutions, demand generation, and joint partner revenue in industry projects. 181 partners applied in 2020. SAP gave out awards in a total of six customer industries. The continuous success underlines itelligence AG’s close relationship with SAP as one of its highest-performing partners for implementing innovation holistically and driving the digital transformation of its customers in a future-oriented manner.

Since September 2020, itelligence AG has been a global partner to Qualtrics and part of the Qualtrics Partner Network. itelligence AG is opening three global centers of excellence to deliver Experience Management (XM) Qualtrics solutions and it is integrating these into its service and product portfolio. XM Qualtrics solutions can be fully integrated into the SAP landscape and enable a company to monitor and analyze the satisfaction of its customers, employees and business partners, and to derive corresponding activities through machine learning.

itelligence AG and Qualtrics are focusing their market launch activities on Australia, Denmark, Germany, the UK, Malaysia, Norway, Philippines, Sweden, Thailand and the US.

#### **NTT DATA**

The long-standing partnership with the Japanese NTT DATA Group is the strategic basis for itelligence to keep on significantly expanding its own international market position. itelligence AG is a wholly owned subsidiary of NTT DATA EUROPE GmbH & Co. KG. This relationship under company law forms the basis for a tightly-knit partnership within the framework of a cooperation agreement.

With NTT DATA as a strong partner, itelligence intends to press ahead with its development as an international provider of IT systems and services for SAP. As a company that operates independently within the growth-oriented NTT DATA Group, itelligence can steadily increase its growth potential on the international stage, particularly in Asia, through its close relationship with NTT DATA. NTT DATA is also a very strong partner for itelligence in terms of its financial and capital resources. A number of joint international customer projects serve to underline the successful partnership between NTT DATA and itelligence.

In June 2020, NTT DATA and itelligence jointly announced that they are among the leading IT consulting and system integration companies according to the “Lünendonk List 2020”. As in the previous year, NTT DATA and itelligence jointly achieved fifth place in the “Lünendonk List 2020”. In 2019, the two companies increased their revenues in Germany by 5.4% year-on-year, from MEUR 754 to MEUR 795.

Lünendonk & Hossenfelder GmbH has been rating the best German service providers for over 20 years, publishing the results in its annual "Lünendonk List".

In April 2020, itelligence announced that it had been named a leading provider for its Internet of Things (IoT) consulting and system integration services by the teknowlogy Group, a leading independent European market research firm. The IoT Consulting and System Integration (C&SI) Survey is the world's first customer-centric benchmark for the performance of numerous consulting and system integration providers on IoT-related projects. The findings provide an unparalleled level of user feedback on 32 leading IoT providers.

NTT DATA is one of the leading providers for solution development and implementation. This survey shows that the company delivers end-to-end IoT solutions that offer a high level of customer satisfaction in addition to outstanding business benefit. In addition, NTT DATA is one of the key players when flexibility is required on the delivery side.

In October 2020, the NTT Group was placed third among companies with annual revenues in excess of one billion euros in the overall ranking of the best system houses compiled by the International Data Group (IDG). Just over 2,000 IT decision-makers at user companies were surveyed about the system houses that look after them. Thanks to the positive verdict of its customers, the NTT Group took third place in the newly introduced higher revenue category.

NTT Ltd., NTT DATA and itelligence combine their respective capabilities to provide their customers with unique services and solutions that accelerate their digital transformation and help them to meet and exceed the goals of their business strategy.

In December 2020, itelligence announced the expansion of the global partnership between NTT and SAP, which intend to jointly leverage their capabilities and know-how to help companies transform into "intelligent enterprises". This partnership opens up huge benefits for itelligence's customers. One of the world's leading SAP consulting firms, itelligence will integrate these innovations into its customers' business processes as part of the NTT/NTT DATA Group.

itelligence sets standards for SAP consulting firms in Germany. Only recently, itelligence took first place in a study involving over 100 SAP consultants in Germany. The study was conducted by the IMWF, a German institute for management and economic research, in conjunction with the IT magazine Computerwoche. Six dimensions were analyzed and evaluated: product and service, profitability, sustainability, innovation, management performance, and performance as an employer.

**Other partnerships and awards**

In September 2020, itelligence AG announces its partnership with the Natuvion Group and expands its service and product portfolio to include an ALLFIELD™ hybrid migration approach for implementing SAP S/4HANA. The Natuvion Group's ALLFIELD™ approach helps companies across all industries to leverage their current investments in data and processes while simultaneously benefiting from the new opportunities of SAP S/4HANA solutions using SAP S/4HANA selective data transition. Technically, the ALLFIELD™ approach is supported by a data migration software solution and an application for launching the SAP S/4HANA system, enabling near-zero downtime when going live.

Moving forward, itelligence AG will use these tools for selective data transmission for SAP S/4HANA. Natuvion will provide experts and the latest training and best practices, enabling itelligence to manage a high number of successful transformation projects.

Natuvion's Cutover App is key to enabling near-zero downtime when going live. The tool tracks project team tasks in addition to system and technical activities. The app supports project execution through up-to-the-second workflow management in real time and provides an innovative monitoring dashboard for various project roles and responsibilities. This was developed in a co-innovation project with SAP for the realization of SAP S/4HANA selective data transition projects.

In February 2020, itelligence was named a Diamond Partner for Europe by the automation specialist UiPath. The market researchers at Gartner and Forrester consider UiPath a leader in the field of robotic process automation.

At UiPath, partner status is based on the number of employees trained in the various automation roles. UiPath defines minimum thresholds with which partners are required to regularly demonstrate compliance. Thanks to its global connections as part of the NTT DATA Group, itelligence has a large number of trained specialists for robotic process automation, earning itself Diamond status, which has been awarded to only a handful of other partners.

The market for this type of automation grew by 63% last year according to the Gartner Magic Quadrant for Robotic Process Automation Software, making it the fastest-growing category in the field of business software right now.

itelligence also maintains a number of other technology partnerships with the aim of expanding its own expertise and solutions portfolio. The objective of these partnerships is to meet the needs of existing itelligence customers even more effectively by offering additional services and complementary solutions. itelligence also seeks to acquire new customers through technology issues, SAP industry solutions, and partner recommendations.



## EMPLOYEES

itelligence's headcount surpassed the 10,000-mark in 2020. Of our 10,352 (previous year: 9,459) employees as of December 31, 2020, 3,427 (previous year: 3,378) worked in Germany and 6,925 (previous year: 6,081) outside Germany. Headcount was therefore up by 9.4% year-on-year.

The share of women at itelligence rose to 26.1% in 2020 (previous year: 25.2%). The average age was unchanged worldwide at 37.7.

## KEY AREAS FOR PEOPLE FUNCTION

(unaudited management report content)

There were two ways in which the People Function was largely defined by the **CHALLENGES OF THE CORONAVIRUS PANDEMIC** in 2020: Our very top priority was the safety and wellbeing of itelligence's employees. The now close global networking of our Global People Function enabled rapid coordination and the synergistic development of measures and policies.

Recruitment by the national units responded to the COVID-19 pandemic predominantly with restraint, with the company recruiting for vacancies and genuine experts only. Substantial restraint was also seen on the applicant market. The number of proactive applications (around 40,000 worldwide) to the company was around 39% lower than in the previous year. Nonetheless, key positions and vacancies in the company were successfully filled. There were signs of a positive trend in the final quarter of 2020 in particular.

Another key area in the past year was the necessity of and **POSSIBILITIES FOR "NEW WORK"**. itelligence reflected on these, analyzed them, and decided to use them on a more permanent basis. Our corporate culture of teamwork and customer orientation, which has developed naturally over the years, has helped especially to rise to the challenges of digital collaboration during the pandemic; for example, more than 95% of all consulting activities were successfully performed remotely last year.

Also, more than 90% of all meetings and training sessions have been switched from being in person to using MS Teams, and the formats and content have been adapted in line with the requirements and possibilities of the new media. Offering **FULLY DIGITAL TRAINING** was the new normal at the end of the year. This included all management and soft skill training (such as our Voyage management development program or our Delta high potential program).



Employees by segment  
Page 104



Employee development  
Page 104

In order to systematically and actively “listen” to intelligence personnel around the world, and to be as close together as possible, itelligence is supplementing face-to-face talks and meetings, workshops and calls with the **EMPLOYEE EXPERIENCE TOOL QUALTRICS**. Several pilot surveys among our personnel concerning the pandemic situation in the summer of 2020 showed that Qualtrics is being very well received.

With its Global People Heads, itelligence has extensively discussed the requirements and possibilities of future global cooperation. These are presented in the following diagram:

The global launch of an SAP **SUCCESSFACTORS** solution, on time and on budget, enabled global transparency of all HR data in an “Employee Central” system in 2020. International cooperation was given a solid foundation with the modules of recruitment, onboarding, goal and performance management and learning, and supplemented by a global skills database and a proprietary staffing solution.



## ECONOMIC REPORT

### GENERAL ECONOMIC SITUATION IN 2020

As a wholly owned subsidiary of NTT DATA, itelligence AG is globally positioned. It supports more than 8,000 customers at more than 90 locations in 30 countries around the world. Thanks to this international orientation, global economic developments and the resultant investment decisions of customers have a significant impact on the performance of itelligence AG.

According to calculations of the International Monetary Fund (IMF), as a result of the coronavirus pandemic, the global economy slumped by approximately -3.5% in 2020, experiencing the worst recession since the global economic crisis around 90 years ago. Central banks and governments around the world took comprehensive and unusually expansive measures to counteract the repercussions of this significant downturn for business and jobs. The global economy had grown at a rate of 2.8% in the previous year. In terms of sectors, the automotive (supplier) industry, traditionally itelligence's most important, was hit the hardest with a global decline in production of approximately 15% year-on-year. After real GDP growth of 1.3% in 2019, the shrinkage in the euro area amounted to -7.2% in 2020. While the decline in Germany was relatively moderate at 5.4%, the economies of France, Italy and Spain were rocked by declines of 10% and more. This is also true of the UK.

itelligence generated 56.7% of its consolidated revenues in euro area countries in 2020 after 58.8% in the previous year.

The US economy likewise contracted by -3.4% over the year as a result of the pandemic (previous year: +2.2%). The slump mainly occurred in the first half of the year, combined with a massive rise in unemployment figures. Then, in the second half of the year, a fairly dynamic recovery began thanks to a number of monetary and fiscal policy measures and relatively minor official restrictions.

itelligence generated 11.5% (previous year: 13.2%) of its consolidated revenues in the US and Canada. Substantial domestic and economic policy upsets continued to mount in Turkey in 2020. This also had an unmistakable impact on the exchange rate of the Turkish lira to the euro.

itelligence generated 5.0% (previous year: 5.0%) of its consolidated revenues in Turkey in 2020.

In Brazil, the economy was aided by strong financial stimulus. Following regional easing, a recovery in economic growth began in the second half of the year. However, the spike in national debt and inflation prompted a significant depreciation of the Brazilian real, with GDP declining by 4.5% (previous year: +1.4%).

As a result of the acquisition of FH, itelligence generated 2.5% (previous year: 0.7%) of consolidated revenues for 2020 in Brazil.

China was the first country to be affected by the pandemic, but also the first to stem the spread of the virus and, after a slump in the first quarter, returned to a pre-crisis level as the year progressed, with bottom-line growth of 2.0% over the year (previous year: +6.0%).

China accounted for only a small share of itelligence AG's revenues at 0.7% (previous year: 0.8%).

Although itelligence AG does not generate any direct revenues in Japan, the Japanese economy is hugely important to the company as it is part of the NTT DATA Group. There are customer relationships with Japanese groups, both directly and through affiliates. Here, too, the pandemic caused GDP to decline by -5.1% (previous year: +0.3%).

Against this recessive backdrop, exchange rates were highly volatile in relation to the euro. Virtually all currencies relevant to itelligence lost significant ground against the euro compared to the previous year. This accounts for a significant percentage of the decline in organic revenue. The US dollar/euro exchange rate fluctuated between 1.070 and 1.228 over the year, with the euro around 9% stronger by the end of the year than at the end of 2019. Pound sterling ended 2020 approximately 6% lower than at the end of the previous year. The Brazilian real climbed by around 40% against the euro, while the euro rose by around 35% against the Turkish lira.

## **SECTOR DEVELOPMENT IN 2020**

According to the Gartner study from October 2020, global IT spending was down by 5.4% in 2020 (previous year: +2.4%). The sub-market relevant to itelligence contracted by 4.4%.

**BUSINESS DEVELOPMENT AND ECONOMIC POSITION**

The following table shows the changes in revenue in the segments and revenue areas compared to the corresponding prior-year figures and the Group's earnings development:

MEUR	Jan. 1 – Dec. 31, 2020	Jan. 1 – Dec. 31, 2019	Oct. 1 – Dec. 31, 2020	Oct. 1 – Dec. 31, 2019
<b>Total revenues</b>	<b>1,071.9</b>	<b>1,038.2</b>	<b>285.5</b>	<b>285.7</b>
<b>Revenue division</b>				
Consulting	444.5	453.0	113.5	121.1
Licenses	68.6	67.3	31.4	26.0
Cloud Subscription	36.2	27.3	9.2	7.7
Managed Services	513.0	482.4	128.6	127.5
Other	9.6	8.2	2.8	3.4
<b>Revenue segment</b>				
Germany/Austria/Switzerland (DACH)	477.6	474.7	130.7	124.0
Western Europe	160.4	162.7	42.7	45.7
North and Eastern Europe (NEE)	191.9	195.1	52.2	53.2
America	176.9	174.7	44.2	51.6
Asia	57.0	23.3	13.4	8.6
Other	8.1	7.7	2.3	2.6
EBIT	18.6	28.6	10.6	10.5
EBIT margin	1.7%	2.8%	3.7%	3.7%
EBITA	32.0	38.4	17.4	12.9
EBITA margin	3.0%	3.7%	6.1%	4.5%
EBITDA	77.5	84.6	28.9	35.2
EBITDA margin	7.2%	8.1%	10.1%	12.3%
IFRS net profit	1.6	14.4	2.1	4.5
IFRS earnings per share in EUR / Share of shareholders intelligence AG	-0.13	0.32	0.09	0.07



Revenue development  
2010 – 2020  
Page 102



Revenues by quarter  
Page 103



Revenue development  
by regional segment, by division  
Page 102



Recurring business as a  
proportion of total revenue  
Page 103

## REVENUE DEVELOPMENT

itelligence outperformed the previous year's revenue in fiscal 2020 despite the more difficult conditions as a result of the pandemic. Revenue climbed by +3.2% from MEUR 1,038.2 to MEUR 1,072.0 (adjusted for currency effects: +5.3%). Average revenue growth (CAGR) for the past ten years amounts to 14.7%.

Despite the pandemic, itelligence grew its revenue in fiscal 2020 and significantly outperformed the previous year's revenue level in the first quarter especially. The development in revenue was still positive in the second quarter, albeit at a lower level. Revenue was down significantly year-on-year in the third quarter, before stabilizing at the previous year's level in the fourth. The companies acquired in 2020 contributed +6.1% to revenue growth. Other than the acquisitions from fiscal 2019, consisting of companies in the UK, Australia and Brazil, this effect is also due to the first-time consolidation of the acquisitions in Thailand, Germany and the company in Finland. Organic growth amounted to -0.9%. Exchange rates also reduced revenue performance by -2.0%.

itelligence breaks down revenues both by segment and by division. The corresponding changes are shown in the charts below:

The breakdown of revenues by segment in fiscal 2020 was as follows: DACH 44.6% (previous year: 45.7%), Western Europe 15.0% (previous year: 15.7%), Northern and Eastern Europe 17.9% (previous year: 18.8%), the Americas 16.5% (previous year: 16.8%), Asia 5.3% (previous year: 2.2%), and Other 0.8% (previous year: 0.7%).

The breakdown of revenues by individual unit is as follows: Consulting 41.5% (previous year: 43.6%), Licenses 6.4% (previous year: 6.5%), Cloud Subscription 3.4% (previous year: 2.6%), Managed Services 47.9% (previous year: 46.5%), and Other 0.9% (previous year: 0.8%).

The development of recurring business in the individual units of Maintenance, Application Management and Managed Cloud and Cloud Subscription from fiscal years 2010 to 2020 is set out on page 103.

## REVENUE DEVELOPMENT IN THE REGIONS

The itelligence AG segment with the highest revenues, Germany/Austria/Switzerland (**DACH**), increased its revenues by +0.6% to MEUR 477.6 (after adjustment for currency translation effects: -0.1%). This includes the external growth from XEGO – its first full year of consolidation at MEUR 0.3.

The highest absolute increase in revenues in the DACH segment was achieved in Managed Services, which grew by MEUR +5.5 (2.2%) from MEUR 255.7 to MEUR 261.2. License revenues outstripped the previous year's level by +21.3%, rising by MEUR +5.2 from MEUR 24.4 to MEUR 29.6. Cloud Subscription revenues also rose by MEUR +2.3 from MEUR 7.6 to MEUR 9.9 (+30.3%). Owing to the effects of the pandemic, consulting business declined by -6.8% from MEUR 183.6 to MEUR 171.2. This development was triggered by the postponement or cancellation of customer projects.

Revenues in the **WESTERN EUROPE** segment declined by -1.4% (after adjustment for currency translation effects: -2.4%) from MEUR 162.7 to MEUR 160.4. A slower revenue performance was observed in all countries.

Consulting business in the Western Europe segment was also affected by the pandemic. Revenue shrank from MEUR 78.8 to MEUR 71.2, a reduction of MEUR -7.6 or -9.6% (adjusted for currency translation effects: -2.4%). As a result of the pandemic, every country fell short of the strong level of the previous year.

Revenues in the Licenses segment declined by MEUR -3.2 from MEUR 14.5 to MEUR 11.3. The Cloud Subscription segment reported a strong increase of MEUR +3.5 or 44.9% to MEUR 11.3 as a result of the good performances of the Benelux, UK, and France regions. Managed Services also achieved revenue growth of +8.1% from MEUR 61.6 to MEUR 66.6. This increase mainly related to the UK, Benelux and France.

The **NORTHERN AND EASTERN EUROPE SEGMENT** generated revenue of MEUR 191.9 in the past fiscal year, down by MEUR -3.2 or -1.6% on the previous year. Adjusted for currency translation effects, there was a revenue increase of +6.0%. The decline in revenue is mainly due to the Nordics region at MEUR -5.6 and Russia at MEUR -1.0, though this was partially compensated by the positive revenue development in Turkey of MEUR +2.0 and in the Czech Republic at MEUR +1.8. The revenue effect of the acquisition in Finland of MEUR +0.3, which is included in the Nordics region, did not have a significant effect on the above organic growth.

The effects of the pandemic were apparent in the Northern and Eastern Europe segment as well. At MEUR 97.4, consulting revenues were down by MEUR -2.1 or -2.1% as against the prior-year figure of MEUR 99.5 (adjusted for currency translation effects: +4.6%). The figure for Managed Services was MEUR 74.5, trailing the prior-year figure of MEUR 75.3 by MEUR -0.8. At MEUR 10.5, license revenues were down by MEUR -3.3 on the prior-year figure of MEUR 13.8. Adjusted for currency translation effects, revenues would have been MEUR -1.5 lower year-on-year.

In the **AMERICAS SEGMENT**, revenues climbed by +1.3% from MEUR 174.7 in the previous year to MEUR 176.9. Adjusted for currency translation effects, revenues grew by +4.1%. The FH Group in Brazil was able to more than just make up for the drop in revenue in other countries.

Consulting revenues in the region decreased from MEUR 76.7 to MEUR 72.3. Projects that were delayed or canceled in the US (MEUR -13.9) and their effect on India (MEUR -1.0) were absorbed by the positive performance of the FH Group at MEUR 11.9. Managed Services business climbed by MEUR +10.4 from MEUR 75.6 to MEUR 86.0. In addition to revenue growth in Brazil (MEUR +6.8) and the US (MEUR +1.8), all other companies further increased their revenue as well. License business declined by MEUR -0.8 from MEUR 12.9 to MEUR 12.1 (adjusted for currency translation effects: -2.1%) thanks to the positive performance in the US.

Revenues outperformed the previous year's level in the **ASIA SEGMENT**, rising by +33.7% from MEUR 23.3 to MEUR 57.0. This revenue increase of +144.7% (adjusted for currency effects: +151.1%) was achieved mainly thanks to the integration of the company in Australia in 2019 and the acquisition in Thailand (MEUR +21.6).

At MEUR 26.7, revenues from consulting business were up by MEUR +16.7 on the prior-year figure of MEUR 10.0, also thanks to the integration of the company in Australia in 2019 and the acquisition in Thailand (MEUR +12.5). License business in Asia climbed by MEUR +4.4 to MEUR 4.6 (previous year: MEUR 0.2). Thailand accounted for MEUR 2.6 of this figure. Managed Services generated revenues of MEUR 23.0, outperforming the previous year's level by MEUR +10.1 (MEUR 12.9). Adjusted for currency translation effects, revenues in Managed Services would have grown by +83.4%.

The **OTHER SEGMENT** contains the revenues of ITC GmbH and Recruit GmbH. At MEUR 8.1, the revenues generated by these two companies were above the previous year's level of MEUR 7.7 thanks to the good business performance of ITC GmbH.

## REVENUE DEVELOPMENT BY DIVISION

itelligence AG generated year-on-year revenue growth in fiscal 2020 in spite of the more difficult circumstances.

**CONSULTING** revenues declined by -1.9% year-on-year (adjusted for currency translation effects: +0.2%) from MEUR 453.0 to MEUR 444.5. The pandemic mainly had a negative impact on consulting operations. The effects of lower capacity utilization for consultants, caused by the postponement and cancellation of projects, were seen in Germany and elsewhere. The acquisitions of the companies in Thailand (MEUR +12.6), and the positive effect of the first full fiscal year of consolidation in Australia (MEUR +8.7) and Brazil (MEUR +11.6), partially compensated for the negative development in consulting business.





**LICENSE REVENUES** increased slightly by MEUR +1.3 or +1.9% from MEUR 67.3 in the previous year to MEUR 68.6 in fiscal 2020.

The highest percentage increase (+32.6%) was achieved in **CLOUD SUBSCRIPTION**, where there was revenue growth of MEUR +8.9, from MEUR 27.3 in the previous year to MEUR 36.2. The increase is essentially thanks to the positive performance in the UK, Germany, Turkey, and the Nordics region.

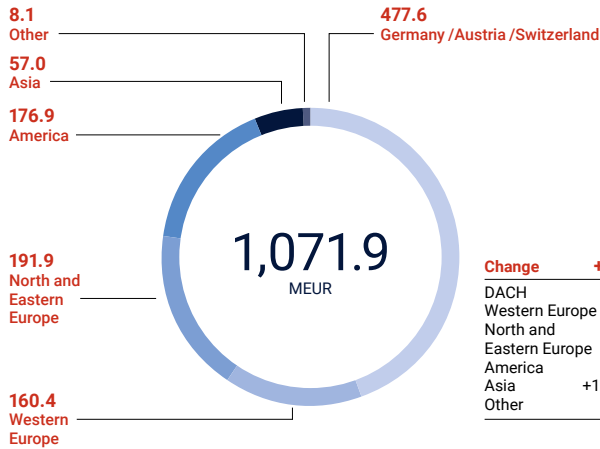
**MANAGED SERVICES** achieved significant growth of MEUR +30.6 from MEUR 482.4 to MEUR 513.0. This increase stems from volume-related growth in Germany, France and the Nordics region, and from the effect of the acquisitions in Thailand and Brazil.

Orders on hand at itelligence AG climbed by +9.6% from BEUR 1.032 to BEUR 1.132. The book-to-bill ratio for 2020 was 1.09.

**REVENUE DEVELOPMENT BY SEGMENT**

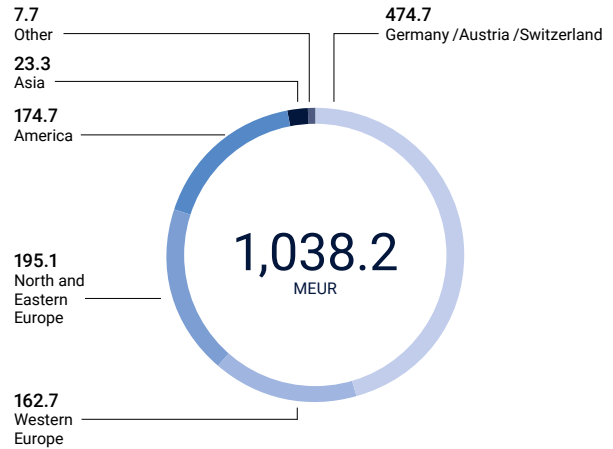
MEUR

**2020**



Change	+3.2%
DACH	+0.6%
Western Europe	-1.4%
North and Eastern Europe	-1.6%
America	+1.3%
Asia	+114.6%
Other	+5.2%

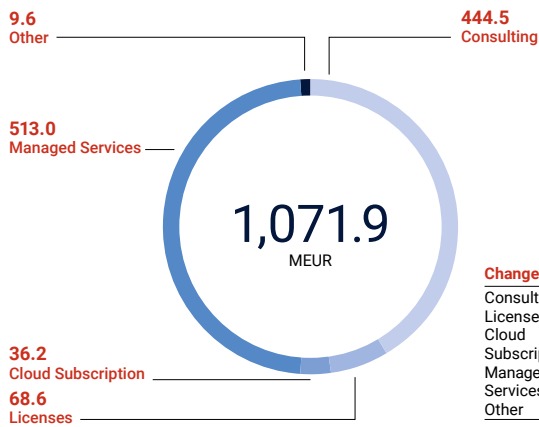
**2019**



**REVENUE DEVELOPMENT BY DIVISION**

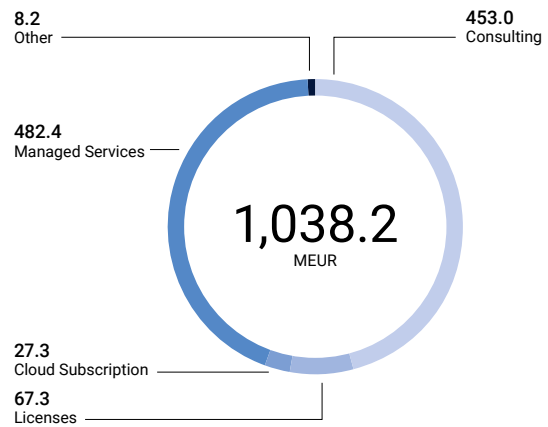
MEUR

**2020**



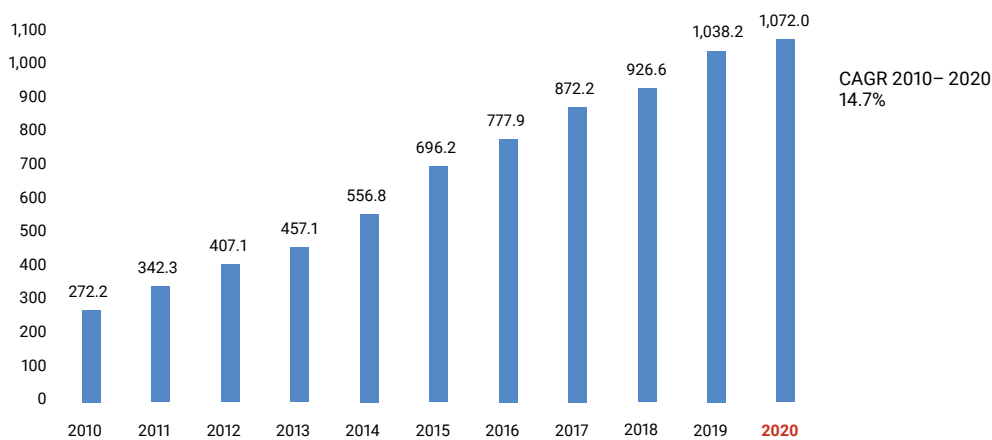
Change	+3.2%
Consulting	-1.9%
Licenses	+1.9%
Cloud	
Subscription	+32.6%
Managed Services	+6.3%
Other	+17.1%

**2019**



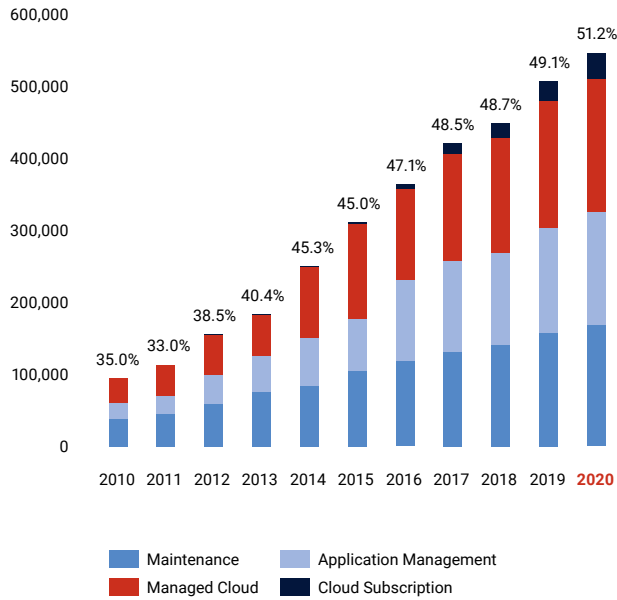
**REVENUE DEVELOPMENT 2010 – 2020**

MEUR



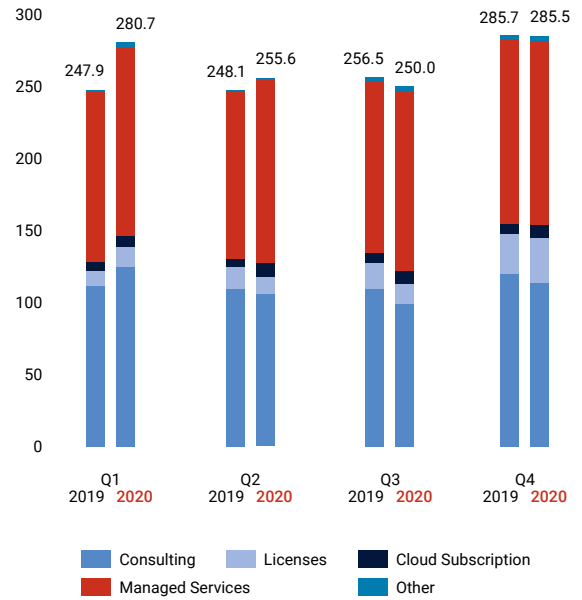
**RECURRING BUSINESS**

as a proportion of total revenues in MEUR



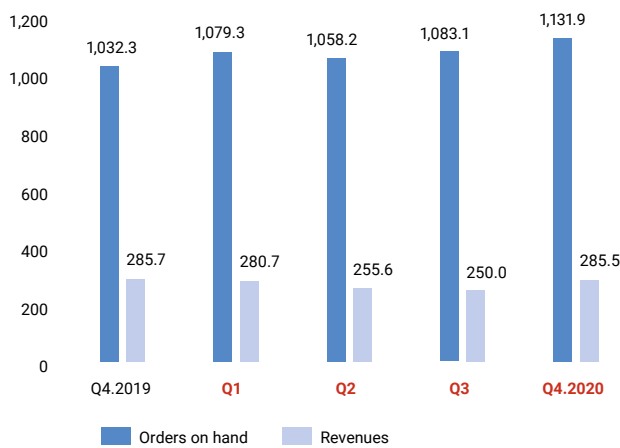
**REVENUES BY QUARTER**

MEUR



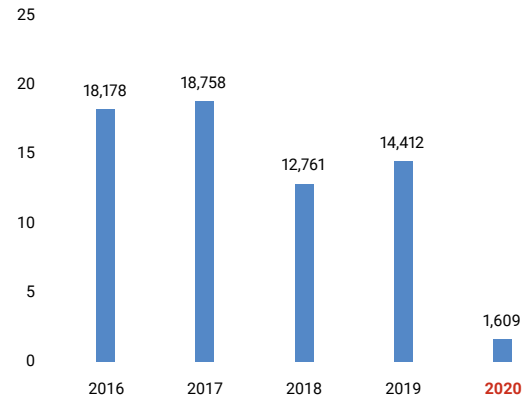
**ORDERS ON HAND & REVENUES**

per quarter in MEUR



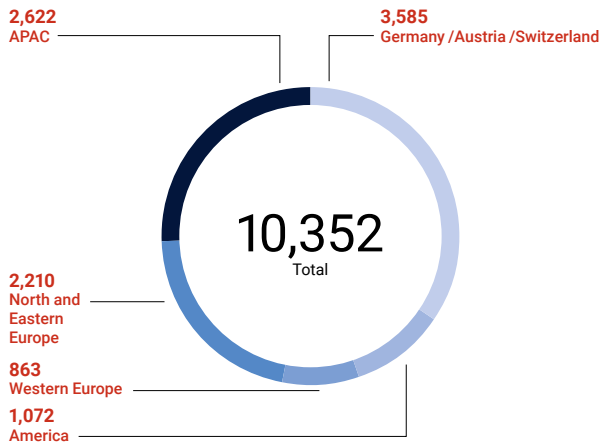
**CONSOLIDATED NET PROFIT**

KEUR

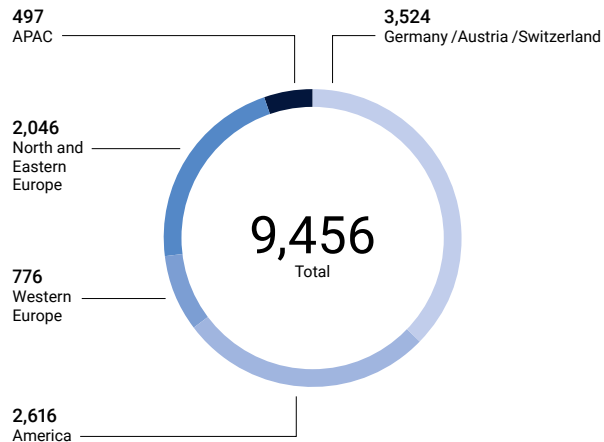


**EMPLOYEES BY SEGMENT**

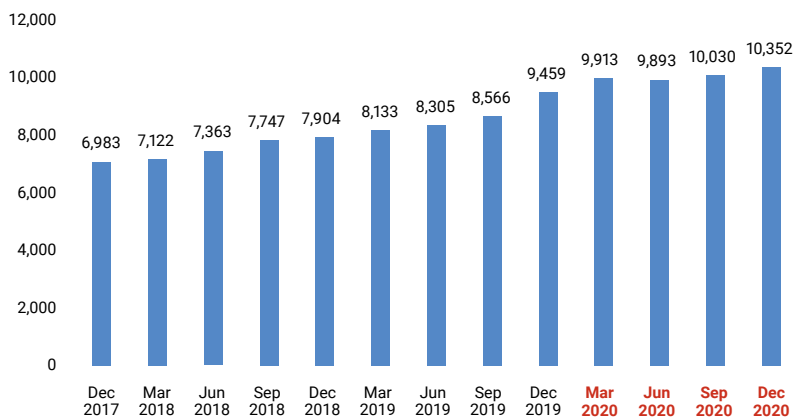
**2020**



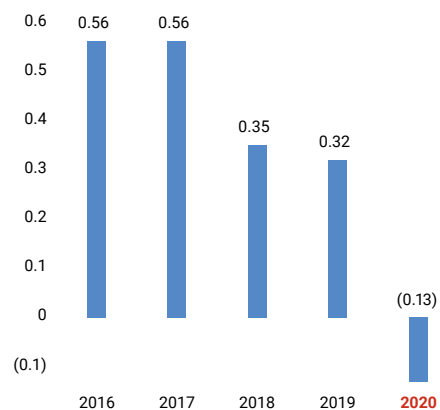
**2019**



**EMPLOYEE DEVELOPMENT**  
at the end of the month



**EARNINGS PER SHARE**  
EUR



## NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

### RESULTS OF OPERATIONS

intelligence AG was unable to improve its EBITA as against the previous year in fiscal 2020. The pandemic, the strategic investment program and out-of-court settlements of MEUR 8.0 had a negative impact on the results of operations. Reductions in travel and advertising expenses caused by coronavirus, a revision of recruitment policy in line with circumstances and the capitalization of development costs in accordance with IAS 38 of MEUR 5.6 failed to entirely counteract the effects on EBITA.

EBITA declined by -16.6% from MEUR 38.4 in 2019 to MEUR 32.0. As a result, the EBITA margin fell short of the previous year's forecast of between 3.5% and 4.0% at 3.0% (previous year: 3.7%). By contrast, operating EBITA (= EBITA before strategic investments) rose by MEUR 7.8 year-on-year, from MEUR 44.0 to MEUR 51.8. While strategic investments of MEUR 5.6 were incurred in the previous year, in the year under review – in coordination with the shareholders – MEUR 19.8 (previous year: MEUR 5.6) was invested in long-term profitability enhancement measures. The operating EBITA margin was therefore 4.8% (previous year: 4.2%), virtually matching the forecast figure of 5.0%. At 1.7%, the EBIT margin was -1.1 percentage points lower than the prior-year figure of 2.8%. The difference of 1.3 percentage points from the EBITA margin is due to amortization on intangible assets of MEUR 13.4 (previous year: MEUR 9.8). Capitalized customer relationships and orders on hand are amortized over periods that reflect the respective contractual terms.

EBITA in the **WESTERN EUROPE SEGMENT** amounted to MEUR 10.4 in fiscal 2020 (previous year: MEUR 11.1). All companies generated lower contributions to earnings, though the results of operations are still stable.

EBITA in the **DACH SEGMENT** amounted to MEUR -4.5 in 2019, a drop of MEUR -10.2 compared to the prior-year figure of MEUR 5.7. The reasons for this are lower earnings contributions from Germany and Austria due to lower consulting volumes, out-of-court settlements and the remeasurement of major projects on the one hand and, on the other, strategic investments of MEUR 15.3. The strategic investments are intended to secure the Group's long-term profitability and were allocated to the Germany region.

The **NORTHERN AND EASTERN EUROPE SEGMENT** generated EBITA of MEUR 15.4, the largest earnings contribution at regional level and an increase of MEUR +1.8 on the 2019 figure of MEUR 13.6. Higher profitability in the Nordics region and the positive developments in Poland and the Czech Republic improved earnings overall. The earnings contribution also received positive support from the first-time consolidation of the acquisition in Finland.

EBITA in the **AMERICAS SEGMENT** amounted to MEUR 9.9, MEUR+1.8 higher than the previous year's level of MEUR 8.1. Despite the cancellation and postponement of projects in the US, India further increased its contribution to earnings. Business in Brazil also remained at a high level.

The contribution to earnings by the **ASIA SEGMENT** climbed by around MEUR +1.8 on an EBITA basis to MEUR +0.9 after MEUR -0.9 in the previous year. The positive development of the company in Australia and the acquisition in Thailand proved unable to compensate for consulting business in China, which was again beset by project risks.

In the **OTHER SEGMENT**, the EBITA contribution of MEUR -0.2 did not match the previous year's level and was down by MEUR -0.9 compared to 2019.

### **NET FINANCE COSTS**

Net finance costs amounted to MEUR -12.0 in the past fiscal year after MEUR -5.6 in the previous year. This figure includes finance income from short-term investments of MEUR 1.2 (previous year: MEUR 0.2) and finance costs of MEUR 5.5 (previous year: MEUR 5.9). Net finance costs also include income and expenses from the remeasurement of derivatives and the exercise of options in the amount of MEUR -7.6 (previous year: expenses of MEUR 0.2). This results in earnings before taxes (EBT) of MEUR 6.6 after MEUR 22.9 in the previous year, a decline of 71.4%.

### **TAX EXPENSE**

The tax expense amounted to MEUR 5.0 in fiscal 2020 after MEUR 8.5 in the previous year. At 75.5%, the consolidated tax rate was up significantly on the prior-year figure of 37.2%. The increase in the tax rate compared to 2019 essentially resulted from the non-utilization of loss carryforwards. Further information on income taxes can be found in note (9) of the notes to the consolidated financial statements.

### **CONSOLIDATED NET PROFIT AND EARNINGS PER SHARE**

itelligence AG's consolidated net profit for the current fiscal year declined to MEUR 1.6, down by MEUR 12.8 or 88.8% on the prior-year figure of MEUR 14.4.

The share of consolidated net profit attributable to the shareholders of itelligence AG decreased from MEUR 9.7 in the previous year to MEUR -3.9 in fiscal 2020. Accordingly, earnings per share were EUR 0.45 lower than in the previous year at EUR -0.13 in the past fiscal year. Earnings per share were calculated on the basis of 30,014,838 shares.



**NET ASSETS**

Reflecting the Group's growth, total consolidated assets rose by MEUR 47.5 or around 5.6% in the past fiscal year.

<b>ASSETS</b> MEUR	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>	<b>Change</b>
Intangible assets	303.5	258.9	44.6
Property, plant and equipment	177.2	187.8	-10.6
Non-current receivables and other assets	12.9	9.4	3.5
<b>Non-current assets</b>	<b>493.6</b>	<b>456.1</b>	<b>37.5</b>
Current receivables and other assets	304.5	288.0	16.5
Cash and cash equivalents	101.9	108.4	-6.5
<b>Current assets</b>	<b>406.4</b>	<b>396.4</b>	<b>10.0</b>
<b>Total assets</b>	<b>900.0</b>	<b>852.5</b>	<b>47.5</b>
<b>EQUITY AND LIABILITIES</b> MEUR	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>	<b>Change</b>
<b>Equity (including non-controlling interests)</b>	<b>283.6</b>	<b>275.4</b>	<b>8.2</b>
Financial liabilities	223.3	206.6	16.7
Provisions for pensions and other provisions	11.9	10.9	1.0
Other non-current liabilities	20.3	11.7	8.6
<b>Non-current liabilities</b>	<b>255.5</b>	<b>229.2</b>	<b>26.3</b>
Trade payables	74.2	82.9	-8.7
Financial liabilities	112.7	115.3	-2.6
Other current liabilities and provisions	174.0	149.7	24.3
<b>Current liabilities</b>	<b>360.9</b>	<b>347.9</b>	<b>13.0</b>
<b>Total capital</b>	<b>900.0</b>	<b>852.5</b>	<b>47.5</b>

At MEUR 493.6, non-current assets were up by 8.2% on the prior-year figure of MEUR 456.1. Non-current assets accounted for 54.8% of total assets as of the end of the reporting period (previous year: 53.5%). The main items under non-current assets are goodwill at MEUR 237.9 (previous year: MEUR 222.4) and property, plant and equipment of MEUR 177.2 (previous year: MEUR 187.8). In particular, the acquisitions of

- the 100% majority interest in Pasafin Oy, Finland, and
- the 51% majority interest in My Supply Chain Group LLC, USA

led to a significant increase in goodwill of MEUR 58.4. Offsetting effects due to currency translation, the reclassification of orders on hand and customer relationships reduced goodwill by MEUR -42.9.

Current assets rose to MEUR 406.4 as of the end of the reporting period compared to MEUR 396.4 in the previous year. They thus accounted for 45.2% of total assets (previous year: 46.5%). As a result of the capital increase resolved but not yet paid, the most significant increase here was in other financial assets. Trade receivables fell by 11.0% year-on-year from MEUR 217.7 to MEUR 193.9 as a result of improved receivables management. The average days sales outstanding – defined as the average number of days from invoicing to receipt of payment from the customer – decreased by one day to 84 days as of the end of the reporting period (previous year: 85 days). Cash and cash equivalents declined slightly to MEUR 101.9 after MEUR 108.4 in the previous year.

On the liabilities side of the consolidated statement of financial position, equity rose by MEUR 39.8, mainly as a result of capital increases, and non-controlling interests were up by MEUR 18.7. This was offset by the decline in other equity, which was down by MEUR -46.4 in total, in particular on account of agreed put/call options in conjunction with acquisitions. The net accumulated profit was in decline at MEUR -3.9. Overall, equity rose by MEUR 283.6 to MEUR 8.2 (previous year: MEUR 275.4). The equity ratio, which describes equity as a share of total assets, declined from 32.3% in the previous year to 31.5%.

Non-current liabilities accounted for 28.4% of the Group's total equity and liabilities as of December 31, 2020, higher than the previous year's level of 26.9%. Generally, the non-current financial liabilities predominantly relate to the financing of the data centers in Germany and abroad and to the Group's acquisition activities.

Intelligence's current liabilities likewise increased by MEUR 13.0 to MEUR 361.0. This results from the rise in other non-financial liabilities as of the end of the year. The reduction in financial liabilities was essentially caused by the lower utilization of international cash pooling accounts with the NTT DATA Corporation. The funds utilized serve to finance short-term working capital requirements in Germany and abroad. Further information on financial liabilities can be found in note (23) of the notes to the consolidated financial statements.

The increase in other non-financial liabilities is mainly linked to the rise in provisions. This growth mostly results from higher warranty provisions for work still to be performed under maintenance contracts and free additional work in customer projects. At 40.1%, the ratio of current liabilities to total assets was down on the prior-year figure of 40.8%.



**FINANCIAL POSITION**

<b>CASHFLOW</b> MEUR	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>	<b>Change</b>
EBITDA	77.4	84.6	-7.2
Cashflow from operating activities	98.9	67.3	31.6
Cashflow from investing activities	-35.8	-61.4	25.6
Cashflow from financing activities	-61.9	18.7	-80.6
<b>Change in liquidity</b>	<b>1.2</b>	<b>24.6</b>	<b>-23.4</b>

In the past fiscal year, cashflow from operating activities increased by MEUR 31.6 to MEUR 98.9. This development is partially thanks to working capital management in the reporting year, which is also reflected in the further reduction of DSO to 84 days.

The cashflow from investing activities was MEUR 35.8, significantly lower than the previous year's figure of MEUR 61.4. This was due in particular to purchase price payments for the acquisition of the new companies (less the cash funds acquired) in the amount of MEUR 5.2 (previous year: MEUR 41.4). Investments in intangible assets and property, plant and equipment (less investment subsidies and grants) amounted to MEUR 34.0 in the reporting period after MEUR 20.0 in the previous year. As in previous years, investments in property, plant and equipment essentially resulted from the expansion of data center capacity in Germany and abroad.

In terms of geographical segments, the Americas accounted for investments including finance leases of MEUR 4.5 (previous year: MEUR 3.3), DACH for MEUR 18.7 (previous year: MEUR 33.3), Western Europe for MEUR 2.6 (previous year: MEUR 11.0), and Northern and Eastern Europe for MEUR 12.8 (previous year: MEUR 8.4).

The cashflow from financing activities amounted to MEUR -61.9 in total (previous year: inflow of MEUR 18.7). The Group raised financial liabilities of MEUR 136.1 in fiscal 2020. This was offset by repayments of MEUR 191.5, payments for the acquisition of non-controlling interests of MEUR 4.2 and finance lease payments of MEUR 32.2. Non-current financial liabilities were primarily raised for the purpose of acquisitions and investments in data centers. The interest rates range from 0.25% to 2.75%. Given the fixed interest agreements in place for existing financing, a change in interest rates would not have a significant impact on the intelligence Group's financial position. For future growth finance, a change in interest rates would affect the Group's financial position and net interest income. Details on the nature, maturity and interest rate structure of the liabilities can be found in note (23) "Financial liabilities" in the notes to the consolidated financial statements.

Cash funds declined by MEUR 6.5 to MEUR 101.9 as of the end of the reporting period (previous year: MEUR 108.4). Cash of MEUR 27.7 was held in the euro area and was not subject to exchange rate effects. Cash funds held outside the euro area of MEUR 74.2 were invested and recognized in the currencies of the appropriate countries. They were translated at the closing rate as of the end of the year. The consolidated financial statements will continue to be subject to currency translation effects in the future. The Group's liquidity reserves were invested solely in short-term investments, meaning that interest rate fluctuations for such investments on the money and capital markets affect itelligence's net interest income.

In order to increase financial flexibility, additional credit facilities of MEUR 18 were agreed in Germany. In the year under review, these were utilized for guarantees and loans in the amount of MEUR 0.7. In addition to credit facilities in Germany, subsidiaries also utilized credit facilities abroad. These credit facilities with a total volume of MEUR 22.2 were agreed in the respective local currencies and were partially guaranteed by itelligence AG. The utilization of these credit facilities by subsidiaries amounted to MEUR 14.6 as of the end of the reporting period.

The itelligence AG Management Board expects the cash funds of MEUR 101.9, in conjunction with financial reserves in the form of various unutilized credit facilities, to be sufficient to cover itelligence's operating capital requirements and – together with the expected cashflow from operating activities – the scheduled debt repayments and other planned short-term and medium-term investments. The partnership with NTT DATA also ensures the Group's financial flexibility.

## **OVERALL ASSESSMENT OF THE ECONOMIC POSITION**

The global pandemic left itelligence AG unable to achieve its growth targets in 2020. Despite aiming for revenue of BEUR 1.12 to BEUR 1.13 (+7.8% to +8.8%), it actually achieved growth of 3.2% to BEUR 1.072. While organic revenue declined by -2.9%, revenue growth of +6.1% was achieved through acquisitions. Organic growth was predominantly affected by negative currency effects on account of the strong euro.

The severest revenue declines were reported in the consulting segment of the itelligence core markets of Germany and the US, which traditionally are well positioned in the fields of discrete manufacturing and automotive suppliers.

The equity ratio dropped slightly to 31.5% in the reporting year (previous year: 32.3%). While equity increased by MEUR 8.2, total assets rose by MEUR 47.5 to MEUR 900 at the same time. Cash funds also declined only slightly from MEUR 108.4 in 2019 to currently MEUR 101.9, which should be considered a positive achievement given the global pandemic. The cashflow from operating activities thus increased by MEUR 31.6 year-on-year to MEUR 98.9. This development is primarily due to improved receivables management in combination with a reduction in DSO to 84 days. Payments for acquisitions also decreased significantly from MEUR 41.4 in 2019 to currently MEUR 5.2, with the result that the total cashflow from investing activities is down by MEUR 25.6. The cashflow from financing activ-

ities amounted to MEUR -61.9 in total (previous year: inflow of MEUR 18.7). This change was mainly due to the borrowing of new financial liabilities of MEUR 136.1 coupled with the repayment of MEUR 191.5. In compliance with global authorization processes, having NTT DATA as a parent company means that loans, financing and capital increases for major investment and acquisition projects can be provided at all times. The Management Board rates itelligence's financial headroom as sufficiently stable to finance the envisaged organic growth in Germany and abroad. The Management Board continues to regard itelligence AG's economic position as satisfactory.

## FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

### FINANCIAL PERFORMANCE INDICATORS

The most important financial performance indicators used by itelligence AG are revenue and the operating indicators EBIT and EBITA. EBIT is defined as operating earnings before interest and taxes, while EBITA is defined as operating earnings before interest, taxes and amortization.

As a result of the ongoing efficiency/investment program, a distinction is made between operating EBITA and EBIT, which measures performance before the efficiency/investment program, and EBITA and EBIT including the ongoing efficiency/investment program. These performance indicators are presented to and discussed with the Management Board on a monthly basis as part of internal reporting, thus allowing measures to be initiated in a timely manner as required.

In addition to the above key financial performance indicators, itelligence AG also uses a wide range of operational key figures to measure strategic objectives in terms of growth and efficiency improvements. This includes utilization levels, the development of daily rates and project budget compliance in the Consulting business and the number of new customers in the Licenses and Maintenance business. Sales activities in all divisions are monitored and managed centrally through the regular monitoring of the sales pipeline and the development of orders on hand. The following financial performance indicators are also used:

- Net finance costs: This performance indicator provides information regarding interest on cash funds and interest payable on borrowed funds. The measurement of derivatives and the exercise of options also features prominently here.
- Days sales outstanding (DSO): Another important aspect is working capital management through monitoring of the days sales outstanding of operating receivables. Days sales outstanding (DSO) of receivables is defined as the average number of days from invoicing to receipt of payment from the customer.
- Tax rate: The tax rate corresponds to the ratio of income tax expense to earnings before income taxes in percent.
- Cashflow from operating, investing and financing activities: itelligence's statement of cashflows describes how the Group generated and used cash and cash equivalents.

## **NON-FINANCIAL PERFORMANCE INDICATORS**

### **Employees**

itelligence AG's business success and leadership claim as a strategic SAP full-service provider is essentially based on highly qualified and motivated employees who identify with the company.

Against the backdrop of the COVID-19 pandemic, itelligence therefore conducted a global survey of the changing circumstances of new work. Among other things, this concerned the way in which itelligence is handling the challenges of the COVID-19 pandemic and the question of whether employees can still fully satisfy customer requirements. itelligence employees confirmed the itelligence Group's very positive management of the COVID-19 pandemic, and virtually every employee was still able to fully satisfy or even exceed customer requirements.

### **Customers and quality**

Customer satisfaction is of central importance to the itelligence Group's business success. It forms the basis for trust-based partnership and long-term cooperation.

The success of extensive, complex projects depends to a large extent on high-quality implementation in line with the agreed budgets and deadlines. To prevent deviations from planning that could have a negative impact on its earnings situation, itelligence has established detailed, binding requirements for the tender process and for project and quality management.

The quality of itelligence's work is demonstrated by the number of SAP awards received.

### **Research and development**

As itelligence does not perform any research and development in the narrower sense, it depends in particular on innovations in the area of industry solutions for more efficient implementation of SAP to maintain and expand its international competitiveness.

**COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND  
ASSIGNMENT OF OTHER MANAGEMENT ROLES**

(unaudited management report content)

Gender equality and diversity are issues of major importance to the itelligence Group. Staff diversity is promoted by a number of measures and activities around the world. The itelligence Group takes part in a number of programs to support young women in the workplace and advocates work-life balance activities. Companies of the itelligence Group in various countries have earned external awards for their family friendliness. The itelligence Group's ways of showing its openness to the LGBTQ community include supporting campaigns and activities during Pride Month.

In accordance with the German Act on Equal Participation of Women and Men Regarding Leadership Positions within the Sectors of Private Economy and Public Service, the following targets for the composition of the Management Board and Supervisory Board and for the assignment of other management roles are stated pursuant to sections 76(4) and 111(5) of the German Stock Corporation Act:

The share of women on the Supervisory Board (six members) and the Management Board (two members) is currently zero. A higher target was not set as currently no members of the Supervisory Board or the Management Board are women and no changes are planned. However, company hopes to increase the share of women in the Supervisory Board and the Management Board by strategically embedding gender equality and diversity.

There are currently no women in the first management level below the Management Board. The share of women in the management level below that is 9%. This is not satisfactory at this key management level. The target for the next five years at the two management levels below the Management Board is 15%. To make this possible, the current share of women in the global workforce of the itelligence Group is to be increased from 26.1% (previous year: 25.2%) to higher than 30%.

## **DEPENDENT COMPANY REPORT**

All shares in itelligence AG are held by NTT DATA EUROPE GmbH & Co. KG, Bielefeld. NTT DATA EUROPE GmbH & Co. KG is a wholly owned subsidiary of NTT DATA Corporation, Japan. As there is no control or profit transfer agreement in place with NTT DATA EUROPE GmbH & Co. KG and no incorporation is planned, the Management Board of itelligence AG is required to prepare a dependent company report in accordance with section 312 AktG.

In accordance with section 312(3) AktG the Management Board hereby declares that, in the case of the transactions and measures contained in the dependent company report that were conducted on the basis of the circumstances known to the Management Board at the time the transactions were executed or measures were implemented or omitted, itelligence AG received appropriate consideration for each transaction and has not been disadvantaged by the implementation or omission of any measures.

## **REPORT ON RISK AND OPPORTUNITIES**

### **REPORT ON RISK AND OPPORTUNITIES**

The internal control system (ICS) of itelligence AG essentially consists of Group-wide controlling and financial reporting, compliance management, internal audit, and Group-wide risk management.

The harmonization of the internal audit and reporting system in the Group and within the NTT DATA Group was continued and greatly expanded in 2020. Further controls, set out in risk control matrices and reviewed annually, were integrated at business process level. The functionality of the controls in the business environment and the internal IT systems is monitored by management annually and reviewed in external and external audits.

The risk inventory is updated once a year and corresponding measures are initiated.

### **OPPORTUNITY MANAGEMENT**

As a long-term partner, itelligence assumes responsibility for the enhancement of IT initiatives and IT challenges to provide added value for its customers. itelligence provides consulting, software, and Managed Services for its customers in close partnership with SAP. SAP technology leadership, industry solutions and itelligence's process expertise continue to form the basis for successful cooperation. itelligence's successful business model is based on a full-service provider approach. itelligence is working to improve its customers' value chains based on existing expertise. Management particularly anticipates opportunities on new markets with corresponding growth potential. Technological

meta-developments, such as IoT, Industry 4.0, cloud computing, S/4HANA, and mobility, also offer huge sustainable growth opportunities for itelligence.

## **OPPORTUNITIES OF FUTURE BUSINESS DEVELOPMENT**

As a result of its customers' technological requirements, itelligence has a large number of economic growth opportunities at its disposal. These chiefly result from innovations in SAP products and the possibilities they create for further process automation. This position is supplemented by the international cooperation with SAP SE. itelligence's global partnerships and international orientation allow it to provide intensive support to small and medium-sized enterprises and, in particular, upper mid-market companies with a strong international focus in Germany and abroad.

The parent company NTT DATA Corporation supports itelligence AG's growth. Activities are concentrated on cooperation with NTT DATA in joint projects and tapping into developing markets. Furthermore, there is increased cooperation with NTT DATA affiliates. itelligence uses the capital resources provided by the partnership with NTT DATA to grow its market share through targeted acquisitions.

## **RISK MANAGEMENT**

In accordance with section 91(2) AktG the Management Board of itelligence AG has established a risk management system for the Group in order to identify risks early on. The risk management system is implemented on a Group-wide basis as one of the integral components of the business and decision-making processes. It contains controls aimed at ensuring a permanent and systematic approach based on a defined risk strategy. This procedure comprises the integrated planning process, which is being implemented both top-down and bottom-up, the monitoring and controlling of business processes and the IFRS-compliant consolidated financial statements. The defined standards, which are based on the requirements of the NTT DATA Group, are set out and published in Group-wide guidelines, such as the Accounting and Account Assignment Manual, Compliance Management, the Risk Management Guideline, and the Information Security Guideline.

The implementation of the requirements is regularly examined and continuously improved by itelligence in cooperation with NTT DATA. Monthly management meetings at which the operating divisions report on business developments, risks and opportunities of their areas of responsibility are supplemented by sales and full call meetings in the regions/areas of responsibility and international business review meetings.

Above and beyond the operating processes described, the risk and opportunity management system is supplemented by committees in which Management Board and Supervisory Board members meet regularly.

The NTT DATA Corporation is also striving to establish a global and uniform audit and reporting system for all Group members with the aim of bundling and analyzing the information required for efficient risk and opportunity management as quickly as possible and making the findings available to all Group members in good time.

## **RISKS OF FUTURE BUSINESS DEVELOPMENT**

### **THE PANDEMIC**

In pandemic times there are both economic and operating risks that will affect the company's performance in ways that are difficult to predict. Cost efficiency programs can only partially compensate for potential slumps in revenue. There are therefore risks affecting all sectors whose impact is monitored each month on the basis of incoming orders and orders on hand, and tracked at Management Board level in conjunction with sales calls.

### **BUSINESS ENVIRONMENT RISKS**

#### **SAP partnership**

As itelligence is focused on SAP as a full-service IT provider for the traditional and upper midsize market, it is largely dependent on the continued market success of SAP's products. This dependence directly affects its financial position and performance. In addition to providing support, the SAP partner model also poses an economic risk for itelligence. While SAP continues to provide customers with high-performance products, itelligence can implement these products for its customers, thus reducing the economic risk for itelligence.

#### **Human resources risks and opportunities**

Qualified employees and managers who implement the SAP projects in numerous projects are the key factor in itelligence AG's success. It is therefore necessary to retain these employees and recruit new ones. A lack of qualifications for innovative topics, obsolete expertise and insufficient motivation would greatly reduce project success.

Professional training, especially online training, is used to ensure a high level of balanced, timely, broad-based training for employees that ultimately passes on current expertise, while the skills of managers and project members are promoted by the international management development program.

Despite investments in these measures, the possibility that qualified employees will leave the company or that an insufficient number of new employees will be recruited cannot be ruled out.



## INDUSTRY RISKS

Technical progress entails not just opportunities but industry risks as well. These risks affect itelligence's financial performance. The company focuses on the following risk areas:

### a) Customer-oriented market risks

Market influences of customers, such as economic cycles, exchange rate changes, liquidity shortfalls due to the pandemic, company concentration, customer insolvency risk, etc.

### b) Supplier-oriented market risks

Supplier services requested by itelligence including service quality, etc.

These developments are monitored through the monthly analysis of incoming orders and orders on hand. Despite intensive customer and supplier care, it cannot be fully ensured that all developments will be identified at an early stage or that measures will be initiated in a timely manner.

## PERFORMANCE RISKS

### Project risk

Project risk and the resulting adverse effects on itelligence's financial performance can never be completely ruled out. Project managers receive systematic training with the continuous revision of the project methodology. Effective project controlling ensures project transparency. Starting with monitoring by the project manager, the project is accompanied through to the escalation provisions. itelligence also works to actively reduce product risks by using qualified employees. This enables everyone involved to identify risks at an early stage and take appropriate countermeasures.

### Risks in the Managed Services division

The risk in the Managed Services division is associated with the high availability and reliability of data center services. Contractual and statutory provisions form the basis for the planning of internal resources and processes, while clearly defined responsibilities, interfaces and workflows ensure compliance with these requirements, which are monitored by Internal Audit on an ongoing basis. Each new customer is integrated into the new or changed technology and the process structure following a defined testing and acceptance procedure. The same applies to existing customers. The anticipated risks and opportunities are thus carefully considered.

The audits were successfully completed in 2020, as in the preceding year. The services and processes were certified in accordance with ISO/IEC 20000-1:2011 and ISO/IEC 27001:2013. itelligence Global Managed Services GmbH's internal control system has also been successfully tested and audited in accordance with ISAE3402. These certifications are supplemented by the Global Partner SAP Hosting

certificate. Comprehensive security measures – from building access restrictions through to the internal authorization concept for the responsible employees – and regular security audits with subsequent recertification have been implemented in data center operations. The change in European data protection legislation will pose new challenges for processes and technical measures in data center operations.

## **FINANCIAL RISKS**

### **Liquidity risk**

itelligence's central Financial Management team monitors and controls global liquidity. The Management Board receives information on liquidity, including a cash forecast, on a weekly basis. Analysis mainly focuses on the Group-wide monitoring of cash funds, enabling measures to be initiated at short notice as required. Weekly transparency of receivables helps to ensure that payment reminders are issued in good time. A constant level of cash funds and credit facilities in Germany and abroad increases security and independence.

Interest rate fluctuations on the money and capital markets affect itelligence AG's net interest income only to a limited extent.

### **Price risk**

itelligence's value-added process is performed almost entirely in the same currency or on a euro basis. Therefore, while currency risk exists, its effects on earnings are limited. itelligence monitors exchange rate risks on the basis of items in the statement of financial position. Exchange rate fluctuations affecting intragroup receivables and liabilities and the resulting risk are monitored and documented continuously.

Goodwill is tested for impairment each year using the DCF method. The average cost of capital is used to discount cashflows. Capital costs may change due to current developments in interest rate levels. Significant changes arising from goodwill impairment testing would have a substantial impact on earnings.

### **General management risk**

itelligence examines its customers' risks of insolvency at each of its national subsidiaries. This applies to new and existing customers alike. Nevertheless, this risk cannot be ruled out entirely. Therefore, all receivables within the Group are monitored each month and, depending on the maturity profile, payment reminders are issued and ultimately bad debts are written off. This measure is supplemented by ongoing credit checks, which also include risk provisions in the form of specific valuation allowances.

## **OTHER RISKS**

### **Political risk**

As an international service provider, itelligence is also exposed to international political influences and their consequences. Political risk is therefore taken into account and weighed up in all investment decisions, especially for acquisitions.

The impact of Brexit on business development in the UK is unforeseeable. Based on the company's current assessment, customers' investment decisions may be affected with corresponding repercussions for earnings. However, as much of the value added is generated in the country itself and the current order situation in UK is not in decline to date, this effect is not significant yet.

### **General management risk**

itelligence is also exposed to general management risk. The company continuously improves its management, controlling and steering systems and extends them at all levels with a view to preventing mistakes.

### **Effects of the coronavirus pandemic**

Coronavirus has been spreading around the world since January 2020. On March 11, 2020, the World Health Organization officially declared the coronavirus epidemic a pandemic. Depending on how the situation develops, the company's own employees or customers' employees could be affected, which could lead to delays in project implementation and thus to temporary declines in revenue. All employees around the world have been and are still being repeatedly and regularly informed about the risks and preventive measures. International business travel has been prohibited and travel within national borders restricted to a minimum. Digital communication media are used to avoid personal contact with customers while project activities continue, thereby reducing the risk of revenue losses. Customers in the industries affected could also default on payments. This risk has been taken into account by adjustments to payment terms specific to each customer and higher loss allowances. In addition to these preventive measures, itelligence AG has also established a global efficiency and investment program for safeguarding its economic targets. Intensive cost management is also a part of this program. The top management at itelligence is monitoring the global development and discusses it at weekly meetings.

### **Overall risk situation**

The Management Board does not consider there to be any individual risks that could endanger the continued existence of the itelligence Group at the date of preparation of this annual report or in the foreseeable future. Similarly, the Management Board does not consider the aggregate risk at the date of preparation of this annual report as endangering the continued existence of the itelligence Group.

## **RISK REPORTING IN CONNECTION WITH THE USE OF FINANCIAL INSTRUMENTS**

The risks relating to financial instruments are discussed in detail in notes (30) and (33g) of the notes to the consolidated financial statements.

## **FORECAST**

### **ECONOMIC FORECASTS FOR 2021**

As a result of the coronavirus pandemic, the global economy slumped by approximately -3.5% in 2020. This has been the worst recession since the global economic crisis around 90 years ago.

In its report of January 2021, the International Monetary Fund (IMF) predicts that the global economy will grow by 5.5% in the current year. This forecast is based on the assumption of a successful global COVID-19 vaccination rollout in the first half of the year and further political support for the major national economies.

The IMF assumes that the growth forecast will vary greatly between the individual countries/regions, depending, for example, on access to vaccines, the efficiency of each country's vaccine rollout and the effectiveness of state aid programs.

Growth of +4.2% is therefore anticipated for the euro area. The forecast for Germany is +3.5%, while growth rates of more than +5% are anticipated for France and Spain. The estimate for the UK is +4.5%. The growth forecast for the US is +5.1% and 3.6% for both Canada and Brazil.

The IMF is anticipating significantly greater growth momentum in the People's Republic of China (+8.1%) and India (+11.5%).

## OUTLOOK FOR THE SOFTWARE AND IT SERVICES MARKET

Gartner's forecast for the growth of the IT market as a whole in 2021 is highly positive at up to 4.0%, though the IT market also contracted by -5.4% from 2019 to 2020. Gartner's projections from October 2020 therefore assume that the IT market will not fully return to the 2019 level in 2021 (-2%). According to Gartner, the IT services market will not return to pre-pandemic growth level before 2023. The table below shows the IT spending forecast by Gartner for each sector:

In USD billion	2019		2020		2021	
	Spending	Growth	Spending	Growth	Spending	Growth
Data center systems	215	+1.0%	208	-3.1%	219	+5.2%
Enterprise software	477	+11.7%	459	-3.6%	492	+7.2%
Devices	712	+0.3%	616	-13.4%	641	+4.0%
IT services	1,040	+4.8%	992	-4.6%	1,033	+4.1%
Communication services	1,373	-0.6%	1,333	-2.9%	1,370	+2.8%
<b>Overall IT market</b>	<b>3,817</b>	<b>+2.4%</b>	<b>3,608</b>	<b>-5.4%</b>	<b>3,755</b>	<b>+4.0%</b>

Source: Gartner (October 2020)

The software and IT services market shrank considerably less (-3.6% and -4.6% respectively) than the IT market as a whole in 2020. Gartner is again anticipating strong growth rates for these two areas in 2021, with +7.2% for enterprise software and +4.1% for IT services. The reason for this is once again that companies are investing heavily in the digital transformation of their business processes and, increasingly, in the cloud as well. Major upheaval is expected through the integration of products, machinery and devices (Internet of Things). The need to analyze large volumes of data (big data) will also increase further in the future, with corresponding implications for the software and hardware used in-house. Digital transformation will give rise to new business models and call long-established approaches into question.

However, these growth forecasts depend to a large extent on how the global coronavirus pandemic will continue to unfold.

## EXPECTED BUSINESS DEVELOPMENT OF ITELLIGENCE AG

The high level of orders on hand as of the end of 2020, totaling BEUR 1.131 as against BEUR 1.032 in the previous year (+9.6), gives itelligence a solid starting position for 2021. As in previous years, the Management Board expects stable daily rates in consulting business once again in fiscal 2021.

itelligence AG will continue to benefit from digital transformation in 2021. Market opportunities in the enterprise software and IT services are set to remain very strong, with itelligence benefiting from SAP's attractive product portfolio in these areas. Overall, SAP expects the software market relevant to SAP to grow by 9.3% on average from 2020 to 2024. The forecast for 2021 is currently +4.1%. The Customer Relationship Management segment (+6.2% in 2021, +14.0% from 2020 to 2024), which itelligence AG has also bolstered with the acquisition of Sybit Weaveability, is set to experience particularly strong growth. itelligence anticipates particular growth and earnings potential in the development and sale of proprietary products. In particular, this includes the Gepardo software of the FH Group in Brazil. itelligence is increasingly also benefiting from its work with other affiliates of NTT/NTT DATA. The Management Board expects these cooperations to be further intensified in all regions.

In particular, business with customers in the BEUR 1 to BEUR 10 revenue bracket is becoming increasingly important to itelligence AG. itelligence AG intends to provide these customers with an attractive range of consulting services relating to S/4HANA transformation and innovative solutions from the wider SAP portfolio. In particular, the S/4HANA transformation of the existing customer base means good opportunities for the Group in 2021 and the years ahead.

Given itelligence AG's strong market position and attractive product portfolio, the Management Board is assuming that revenue will increase to between BEUR 1.083 and BEUR 1.104, or by between 1.0% and 3.0%, in 2021 despite the ongoing global pandemic. The company is aiming for one or two small to mid-sized acquisitions in the coming year.

Boosting long-term profitability is management's top priority in 2021. To this end, the Management Board created a global efficiency program ("accelera7e") with the parent group NTT DATA in October 2020. The strategic investment program launched in 2019 was reevaluated in this context, and refocused on the most promising measures for 2021. In coordination with the shareholder, strategic investment in long-term profitability enhancement under both programs is to amount to between MEUR 15 and MEUR 20 in 2021. This is in line with the amounts under the strategic investment program in 2020, though there will be a clear focus on efficiency enhancement in 2021.

Based on budget planning, the Management Board is aiming for an operating EBITA margin of more than 5%, while the EBITA margin including the effects of the efficiency/investment program is expected to be between 3.6% and 4.2%. The Management Board has again declared its intention of not paying a dividend for 2021 so that all profits generated can still be invested in the profitable expansion of itelligence AG's business.

In addition to the above estimates regarding overall market development in the enterprise software and IT services segment, these original forecasts assume a largely stable economic and global political environment.

With the coronavirus pandemic still ongoing, actual results may deviate substantially from the expectations for future development. The Management Board therefore explicitly expects to update its forecast after the first half of 2021.

Initial positive market developments have already been witnessed in the first two months of 2021, and are also reflected in the results of itelligence AG.

Bielefeld, March 26, 2021

itelligence AG

Norbert Rotter  
CEO

Jürgen Pürzer  
CFO

**CONSOLIDATED INCOME STATEMENT**

IFRS

KEUR	Jan. 1 – Dec. 31, 2020	Jan. 1 – Dec. 31, 2019
Revenues	1,071,861	1,038,186
Cost of sales	-867,748	-827,514
<b>Gross profit</b>	<b>204,113</b>	<b>210,672</b>
Marketing and distribution expenses	-94,028	-94,860
Administrative expenses	-88,650	-80,920
Other operating income	8,364	3,201
Other operating expenses	-6,515	-4,726
Impairment of trade receivables	-4,702	-4,797
Total operating expenses	-185,531	-182,102
<b>Operating earnings</b>	<b>18,582</b>	<b>28,570</b>
Investment income	-161	14
Measurement of derivatives and exercise of options	-7,581	178
Exchange rate differences from financing activities	2	-34
Financial income	1,181	155
Finance costs	-5,459	-5,942
Net finance costs	-12,018	-5,629
<b>Earnings before tax</b>	<b>6,564</b>	<b>22,941</b>
Tax expenses	-4,955	-8,529
<b>Consolidated net profit</b>	<b>1,609</b>	<b>14,412</b>
of which attributable to the shareholders of itelligence AG	-3,933	9,746
of which attributable to non-controlling interests	5,542	4,666
Earnings per share (EUR) (basic/diluted)	-0.13	0.32
Number of shares on the basis of which earnings per share were calculated:		
– basic/diluted	30,014,838	30,014,838



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

IFRS

KEUR	Jan. 1 – Dec. 31, 2020	Jan. 1 – Dec. 31, 2019
<b>Consolidated net profit</b>	<b>1,609</b>	<b>14,412</b>
Actuarial losses IAS 19 *	1,279	-7,616
Currency translation differences **	-19,426	1,219
Tax effects	171	1,822
<b>Other comprehensive income</b>	<b>-17,976</b>	<b>-4,575</b>
<b>Total comprehensive income</b>	<b>-16,367</b>	<b>9,837</b>
of which attributable to the shareholders of itelligence AG	-17,726	5,207
of which attributable to non-controlling interests	1,359	4,630

\* Item not to be reclassified to profit or loss.

\*\* Item that can be reclassified to profit or loss.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

IFRS

ASSETS KEUR	Dec. 31, 2020	Dec. 31, 2019
<b>Non-current assets</b>		
Goodwill	237,864	222,385
Intangible assets	65,621	36,574
Property, plant and equipment	177,216	187,794
Other financial assets	5,785	3,218
Trade receivables	1,310	3,656
Income tax receivables	129	0
Deferred tax assets	5,636	2,486
	<b>493,561</b>	<b>456,113</b>
<b>Current assets</b>		
Inventories	891	828
Trade receivables	192,544	214,091
Contract assets	44,244	37,145
Income tax receivables	9,309	7,084
Other financial assets	32,966	3,599
Other non-financial assets	2,755	5,390
Cash and cash equivalents	101,914	108,394
Prepaid expenses	21,849	19,894
	<b>406,472</b>	<b>396,425</b>
	<b>900,033</b>	<b>852,538</b>

EQUITY AND LIABILITIES KEUR	Dec. 31, 2020	Dec. 31, 2019
<b>Equity</b>		
Share capital	30,015	30,015
Capital reserves	181,153	141,400
Net accumulated profit	123,023	126,956
Other comprehensive income	-120,827	-74,435
	<b>213,364</b>	<b>223,936</b>
Non-controlling interests	70,221	51,487
	<b>283,585</b>	<b>275,423</b>
<b>Non-current liabilities</b>		
Financial liabilities	223,276	206,574
Deferred tax liabilities	14,203	6,183
Other non-current provisions	1,176	579
Pension provisions	10,808	10,329
Government grants	3,749	3,977
Other non-financial liabilities	2,266	1,580
	<b>255,478</b>	<b>229,222</b>
<b>Current liabilities</b>		
Trade payables	74,158	82,936
Contract liabilities	39,313	37,986
Financial liabilities	112,746	115,323
Other current provisions	19,415	9,644
Income tax liabilities	7,838	4,224
Income tax liabilities	2,873	3,188
Other non-financial liabilities	104,627	94,592
	<b>360,970</b>	<b>347,893</b>
	<b>900,033</b>	<b>852,538</b>

**CONSOLIDATED STATEMENT OF CASHFLOWS**

IFRS

KEUR	1.1.-31.12.2020	1.1.-31.12.2019
Consolidated net profit	1,609	14,412
Amortization of intangible assets and depreciation of property, plant and equipment	58,850	56,061
Elimination of losses on asset disposals	31	38
Other non-cash expenses and income	6,728	-11,301
Net finance costs	12,018	5,629
Tax expenses	4,955	8,529
	<b>84,191</b>	<b>73,368</b>
Change in inventories	-63	608
Change in trade receivables	23,933	-4,619
Change in other non-current assets	-2,407	-886
Change in other current assets	328	2,247
Change in prepaid expenses	-1,939	-560
Change in trade payables	-9,901	1,878
Change in provisions for pensions	-1,451	107
Change in other liabilities and provisions	22,507	8,299
Change in deferred taxes	72	0
	<b>115,270</b>	<b>80,442</b>
Interest received	1,181	155
Dividends received	0	14
Interest paid	-5,662	-4,251
Taxes paid	-11,851	-9,063
<b>Cashflows from operating activities</b>	<b>98,938</b>	<b>67,297</b>
Capital expenditure for intangible assets and property, plant and equipment	-33,863	-20,026
Investment grants and subsidies received	0	1,654
Cash received from the disposal of property, plant and equipment and intangible assets	4,085	1,082
Subsequent purchase price payments for acquisitions	-868	-2,663
Payments for acquisitions (less cash and cash equivalents acquired)	-5,173	-41,423
<b>Cashflows from investing activities</b>	<b>-35,819</b>	<b>-61,376</b>
Dividends paid to non-controlling interests	-4,224	-1,841
Capital increase	12,863	78,932
Payment for the acquisition of non-controlling interests	-15,237	-3,045
Borrowing of financial liabilities	136,127	84,119
Repayment of financial liabilities	-191,464	-139,500
<b>Cashflows from financing activities</b>	<b>-61,935</b>	<b>18,665</b>
Increase in cash funds	1,184	24,586
Effects from exchange rate differences	-7,664	1,254
Cash and cash equivalents as of January 1	108,394	82,554
<b>Cash and cash equivalents as of December 31</b>	<b>101,914</b>	<b>108,394</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

IFRS

KEUR	Number of shares	Share capital	Capital reserves	Net accumulated profit	Other comprehensive income				Equity attributable to the shareholders of the parent company	Non-controlling interests	Consolidated equity
					Foreign exchange differences	Other equity IAS 19	Other equity	Other comprehensive income			
<b>December 31, 2018</b>	<b>30,014,838</b>	<b>30,015</b>	<b>62,468</b>	<b>117,210</b>	<b>-18,155</b>	<b>-1,070</b>	<b>-17,268</b>	<b>-36,493</b>	<b>173,200</b>	<b>19,049</b>	<b>192,249</b>
<b>Consolidated net profit</b>				9,746					9,746	4,666	14,412
Actuarial losses IAS 19						-5,794		-5,794	-5,794		-5,794
Foreign exchange differences					1,255			1,255	1,255	-36	1,219
<b>Total comprehensive income</b>				<b>9,746</b>	<b>1,255</b>	<b>-5,794</b>	<b>0</b>	<b>-4,539</b>	<b>5,207</b>	<b>4,630</b>	<b>9,837</b>
Dividend payments										-1,841	-1,841
Capital increase			78,932						78,932		78,932
Acquisition of a subsidiary with non-controlling interests							-35,030	-35,030	-35,030	31,276	-3,754
Exercise of options (without change of control)							1,627	1,627	1,627	-1,627	0
<b>Shareholder transactions</b>			<b>78,932</b>				<b>-33,403</b>	<b>-33,403</b>	<b>45,529</b>	<b>27,808</b>	<b>73,337</b>
<b>December 31, 2019</b>	<b>30,014,838</b>	<b>30,015</b>	<b>141,400</b>	<b>126,956</b>	<b>-16,900</b>	<b>-6,864</b>	<b>-50,671</b>	<b>-74,435</b>	<b>223,936</b>	<b>51,487</b>	<b>275,423</b>
<b>Consolidated net profit</b>				-3,933					-3,933	5,542	1,609
Actuarial losses IAS 19						1,450		1,450	1,450		1,450
Foreign exchange differences					-15,243			-15,243	-15,243	-4,183	-19,426
<b>Total comprehensive income</b>				<b>-3,933</b>	<b>-15,243</b>	<b>1,450</b>	<b>0</b>	<b>-13,793</b>	<b>-17,726</b>	<b>1,359</b>	<b>-16,367</b>
Dividend payments										-4,224	-4,224
Capital increase			39,753						39,753		39,753
Acquisition of a subsidiary with non-controlling interests							-34,721	-34,721	-34,721	23,721	-11,000
Exercise of options (without change of control)							2,122	2,122	2,122	-2,122	0
<b>Shareholder transactions</b>			<b>39,753</b>				<b>-32,599</b>	<b>-32,599</b>	<b>7,154</b>	<b>17,375</b>	<b>24,529</b>
<b>December 31, 2020</b>	<b>30,014,838</b>	<b>30,015</b>	<b>181,153</b>	<b>123,023</b>	<b>-32,143</b>	<b>-5,414</b>	<b>-83,270</b>	<b>-120,827</b>	<b>213,364</b>	<b>70,221</b>	<b>283,585</b>

**AUDIT RESULT**

The statutory auditor has issued the full consolidated financial statements and Group management report with an unqualified audit opinion.

The full consolidated financial statements and Group management report have been submitted to the operator of the Bundesanzeiger (Federal Gazette).

## SERVICE & PUBLICATION DETAILS

### CONTACT PARTNERS

#### Financial Communication

Katrin Schlegel, Head of Mergers & Acquisitions  
Phone +49 5 21/9 14 48 106  
Fax +49 5 21/9 14 45 201  
E-mail [katrin.schlegel@nttdata.com](mailto:katrin.schlegel@nttdata.com)

#### Public Relations

Silvia Dicke, Head of Corporate Communications  
Phone +49 5 21/9 14 48 107  
Fax +49 5 21/9 14 45 201  
E-mail [silvia.dicke@nttdata.com](mailto:silvia.dicke@nttdata.com)

#### Company Address

NTT DATA Business Solutions AG  
Königsbreede 1, 33605 Bielefeld  
Phone +49 5 21/9 14 48 0  
Fax +49 5 21/9 14 45 100  
[www.nttdata-solutions.com](http://www.nttdata-solutions.com)

### CONCEPT

NTT DATA Business Solutions AG

### CONCEPT, DESIGN

[visuphil@](mailto:visuphil@)

### TEXT

NTT DATA Business Solutions AG  
Alex Jake Freimark  
Daniel Schönwitz  
wortwert

### PHOTOGRAPHY

NTT DATA Business Solutions, P. 47–48, 53, 55,  
57, 61–63, 65, 70, 79

Constantin Ranke, Portraits P. 3, 7–15, 19–23,  
25–26, 28–31, 35–39, 41, 41, 43, 45

Shutterstock, P. 4, 18, 35, 39, 40, 45–46, 49, 50, 54,  
57, 60, 64, 66–67, 69, 71

Wikipedia Commons, P. 66, 67

unsplash.com  
Matt Benson, P. 6; Jezael Melgoza, P. 16;  
Dakota Corbin, P. 32; Vino Li, P. 34;  
Tapio Haaja, P. 53; Asoggetti, P. 58;  
Kelly Sikkema, P. 72; Wolfgang Hasselmann, P. 76

## We Transform. SAP® Solutions into Value

Digital transformation helps companies reach their full potential – if the underlying technologies work for the people using them! At NTT DATA Business Solutions, we design, implement, manage and continuously enhance SAP solutions to make them work for companies – and for their people.

Aiming to transform, grow and become more successful? We provide you with more than in-depth expertise for SAP solutions: As your passionate partner, we connect your business opportunities with the latest technologies – and offer you a unique approach to get the job done as smoothly as possible. Our close ties to SAP and other partners give you access to innovative solutions and developments. Being part of the global NTT DATA group enables us to master any scope of project.

With operations in more than 30 countries, we have enabled thousands of companies become more efficient and effective during the last three decades. Our 10,000 experts around the world will also accompany you on your journey toward a truly intelligent enterprise – wherever you want to start!

You want to know more?

**Visit [www.nttdata-solutions.com](http://www.nttdata-solutions.com)**



**NTT DATA Business Solutions**

Follow us on

