

Release no. 18/2020

Company announcement



New strategy: Focus23

Columbus launches a three-year strategy – Focus23 – with the goal of becoming our customers' digital trusted advisor driving increased customer value. In order to focus the business on consultancy and digital advisory, Columbus has decided to divest its software business To-Increase. The three strategic elements Empower, Sustain and Delight will, combined with a focused and simplified operating model, unleash the full growth potential and make it possible to gradually increase profitable growth to minimum 10% annually in 2023.

Having completed a deep strategic review and portfolio review during the first half of 2020, Columbus is now launching a new ambitious three-year strategy; Focus23.

Our Columbus2020 strategy has positioned us among the leading IT consultancies with a wide range of solutions. In addition, our software company To-Increase is among the leading software companies with an impressive cloud business application portfolio.

Dedicated focus on digital advisory and consultancy

With the strategic decision of divesting To-Increase, announced 28 October 2020, we are now ready to focus our business on IT consultancy and digital advisory only.

We will serve our customers as a digital trusted advisor with the goal of creating more value in our customers' digital transformation journey as well as lifetime partnerships with our customers.

We will focus on serving larger customers within our key industries Food, Retail and Manufacturing delivering a range of advisory and digital solutions applying our 9 Doors to Digital Leadership®.

We will implement a true global operating model with local presence and global delivery.

"During Columbus2020, we have developed and expanded our digital solution portfolio significantly and with the divestment of To-Increase, we are ready to unleash the full potential to meet our customers' needs for both executive digital advisory, and end-to-end digital solutions", says Chairman of the Board, Ib Kunøe.



Profitable growth through customer loyalty

A key priority in Focus23 will be to drive profitable growth by developing our business to become a more focused and simplified operation with increased customer centricity and a more digital advisory approach.

Strong starting point

With the execution of the Columbus2020 strategy, Columbus reached important milestones in the journey to become a leading global value provider of digital business solutions in selected industries.

A key milestone has been to strengthen our leadership position within ERP while investing in new digital solutions and offerings to expand our customer engagement.

During the past five years, we have expanded our core ERP with a comprehensive solution portfolio with 9 Doors to Digital Leadership® that delivers end-to-end solutions like Cloud ERP, Digital Commerce, Modern Workplace, Data & Analytics and Application Management.

A key enabler to grow our ERP market position and expand our solution portfolio was the acquisition of iStone in 2018 which positioned Columbus as market leading in the Nordics within e-commerce and the largest service provider of Infor M3 worldwide.

In the current strategic period, we have also grown our Global Delivery Capacity, supporting customers around the world within Dynamics365, Infor M3, Application Management Services and Infrastructure Management Services. Our Global Delivery Capacity is an important element and a competitive differentiator.

During Columbus2020, Columbus introduced a global customer loyalty program (NPS) and has continuously improved the rating over the past years significantly.

In addition, we have improved quality in delivery as well as risk management in customer engagements.

Focus23 will build on the strong foundation achieved with Columbus2020 to take Columbus to the next level positioning us within digital advisory and gaining a strong market position.

Promising market trends

The need to digitally transform businesses to fuel for growth and increased efficiency continue to be key factors for our customers in order to remain competitive.

Some of the digital trends, we see in our markets are the following:

- Growing demand for cloud solutions
- Increased need for technology innovation and integration across technologies
- Rising demand for BI and data analytics
- Rising demand for remote working and mobile accessibility
- Emerging need for digitalization to improve business sustainability

Columbus' solution portfolio 9 Doors to Digital Leadership® meets the growing need for digital transformation and we foresee promising two digits growth potential within most solution areas.

In the upcoming strategic period, the following solutions within our solution portfolio will have the highest priority:

- Dynamics365
- Infor M3
- Columbus Care (AMS & IMS)
- Data Analytics & BI
- Modern Workplace
- Digital Commerce
- Business & Application Integration

Unleashing the full potential

With Focus23 we **empower** our employees and include **sustainability** in everything we do with the aim to **delight** our customers.

We will implement a **focused and simplified operating** model to leverage global delivery capacity and synergies in the organization.



Focused and simplified operation

The Focus23 strategy includes a focus on simplified operation through:

- A new customer centricity organization and a customer serving principle with focus on larger customers
- Uniform business processes to accelerate collaboration
- A true global operating model with local presence and global delivery.

A new customer centricity organization

We will change our current organizational setup to build a true customer centric organization and a customer serving principle which enables Columbus to engage and support our larger customers with the right competencies at the right time.

Uniform business process

We will implement a uniform business process and a common business platform to get a more integrated and effective toolset to support our business and global delivery model.

True global operating model

We will implement a global operating model as a foundation to increase the value creation for our customers.

Our operating model will support local presence to strengthen customer intimacy while leveraging our global delivery capacity and competencies.

Three key strategic programs

Columbus will execute the strategy with focus on the following three strategic elements:



Empower

By building global capabilities within digital

advisory and intensify focus on customer centricity, we unleash the full potential of our people and organization to deliver customer value.

Columbus is a people business and in order to deliver on our strategic goals, we rely on our highly skilled, engaged and loyal employees.

We will ensure that we have the right advisory skills which among others are driven by our Global Academy, mentoring programs and career possibilities.

We aim to improve our employee satisfaction and decrease employee churn and build one strong, collaborative and customer focused culture.



Sustain

By advising on industry sustainability and

offering solutions to run a sustainable business, we build trust and sustainable relationships with our customers.

We will intensify the focus on applying and implementing solutions within sustainability that address the needs of our customers in our key industries.

Columbus' purpose is "Transformation for a better tomorrow". With Focus23, we empower our customers' sustainability journey by advising and delivering solutions that enable our customers to run a profitable, growing and sustainable business.



Delight

By creating higher value to our customers, we

achieve a better customer experience resulting in higher customer satisfaction, long-lasting relationships and advocacy.

Columbus will serve our customers as a digital trusted advisor and implement a customer serving concept that put the customer in the centre of our organization.

We want to be more for our larger customers in our key segments. We want our customers to acknowledge that we listen and understand their strategic and digital business needs and we advise on their digital transformation.

We will intensify how we work and learn from customer feedback to increase customer loyalty which is key in driving growth.

Financial ambitions and value drivers

With Focus23, Columbus will pursue three key financial drivers to gradually increase annual profitable growth to minimum 10% by 2023:

- Grow revenue from our key customer segments
- Growth primarily from focused solution areas within 9 Doors to Digital Leadership®
- Build and grow a strong orderbook to increase recurring revenue and predictability

The foundation for reaching our financial ambitions is delighted and loyal customers.

We will measure our progress within delighted customers by continuing to measure customer loyalty (NPS) and by extending our customer feedback framework and processes.

Focus23 will be presented on a live webcast and conference call at 12 November 2020 at 13:00 CET. The webcast is hosted by Interim CEO & Corporate CFO Hans Henrik Thrane

Ib Kunøe
Chairman
Columbus A/S

Hans Henrik Thrane
Interim CEO & Corporate CFO
Columbus A/S

For further information, please contact:
Interim CEO & Corporate CFO Hans Henrik Thrane, T: +45 70 20 50 00.