



# [ 2020 CEO's Review

For the year ended  
30 September 2020



We will all remember 2020 as a year that no one could have predicted. I'm enormously proud of the way our exceptional team responded with such remarkable resilience and commitment during the year, supporting our customers and communities. I'm equally proud of the results that we have achieved, continuing our stellar record of delivering growth through a period of enormous change and challenge.



As an early signatory to the C-19 Business Pledge, we focused throughout the year on safeguarding our people and communities, as well as responding with new resources and rapid innovations for our customers. This ongoing focus on people and software solutions has underpinned another robust year for Civica.

For more than 25 years our software has been helping to deliver improved public services and better outcomes for people and communities around the world. During 2020 public services and their partners were stretched like never before. Having demonstrated the speed with which new digital and cloud based solutions can be conceived and deployed, organisations are now building on that experience. We remain committed to advancing new and stronger ways of working enabled by digitisation and the application of new technologies.

## Business review

Civica demonstrated great resilience and once again performed well during the year despite the disruption of COVID-19. Supported by a balanced investment in our people, our products and our platform, we built on the foundation of our cloud software and our ability to apply local specialist knowledge across multiple markets. This saw us maintain our track record of operational and financial performance while creating new exciting opportunities and adding new capabilities.

During the first six months to March 2020 we continued our uninterrupted growth record with progress across our core markets. Following the Coronavirus outbreak we moved quickly to enable our 5,000 employees around the globe to work from home supported by our established practices and infrastructure. Having worked hard to provide enhanced support for our people and our customers, we were delighted to achieve excellent employee and customer satisfaction ratings across the business.

Following our start to the year we maintained our sales momentum with a record order intake overall. Our cloud software is used to deliver critical activities for the public sector – which is one of the key reasons why we increased the volume of major sales by 18 per cent. With our clear vision, we further progressed the strategy that has underpinned the Group's double-digit compound growth in revenue and profit across nearly two decades.

During the year we were also delighted to receive significant recognition. This ranged from individual awards for our people and as an employer of choice, to our cloud and digital solutions including Best Cloud Finance Solution at the UK Cloud Excellence Awards for our work with South Tees Hospitals NHS Foundation Trust.

I'm enormously proud of the way our exceptional team working alongside our customers, responded with such remarkable resilience and commitment to the challenges of the year.



## Resilient markets

Civica's performance is enabled by our scale, focus and track record as a trusted partner across a large, diverse and engaged customer base. Overall revenues for the year were £424.9 million (2019: £425.6 million). EBITDA\* increased by 4.6 per cent to £93.1 million (2019: £89.1 million) with continued strong cash generation at 94 per cent of EBITDA.

Civica is focused on the same market sectors across the UK & Ireland, Asia Pacific and North America. UK & Ireland revenues increased to £327.6 million (2019: £327.3 million). This was led by a growing contribution from our health & care, social housing and democracy divisions. Revenues from Asia Pacific and North America made up 23 per cent of Group turnover.

Cross-selling of our software across markets and geographies under our Endeavour programme is a strategic focus and I am very pleased with our systematic approach. With five key UK-developed products now sold into the Asia Pacific market during the year, we are helping our customers benefit from our global investment.

Our markets are characterised by a high level of legislation, increased automation and greater consumer expectations of public services. For our customers the pressures of social and economic change and increasingly stretched resources are driving the acceleration of digitisation and automation. With Civica software at the heart of public services, the Group is well placed to help our customers transform digitally to improve their service delivery and efficiency.

## Accelerating cloud and innovation

Already recognised as a foundation for innovation and transformation, cloud technology took on further significance during 2020. As a strategic imperative we have invested significantly in the year to increase our focus on our cloud software, supporting our customers as they move to new and more flexible ways of working. We accelerated the execution of our cloud strategy and the adoption of software-as-a-service solutions. We grew the use of cloud with existing and new customers, including approximately 75 per cent of new customer sales.

During the year we introduced new products and services for customers, delivered large-scale and award-winning digital solutions and added high quality software assets via acquisition, consistent with our strategy.

Rapid new innovations to support the local response ranged from the COVIDCare NI app, a global first developed with the Northern Ireland Department of Health, to a track and trace application for the London Borough of Redbridge. We also delivered updated software to deliver new legislation, such as allowing UK local authorities to deliver £1.6 billion in new grants and supporting the first online voting for UK Members of Parliament.

Through our proven product strategy framework, we continue to apply innovation throughout the business. Our NorthStar lab is driving our position as an innovation leader for public services through the acceleration and application of new ideas and technologies. With a particular focus around automation, data and devices, Civica NorthStar is a catalyst for new products such as Aurum, Civica's AI-based analytics solution for the health sector.

\* EBITDA is earnings before interest, tax, depreciation and amortisation.

## Complementary acquisitions

Acquisitions are central to our strategy, complementing organic growth, increasing our capabilities, adding market breadth and depth and expanding our addressable market. With proven processes and a consistent strategy managed by our in-house team, Civica has completed and successfully integrated 35 acquisitions in the last 10 years.

We continued to explore opportunities during 2020 albeit with a more prudent approach in view of the unpredictable events. The Group made two further acquisitions, adding market-leading software assets and expertise aligned to our cloud strategy:

- Digital health specialist InfoFlex strengthened our position in the health sector, complementing our existing software to support the delivery of integrated health care
- Software-as-a-service provider Fretwell-Downing added to our compliance portfolio with catering management software in particular for the education sector

During the year we moved swiftly with our acquired capabilities. For example, following the integration of iCasework, we secured new and higher value contracts, sold the product into the Asia Pacific market, built on the platform to deliver Civica's next generation legal and Coroners software and launched Community Helper to support the response to COVID-19.

The Group completed a number of further acquisitions after the end of the financial year. We remain active with the support of our investors in reviewing further opportunities to expand scale and capability in core markets, for which a good pipeline exists.



As we adapt to an evolving situation in 2021 I would like to applaud the tireless efforts of our public services and other providers in responding to the changed needs of people and communities.

## People & social value

Our strength lies in Civica's people and purpose-driven culture. With our deep sector and software expertise we build durable long-term relationships based on a shared purpose and commitment, which was undoubtedly highlighted throughout 2020.

Civica's position as an employer of choice continues to be recognised and is supported by strong employee feedback, including an excellent Net Promoter index of +50. A Glassdoor Employees' Choice award winner and one of the top 75 companies in the Financial Times Diversity Leaders list, we work hard to ensure Civica remains a great place to work with a strong focus on employee engagement, development, inclusivity and wellbeing.

During the disruption of this year we have given our people the support and flexibility to meet the needs of remote working with additional support to balance home and work lives. This has been boosted by our focus on positive health, including Employee Assistance and Mental Health Champions programmes.

Our well established programmes for learning, development and leadership are focused through Civica's Learning Academy. During 2020 we delivered 200,000 hours of training, using new online formats to reach our people. With customers and communities at the centre of all we do, we again won and delivered some great projects alongside customers – but with the notable addition of delivering these remotely.

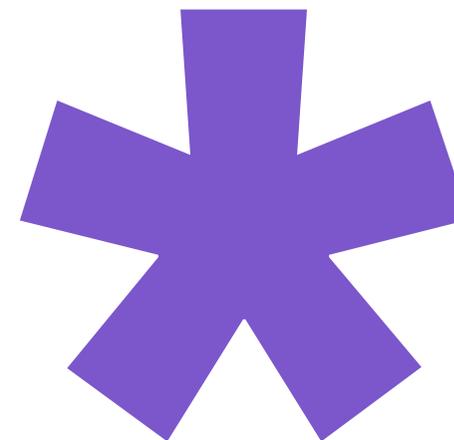
We continue to make progress in creating social value. Through our work Civica helps organisations around the world to deliver better outcomes for communities. During the year we maintained our support for charitable and community initiatives including for Young Enterprise and Action for Children in the UK and Whitleion and Room to Read in Australia. Our people also responded with energy and drive for causes close to their hearts in the response to COVID-19 alongside our normal charitable effort.

## Continued investment in our platform

Civica's global operating platform underpins our activities and provides a foundation for scalable growth. We've continued to develop the platform to support our sustainable growth and made strong progress with our structured operational excellence programme, Centum.

Centum is designed to support the Group's strategic development and the way we operate. Supported by an embedded programme office, it comprises a series of continuous improvement initiatives across the company focused on accelerating our growth and enhancing operational efficiency.

We invested in our programmes for development, service delivery, sales and commercial management, and launched a stronger and more distinctive brand. We again grew our team in Vadodara, India, to almost 600 colleagues, providing an outstanding resource to support all parts of the business globally through development productivity and back-office efficiency.



## Growth outlook

Civica has a leading position in a large and growing market. We have responded to the challenges of 2020 while making good progress with strategic developments focused around cloud, digital enablement and innovation. We remain committed to the further execution and evolution of our successful strategy, in support of both the needs of customers to transform digitally and to build on the new ideas and innovations conceived out of necessity during this truly unprecedented year.

As we adapt to an evolving situation in 2021 I would like to applaud the tireless efforts of our public services and other providers in responding to the changed needs of people and communities. I would also like to thank all our employees for their continued outstanding response for customers and colleagues and their amazing resilience. Without doubt this has helped ensure our business continuity and our strong performance.

With our track record of product innovation and delivery along with the strategic development of the business, we are confident that Civica is well positioned to support rapidly evolving customer needs and opportunities. We continue to see a very positive outlook for the business.



## Registered head office

Camelia Investment  
1 Limited

South Bank Central  
30 Stamford Street  
London  
SE1 9LQ  
United Kingdom

Tel: +44 (0)3333 214 914

## Registered number

10969863

## Auditors

KPMG LLP  
15 Canada Square  
London  
E14 5GL

## Regional offices

United Kingdom and Ireland  
South Bank Central  
30 Stamford Street  
London  
E1 9LQ

Tel: +44 (0)3333 214 914

10 Weavers Court  
Belfast  
BT12 5GH

Tel: +44 (0)3333 214 914

## Australia and New Zealand

163-175 O'Riordan Street  
Mascot, Sydney  
NSW 2020

Tel: +61 (0)2 8324 3000

## India

Notus Pride  
Sarabhai Campus  
Bhailal Amin Marg  
Vadodara 390007

Tel: +91 (0)2652 335 557

## Singapore

6 Harper Road  
Leong Huat  
Building #04-08  
Singapore 369674

Tel: +65 6511 7888

## USA

52 Hillside Court  
Englewood, Ohio  
OH 45322

Tel: +1 937 836 4499

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We invest in people Gold

Certification No. 663

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