

# CIVICA

Transforming the way you work

Creating value,  
driving growth

**2017**  
Annual Review

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# 2017 Group business highlights

For the year ended 30 September 2017

Total revenues

**£324.7** million

▲ Increased by **21%** (2016: £267.7 million)

Recurring revenues

**£152.4** million

▲ Increased by **15%** (2016: £132.6 million)

UK & Ireland revenues

**£247.2** million

▲ Increased by **14%** (2016: £217.6 million)

International revenues

**£77.5** million

▲ Increased by **55%** (2016: £50.1 million)

Group EBITDA

**£68.7** million

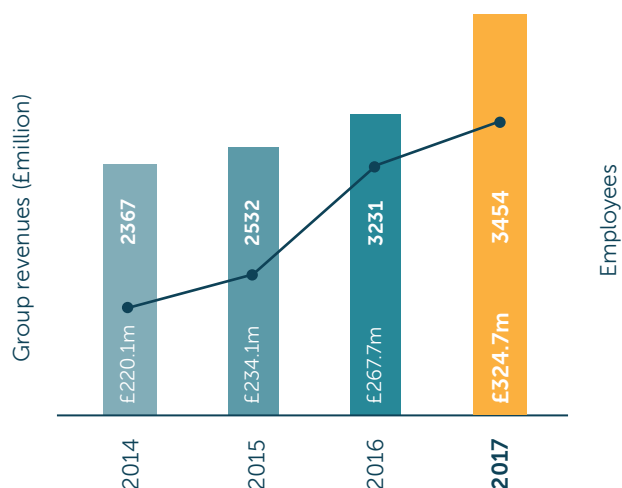
▲ Increased by **25%** (2016: £55.1 million)

Operating cash flow

**94.0%** of EBITDA

▲ Increased by **29%** (2016: 91.1% of EBITDA)

Civica achieved a record year of growth in 2017 driven by a market-leading position and an excellent operational and financial performance.





# Welcome to Civica

A strong and trusted partner helping organisations around the world to deliver efficient high quality services and transform the way they work.

Civica is the leading provider of business-critical software, digital solutions and managed services for our public sector and regulated markets. Providing the software technology and automation behind essential every day services, we help organisations around the world to deliver better outcomes for people and places.

In creating customer value and driving growth, it is our people and culture that sets us apart. As one of the fastest growing providers of our kind, we continue to invest in our people and are recognised as one of the top places to work nationally.







More than  
**4,100** colleagues\*

Working with  
**3,000** major customers  
in 10 countries

Streamlining services for  
**100 million**  
people and businesses

Producing **16 years**  
of unbroken growth with  
2017 revenues increased by 21%

Supported by  
**119,400** hours  
of learning and development

\*as at 1 January 2018

# Sustained development & growth



\*Customer track record prior to current business formation dates back to 1983.

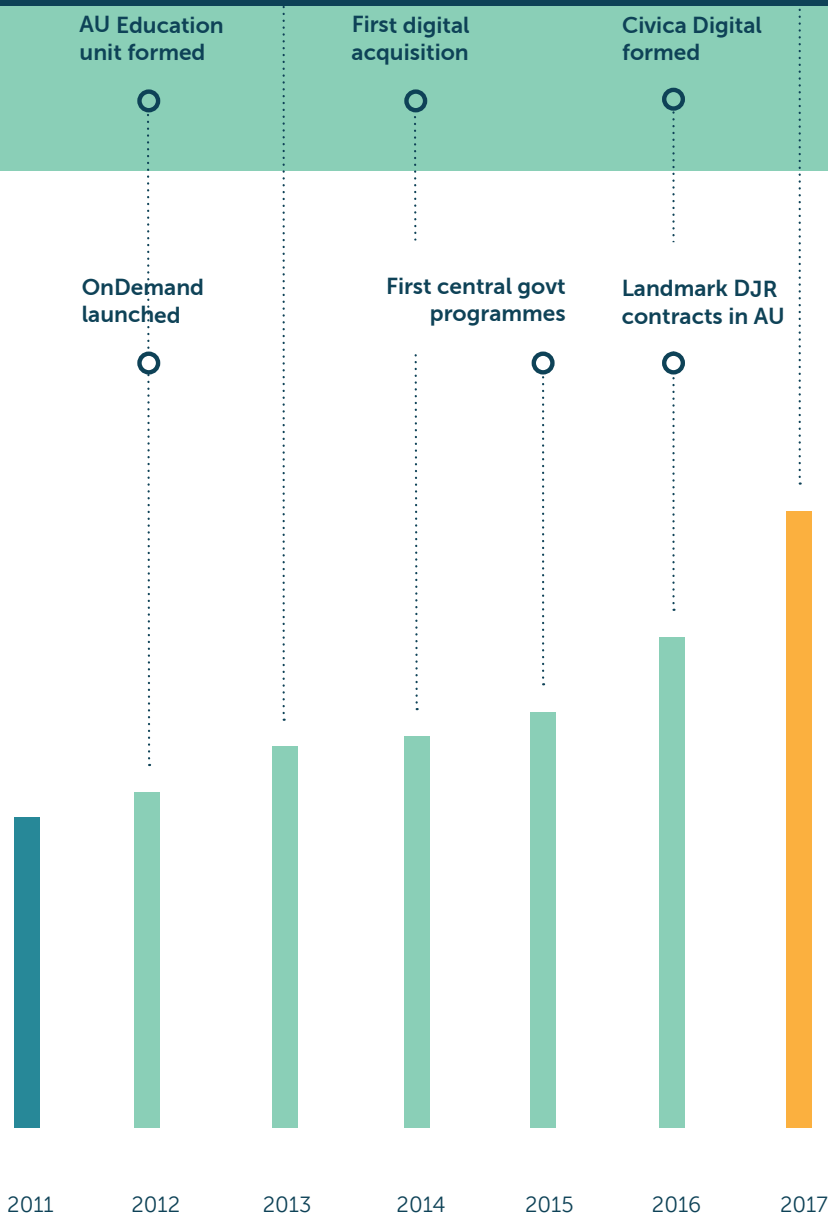


## 2013

OMERS PE  
investment

## 2017

Partners Group  
investment



“

Civica has an unbroken record of growth since formation, driven by deep understanding of our markets, a clear strategy and an experienced team, supported by investment in our people and platform.

”

Wayne Story  
Chief Executive Officer

# Chairman's introduction

“

**I am very pleased to report that this has been a record year for the Civica Group both financially and operationally.**

”



The business has extended its strong track record with a 16th year of profitable and cash-generative growth, further increasing the scale of involvement with customers as we continue to help them to improve services and achieve efficiencies while adapting to a changing and increasingly digitised environment.

I am also delighted with the further development of Civica underpinned by sustained investment in our exceptional people and culture, including our renewed Investors in People 'Gold' accreditation. While adding new colleagues, both employee and customer satisfaction ratings have improved globally, with the company recognised as a leading national employer.

During 2017 the Group achieved an excellent performance, with overall revenues increased by 21 per cent to £324.7 million, delivering 25 per cent EBITDA growth and excellent cash generation. These results reflect the ongoing successful execution of Civica's clear strategy globally which is delivering value for all of our stakeholders.

The business maintained strong momentum and growth across our core markets and geographies, with more than 250 major new sales and good take-up of new products and services. Wins included the Group's largest contract to date, a business services agreement worth approximately AUD200 million to support administration of new fines legislation for the Victorian state government in Australia.

In addition to investing 19 per cent of revenues into product and service development, we also strengthened

our operating platform to sustain our leadership position and our class-leading performance. We made two highly complementary acquisitions – UK social housing specialist Abritas and HR & payroll firm Carval Computing – and in January 2017 launched our dedicated digital division, Civica Digital. With a strong track record, particularly in government services, digital solutions generated revenues of more than £71 million and Civica is positioned well in this fast-growth market.

In July 2017, global private markets investment manager Partners Group agreed on behalf of its clients to acquire the Civica Group, which was completed following the end of the financial year for an enterprise value of more than £1 billion. Civica performed extremely well during the period of ownership by OMERS, moving on significantly enhanced in scale and capability, underpinned by our reputation for domain expertise.

I would like to take this opportunity on behalf of the Board to thank all of our people for their outstanding contribution and commitment. Together with our customers, we have been able to deliver many excellent projects and product innovations and the company remains in a very strong position to support evolving customer needs. We continue to see a very positive outlook.

**Simon Downing,**  
**Chairman**



# Global capability, local focus

Civica operates internationally across the public sector and in regulated markets including transport, financial services, legal and telecoms. As well as enabling the provision of modern services, improved regulation and greater efficiency through the use of our software, the company also takes a wider role in helping re-model activities in areas of expertise through partnerships built on the foundation of our systems and technology.

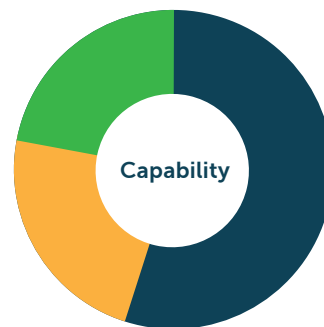
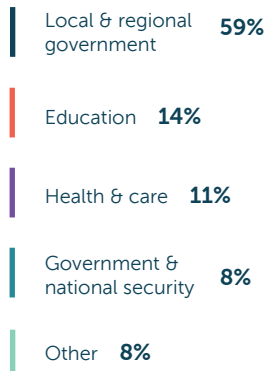
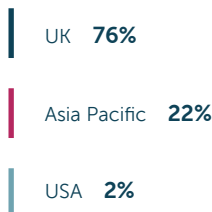
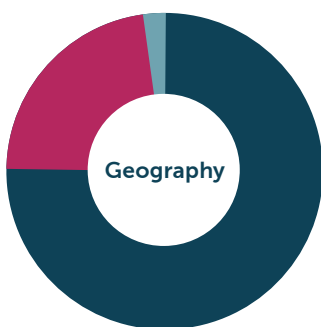
Civica's deep market knowledge, track record and culture underpin our leadership position. We have worked closely with customers to develop existing products and innovative new solutions, demonstrating how re-designed processes coupled to effective IT systems can help to achieve improved services and support new business models.

**Civica's deep market knowledge, track record and culture underpin our leadership position.**

Civica is well placed to offer value-adding and transformational solutions to our customers, building on a strong platform and local opportunity in the UK and internationally.

The Group has a balanced operation across markets, with a revenue mix as shown below.

## Revenue mix



# Our vision for a changing landscape

**Civica is the leading IT-based partner in its chosen markets. Through a unique combination of people, technology and business process expertise, we work alongside our customers to make a difference to people and places.**

The pace of change and expectation is accelerating. With a digital revolution reshaping our experiences and the way we work, our vision is to help organisations around the world to do more and to achieve better outcomes through more connected and efficient ways of working.

People today expect consistent, high-value digital experiences. They demand services that are compatible with their lifestyles and provide anytime, anywhere access. Responding to the shift, Civica is helping to transform customer interactions and improve efficiency, putting insights and data at the heart of business-critical application design and development.

## Delivering proven outcomes for our customers



**Deeper**  
business  
insight



Increased  
operational  
**efficiency**



**Reduced**  
business  
risk

10



**Improved**  
customer  
experience



Improved  
workforce  
**productivity**



**Streamlined**  
business  
processes



# Agenda for growth

Our capabilities are aligned to sustained demand for technology solutions which help to improve, modernise and ultimately transform core activities while achieving efficiencies. With a history of sourcing and integrating complementary businesses, we continue to add to these capabilities through acquisitions.

## Drivers of future growth

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### Organic growth via Civica platform solutions

**14% CAGR**

2014 – 2017 revenue

- Continued expansion of critical software functionality and use
- Digital acceleration to support transformation in all markets
- Increased cloud deployment and technology-based services

### Investment in people & culture

**119,400 hours**

of learning & development

- Sustained employee support and development
- Leadership development programmes and talent management
- Increased global collaboration

### Scalable product R&D and support capability

**19% of total revenue**

invested in development

- Sustained investment in products and innovation
- Consistent operating platform established
- Expansion of Vadodara centre

### Value creation through M&A

**12 acquisitions**

completed since 2013

- Proven model to add customer-relevant capability
- Strong near term and future pipeline
- Focus on complementary businesses with owned IP in known markets

**11**

## Acquisitions case studies

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### Abritas

In December 2016 we acquired specialist housing software provider Abritas. Its web-based systems and related services are used by more than 170 local authorities and housing associations to provide housing needs and lettings services. The subsequent integration consolidated our leadership position, enhancing Civica's ability to help housing providers respond to a changing environment through more responsive and efficient services.

### Carval Computing

The acquisition of Carval in July 2017 expanded our software portfolio with the addition of HR, payroll and time & attendance software, together with related payroll processing services. The business provides integrated software for a wide range of public and private sector organisations, with more than 300 installations ranging from less than 100 employees to more than 10,000.

# Business review

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**2017 was an excellent year for Civica. We maintained our class-leading operational and financial performance, increasing our scale of involvement with customers and our business momentum while strengthening our underlying platform.**

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**Wayne Story**  
Chief Executive Officer

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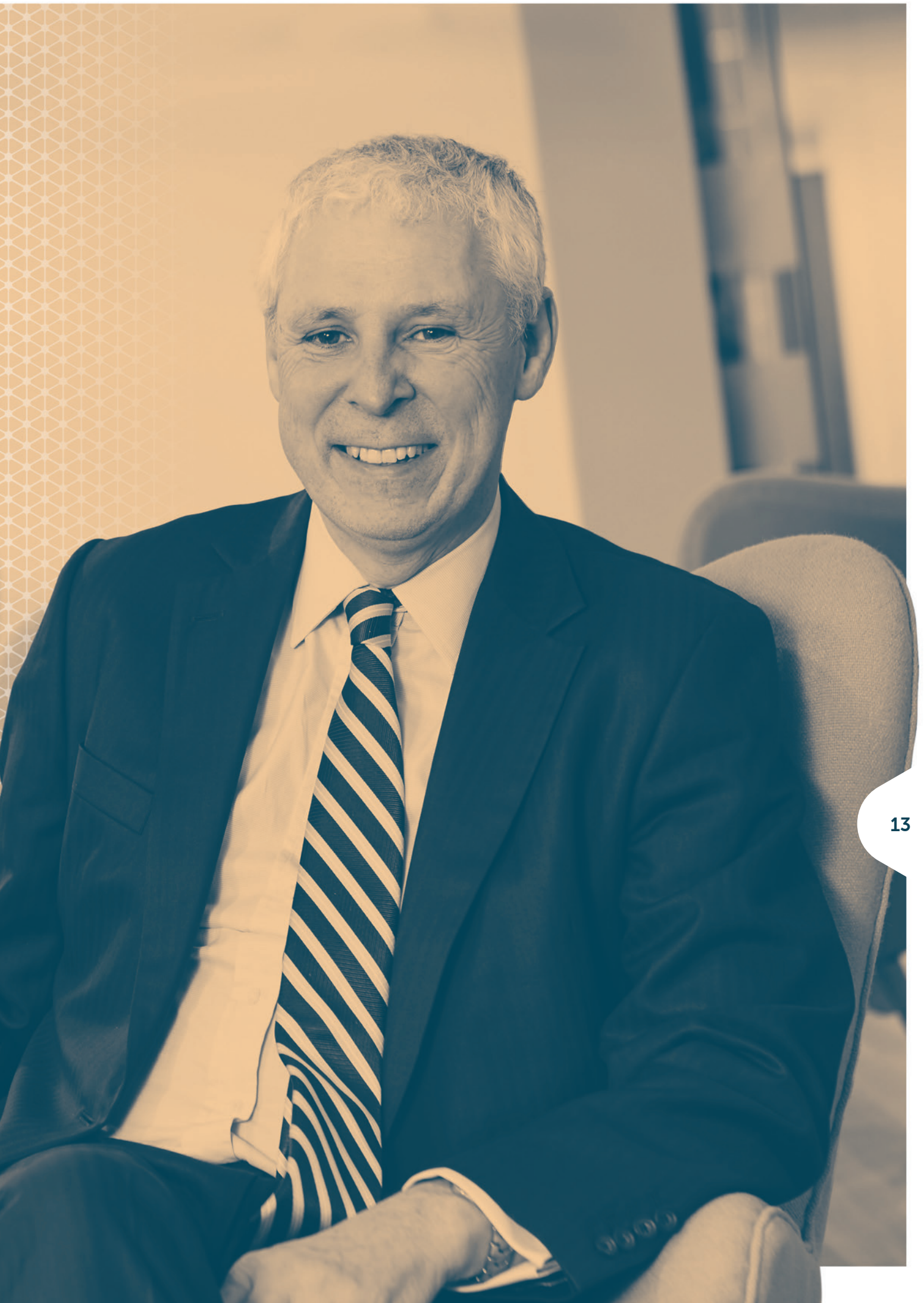
During 2017 we continued to execute our strategy. We produced a very strong performance to extend our track record of sustainable, profitable growth well ahead of the market, building on our leading position to support the needs of customers and the long term development of the business.

We are committed to helping customers transform the way they work in response to increasing change and expectation and during the year made good progress. We maintained our focus and level of investment in our people, our products and our technology capabilities across the business, with increased global collaboration.

In a very positive step to support the future success of the business, following the end of the financial year we agreed the acquisition of Civica with global private markets investment manager Partners Group. The backing of Partners provides a strong foundation and ensures we have the resources and stability to build on our existing plans under the leadership of the current management team.







## Trading results

Overall Group revenues increased 21 per cent to a record £324.7 million (2016: £267.7 million), reflecting a superior operational and financial performance. EBITDA\* increased to £68.7 million (2016: £55.1 million) with excellent cash generation which continues to support investment in our people, products and resources.

Civica provides business-critical software applications, digital solutions and technology-based managed services, used by organisations to improve and automate the provision of core services. During the year we increased the Group's scale of activity organically and through acquisition, growing the use of our software, expanding our digital business and extending managed services in areas of specialist expertise.

We continued to enhance our software and services portfolio, and to expand our customer base, combining excellent customer retention with more than 250 major sales including large-scale contract awards in the UK and Australia.

Driven by a robust pipeline of new product development including innovative new solutions and cloud services, and underpinned by successful delivery, direct revenues from owned software and related equipment increased by 32 per cent.

It is clear that digital technology and automation is changing the way all organisations think and operate.

In January we successfully launched Civica Digital, a unified division with a leading capability to support transformation across both the public and private sectors. The division provides a complete capability to design, deliver and support a new generation of high-value digital services, with a long heritage.

Progress for Civica Digital included delivery of major programmes in central and regional government together with business-critical platforms for customers such as Flybe, the Rail Delivery Group and Nationwide Building Society. The business gained new wins, such as the Higher Education Statistics Authority and Acas, and internationally including health fund HCF.

Our distinctive platform-based model continues to deliver improvements and significant savings for customers in major partnerships. Existing contracts performed strongly while new wins included the Group's largest contract to date, worth approximately AUD200 million, to provide business services to support the new fines administration service in the state of Victoria.

## Markets

The Group delivered a strong performance across markets in the UK & Ireland, Australia, New Zealand, Singapore and North America, focused on our core sectors of government, social housing, health & social care, education and regulated private sector markets.

UK revenues increased 14 per cent on the prior year to £247.2 million (2016: £217.6 million) driven by excellent above-market growth in national and local government, social housing and health & care.

International activities accounted for approximately 24 per cent of overall revenues. The business produced a very strong performance, driven by key new customer wins, product investments and successful delivery, with organic revenue growth of 55 per cent. Reflecting progress across all markets, the result reinforced the Group's position as a partner of choice for our customers, and strengthened our platform for future growth internationally.

## People & customer service

Our strength lies in Civica's exceptional people and a collaborative business culture, which is characterised by a strong customer focus, domain expertise and commitment to succeed. Recognising this, we prioritise investment in recruiting, developing, supporting and rewarding great people while maintaining our culture, which enabled us to renew our Investors in People 'Gold' accreditation in 2017 which is held by less than 4 per cent of companies.

We added more than 200 new colleagues in the year while also integrating prior acquisitions including creating a unified Civica Digital business. Pleasingly our employee Net Promoter index improved during the period to +30.

\*Earnings before interest, taxation, depreciation and amortisation.





We were delighted to be named as one of the top 50 places to work in the Glassdoor Employees' Choice Awards.

The Group has again continued with initiatives which underpin our position as an employer of choice and to support our stronger leadership team. Through the Civica Academy, which provides a focus for learning & development and talent management globally, we delivered 119,400 hours of training, including new leadership development programmes.

As well as developing the skills and customer service values of our team, we are committed to maintaining high standards and in support of our business activities gained new and re-certified quality and service delivery accreditations.

### Acquisitions

Acquisitions form an integral part of our strategy to complement organic growth and to enhance our capability to support customers. Civica has completed a dozen acquisitions since 2013, adding and successfully integrating highly complementary businesses aligned to our focus and opportunity. We proceeded to extend this during the year.

In December 2016 we acquired social housing specialist Abritas, further strengthening Civica's position in the sector. This was underlined by a major new contract award with one of the UK's largest city councils for a joint solution. The business was integrated into a unified housing division with a market-leading portfolio supporting services for 5 million tenants.

We also added Carval Computing, an established supplier of HR, payroll and time & attendance systems and related payroll services. Acquiring an essential product set has brought a good opportunity to cross-sell this across our base.

At the end of the financial year we were also delighted to welcome Ian West, former Head of Mergers & Acquisitions at Capita PLC, to spearhead our international M&A activity. Ian brings extensive experience, having completed more than 100 acquisitions, and will help to drive the future development of our international business.

Civica has a proven model and with the strong support of Partners Group we remain active in reviewing potential acquisition opportunities to increase scale and capability in core markets, for which a good pipeline exists. Following the end of the financial year we completed the acquisition of OneStep Solutions LLP.

### Operating platform

We made further investments during 2017 to strengthen our operating capability and ensure a scalable platform to support our sustained growth. Initiatives are focused

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**The Group has again continued with initiatives which underpin our position as an employer of choice and to support our stronger leadership team.**

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on driving a consistent approach globally for people and talent management, product management, sales and marketing, service delivery and business support, underpinned by a central project office.

Highlights included standardised employee engagement, improved development visibility and investment appraisal, enhanced sales planning and support optimisation including the consolidation of common IT and service desk functions.

New product R&D increased by more than 30 per cent, with take-up for recent developments including Cx housing solutions, Cito and Civica Prescribing health care software, and new local government applications in the UK and Australia. The acquisition of our office in Vadodara, India, in 2016 has provided an excellent resource to support our development teams globally, and we expanded the office during the year with headcount doubled and a significant increase in utilisation.

### Outlook

2017 proved an excellent year for Civica. We achieved strong growth with continued investment in our people and products while maintaining consistent delivery and expanding our digital activities following the launch of our new digital division. New business success included a record order intake and some of our largest and most significant contracts to date.

Civica serves a large and growing market in which organisations are increasingly focused on digital technology and automation to transform their business activities. We remain committed to the ongoing execution and evolution of our strategy across our current markets including identifying technology trends and opportunities which will help customers to improve the way they deliver services.

With a strong order book and a high level of recurring revenues the Group has excellent revenue and earnings visibility. Based on our outstanding people and culture, specialist capability and deep market expertise, together with a strong operational and financial foundation, I believe the business remains very well placed as a valued partner for our customers.



# People & values

We're proud to have a team and a culture at Civica which sets us apart. Indeed, it is our people and our approach which drives our position as a trusted partner for our customers around the globe, together with our successful performance.

We are passionate about our company and what we do, and we actively encourage and continually invest in employee development and engagement, together with initiatives to make Civica a great place to work. As we grow, we recruit and retain people who share our core values of knowledge, integrity and action, supporting them through our learning academy and sustaining our distinctive culture.



## Knowledge

We develop, share and apply our expert knowledge in order to translate business needs into positive outcomes. Through in-depth experience and informed capability we seek to anticipate requirements, adapt to change and create insightful solutions to help our customers and colleagues to improve their performance.



## Integrity

We are fully committed to integrity and consistently high professional standards in all of our business dealings, remaining clear, fair and open in all we do. Through our corporate and financial behaviour, we aim to ensure that we are trusted to deliver promises and to respond to the needs of our customers, partners and colleagues.



## Action

We are passionate about delivering effective and meaningful results on time. We strive to do our best while constantly looking for new and improved ways of working, to help our customers, colleagues and partners achieve their goals and ambitions.







# Our people

At Civica, our people matter. They are the ones who build lasting relationships with our customers, the ones who have ideas and make them happen, and the ones who bring our business to life.







## Civica actually invests in its people and its people recognise the benefits of that investment.



**Andrew Hill**  
Commercial Director, Technology Services

### An employer of choice

Our people, their know-how and their commitment to do well for customers, colleagues and communities is a defining characteristic of Civica. To maintain our difference, we remain focused on building a team with the values and abilities to succeed.

We work hard to ensure Civica is a great place to work and an employer of choice with a strong brand that attracts a high calibre. Indeed, in 2017 we were delighted to receive a Glassdoor Employee's Choice Award, with a rating as one of the top 50 places to work.

We continue to enhance policies and procedures to support our culture as a people-centric and diverse employer. As an Investors in People 'Gold' organisation, Civica is committed to leading, inspiring, supporting and rewarding high performance which has helped to drive sustainable growth across the business.

We also listen. Civica provides many feedback opportunities, from listening boards and executive roundtables to our Net Promoter System survey which, including new recruits and new acquisitions, returned an improved NPS score of +30.

Corporate responsibility is integral to the Group's approach to contribute towards an ethical and sustainable environment for our customers, colleagues and communities. We proceeded to increase awareness internally, supported by policies from information security and anti-corruption to environmental management.

### Sustainable growth

The business delivered a record year of growth in 2017. With excellent progress across our software, digital and managed service activities, we maintained our focus on bringing new colleagues into the Group smoothly and with positive feedback. Following the end of the financial year, we successfully transferred more than 500 people and rapidly took on service delivery as part of our landmark contract in Australia with the Victorian state government and our UK partnership with East Kent Services.

Civica continued to appoint and promote employees into new roles across the business, supporting both the retention and development of key skills together with increased global collaboration, especially in respect of

growing demand for digital solutions. We combined this with adding new skills, and remain committed to our goal to make up 5 per cent of our workforce with apprentices and graduates by 2020.

We regularly review and amend our management structure to ensure that as we grow we remain effective, efficient and agile, giving our teams both the autonomy and the support to respond to the needs of the business.

During the period we invested in major office improvements in particular to develop our network of 'hub' offices, which offer more open and dynamic working spaces to boost collaboration, agile working and creativity.

We recognise the importance of regular communication within the business, to engage and inform our teams and ensure they understand their role in sustaining our culture and delivering our strategy. We re-vamped our internal communications during 2017, with further activities ranging from regular business briefings and leadership dinners to online global workshops to support innovation.

### Learning & development

The Group's Learning Academy provides a consistent programme of training, development and talent management to support our people throughout their careers. Though a wide range of programmes we encourage colleagues to explore and to develop their full potential regardless of role or experience.

Civica offers broad internal and external training. We combine formal activity with mentor-based and networking programmes, including coaching, to build an understanding of our approach and to develop the skills needed to deliver for our customers and employees. New initiatives included a self-service portal allowing colleagues to search and book onto technical courses, and a new online induction portal for all joiners.

The Academy continues to adapt to our changing circumstances and the evolving needs of our business and our market sectors. New programmes introduced during the year included 'eXel', an initiative to develop the future leaders of our business in conjunction with effective succession planning and 'Explore'. The latter offers a catalogue of activities and workshops from our company-wide First Impressions and Customer First programmes to bespoke team development and technical skills.

as at 31 Dec 2017	Female	Male
Employees	1,728 (44%)	2,208 (56%)
of which managers	221 (32%)	475 (68%)
of which senior managers	60 (25%)	177 (75%)
of which company directors	1 (14%)	6 (86%)

## Reward & recognition

The Group provides a competitive benefits package, including flexible elements that individuals can tailor to their specific needs including additional holiday, life insurance and critical illness cover. People also have access to an employee discount scheme, and externally managed confidential assistance helpline, together with our 'Positive Health' wellbeing programme linked to the Civica Academy to help achieve a better work-life balance.

During the year we introduced a number of new benefits including discounted gym membership, travel insurance and give-as-you-earn, a tax-exempt charitable donation system.

The business recognises the exceptional efforts of individuals and teams and their contribution to our reputation and performance. Initiatives range from Civica's 'Special Thanks & Recognition' (CStar) points reward scheme and an online system for submitting thanks to our annual awards, held in each region and for which more than 1,000 nominations were received.

## Civica Foundation

Launched in the UK to provide a focal point for corporate responsibility and charitable support, the Civica Foundation has demonstrated the company's commitment to supporting a range of charitable and community efforts. Supported charities include Action for Children, the Prince's Trust, Shelter and Water for Kids.

During 2017 we also launched the concept into Australia, with initial support for Whitelion, which focuses on helping at-risk youth in major cities, and children's cancer support charity Camp Quality.

Community activities are targeted at making a positive difference through using our skills, drive and enthusiasm. Employee fundraising initiatives are matched as appropriate by donations from the company. Recent projects have included the annual run, walk and bike ride of the Tour de Civica and active participation in charity sleep-out events in the UK and Australia, while in Singapore Civica sponsors the 'Tales of S' annual creative writing competition to showcase the talents of young Singaporeans.

Along with fundraising activities, our office 'Charity Champions' play a key role in running local events from bake sales to food bank collections. The Group also sponsors 'Donate a Day', where each year employees are able to take a day out from work to participate in a local event or initiative for a charity of their choice.

## Hear from a few of our people about life at Civica:

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**Mary Eggleton**  
Customer service delivery manager

With integrity as a shared value, the team really cares and works to put collective goals first. We love what we do, and it shows in the strong relationships we've built with our customers and each other. We share our ideas, talents and hobbies in a culture of trust and respect. I'm really proud to work for Civica, both today and where I see the company in the future.



**Sundararajan Suhanya**  
Project manager

I joined as a Programmes Officer to develop reading programmes for students. I'm happy to say that the company has provided me with immense opportunities to learn and grow. I'm very passionate about what I do today and my journey has been supported by a fantastic team across the business. The people are the perfect icing on the cake!



**Paul Appleyard**  
Team leader

I transferred from the public sector in 2015 and haven't looked back. Civica's culture, values and constant support from leaders and colleagues really allow you to flourish. I've been very lucky to experience this first-hand, taking part in the 'Potential' programme. The hard work paid off when we won service delivery team of the year at our Employee Awards.

## Operational standards

We maintain high standards and the Civica Management System encompasses our approach to quality, environment and health and safety. Accreditations include, among others, ISO standards 9001 (quality), 14001 (environmental management), 27001 (information security), 20000 (IT service management) and 22301 (business continuity). During the year we achieved re-certification of our service delivery platform following consolidation and creation of a centralised service centre.

With a scalable operating platform established, we continue to embed consistent best practice in support of the growth of the company through our operational excellence programme and Group project office.

Civica is committed to sound and fair business practices including zero tolerance on anti-corruption. Prevention, deterrence and detection of fraud or bribery is the responsibility of all and the company encourages employees to report any suspicion in confidence. We are also committed to identifying and assessing any potential risks and eliminating the possibility of modern slavery and human trafficking occurring in our business, including our supply chains.

We take health and safety seriously, and recorded no major incidents in the period.

## Sustainability

We support a process of continuous review and improvement, working with employees, customers and suppliers in order to recognise and reduce the impact operations have upon the environment.

Civica operates an environmental policy as a framework for our Environmental Management System. Our Environmental Management Team provides a focus for the policy and to ensure environmental consideration in our decision making. Ongoing initiatives include company-wide schemes such as 'chair miles', which encourages the use of car sharing, to energy use, waste disposal and recycling. During the year we moved to green energy providers at our UK offices in Bath, Bristol, Newbury, Leeds and Yeovil.

Civica also works with customers to deploy digital solutions and technologies that help reduce property, power and consumables requirements.

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**Civica gets behind you 100% and helps you explore your true potential.**

”

**Louise Wood, Health & Safety Manager**



**Sophie Clouter**  
**Business centre co-ordinator**

I was launched into a fast-paced environment with a steep learning curve which has proved crucial to my professional and personal development. I'm always impressed by the positive, friendly 'one company' attitude across the business. I really do enjoy coming to work every day, putting my all into everything I do and feeling a strong sense of belonging!





# Operational review

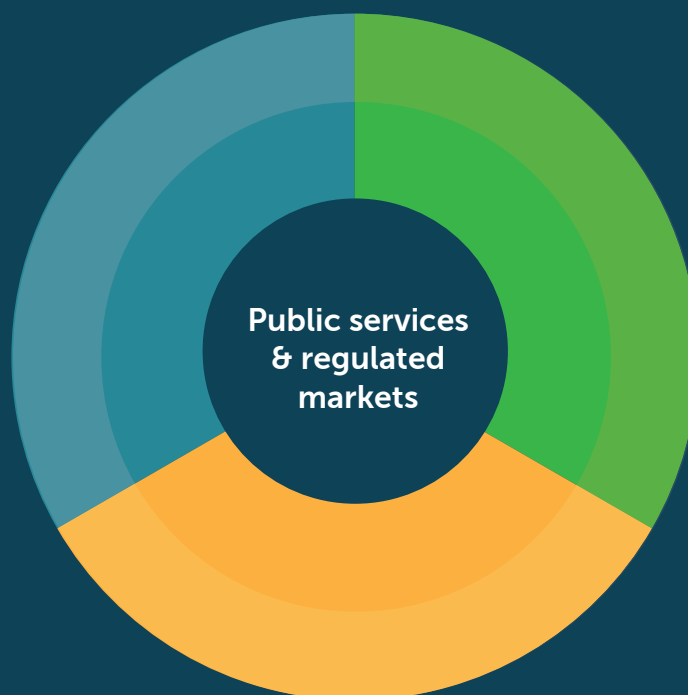
A distinctive combination of specialist software, digital solutions and technology-based services makes Civica a leading partner for national, regional and local government, health & care, housing & transport, education and public safety sectors, together with commercial organisations in highly regulated markets.







# Capability overview



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Business-critical software



Digital solutions



Managed services

Civica provides an extensive range of specialist applications which are used by more than 3,000 organisations internationally to improve and automate daily tasks from critical front-line services to back office administration. Informed by deep experience, and increasingly using digital and cloud platforms, we work with customers to streamline essential activities, raise standards and save money.

Civica Digital provides a complete end-to-end capability to deliver a new generation of digital services from concept to implementation, helping organisations to transform their customers' experience and improve lives. Combining a design-driven approach with extensive experience of building secure business-critical web applications, we're helping public and private sector organisations around the world to embrace the digital revolution and deliver better services for less.

The Group provides a broad range of technology-based services from cloud solutions and IT management to business service partnerships in areas of specialist expertise. With a distinctive platform-based approach and a track record of successful partnerships, Civica combines operational expertise with technology know-how to help customers reduce cost and risk, improve performance and support widespread business transformation.



# Business-critical software

Civica provides an extensive range of specialist applications which are used by more than 3,000 organisations internationally to improve and automate daily tasks from critical front line services to back office administration. Informed by deep experience, and increasingly using digital and cloud platforms, we work with customers to streamline essential activities, raise standards and save money.

## Operational review

The Group's software businesses are organised into four main operating divisions, three in the UK together with the International business covering Asia Pacific and North America. The UK divisions comprise local government, education & regulated markets; housing & asset management; and health & care.

During the year Civica continued to respond to customer needs, from core requirements and support for new legislation to ongoing investment in product development and innovation, with a strong record of delivery. Acquisition of an offshore development centre in 2016 helped to accelerate software development, with headcount in the centre subsequently doubled.

The Group delivered a very strong organic performance in our software-based activities. We achieved robust growth in the UK, led by local government, health and social housing sectors, combined with excellent progress internationally, including our largest contracts to date in local government and health markets.

As well as internal developments we enhanced our capability and market position with the acquisitions of housing specialist Abritas and HR & payroll provider Carval. Global collaboration also increased, including a landmark programme for the Victorian Department of Justice and Regulation.

Ahead of the new General Data Protection Regulation, we undertook product developments to help customers reduce the risk of non-compliance and reduce the time taken to handle citizen requests, together with services to help organisations build a stronger platform for the future.

Adoption of cloud-based solutions, where applications are hosted on behalf of customers or provided wholly as a service, continued with new agreements including, among others, the Royal Borough of Greenwich, Derbyshire Healthcare NHS Foundation Trust and Georges River

## Net revenues\*

Year to 30 September 2017

UK local government, education and regulated markets	▲ Increased by 8%
UK housing & asset management	▲ Increased by 20%
UK health & care	▲ Increased by 18%
International	▲ Increased by 40%

\* Net revenue defined as gross revenue less third-party costs of delivery.

Council. The company maintained good momentum with new and existing customers, for example signing more than 25 new or renewed contracts for cloud-based payment systems, which are accredited to the latest Payment Card Industry security standards.

Civica software applications and services are available both directly and through a wide variety of procurement frameworks, with an increased range offered via the UK's Digital Marketplace. These provide quick and efficient access through compliant procurement processes.



# Digital solutions

Civica Digital provides a complete end-to-end capability to deliver a new generation of digital services from concept to implementation, helping organisations to transform their customers' experience and improve lives. Combining a design-driven approach with extensive experience of building secure business-critical web applications, we're helping public and private sector organisations around the world to embrace the digital revolution and deliver better services for less.

## Operational review

In January 2017 we advanced our strategy with the launch of Civica Digital, a unified business with a leading specialist capability. The division combines the digital expertise and resources within the Group following recent strategic acquisitions including Asidua, WTG, IPL Group and SFW, positioning Civica as a leading partner for our markets.

Civica Digital is focused on helping organisations that deliver essential services to transform their customers' experience, improve operational efficiency and enhance performance with deeper business insight. The business combines strategy and a user-centred design approach with broad experience of designing, building and managing secure business-critical systems, using proven agile methodologies.

As a trusted partner for more than 200 major customers, including 20 government departments and agencies, the business is ideally placed to create high-value digital services. During the year we continued to respond to customer demand, ranging from the provision of digital specialists to outcome-based projects and full business transformation. New agreements in local public services, central government and regulated markets included the Home Office, Department for Transport, Innovate UK, South Gloucestershire Council, NI Direct, Acas and Kent Police, among others.

The company also made progress with our Digital360 platform, helping local authorities such as East Riding of Yorkshire and Gateshead councils to enhance service delivery and efficiency. The suite includes customer contact, portal, mobile, workflow and social media integration components, which combine to build a single cross-service view for the customer. We launched new capabilities during the year and secured new agreements with Hull City Council and South Somerset District Council.

In the commercial sector, underpinned by user research and analytics expertise, the Group extended its track

## Net revenue\*

Year to 30 September 2017

Digital solutions

▲ Increased by 64%

\* Net revenue defined as gross revenue less third-party costs of delivery.

record with customers including FirstGroup, Flybe, the Rail Delivery Group, Bank of England, PrePay Solutions and Nationwide Building Society.

With data volumes growing on an increasing number of devices and networks, new GDPR legislation is just one driver for organisations to develop a more disciplined approach to customer data. Underpinned by deep expertise in information and data management, the business worked on numerous engagements from GDPR readiness assessment to broader service transformation.



# Managed services

The Group provides a broad range of technology-based services from cloud solutions and IT management to business service partnerships in areas of specialist expertise. With a distinctive platform-based approach and a track record of successful partnerships, Civica combines operational expertise with technology know-how to help customers reduce cost and risk, improve performance and support widespread business transformation.

## Operational review

The Group's activities are organised into two main areas – business process services and technology services.

Business process activities include platform-based delivery of back office services including assessments, collections and administration together with contact centre operations. Underpinned by our software and digital services, Civica's selective partnership model has proved highly successful with customers looking to sustain and improve performance while delivering major savings.

Good momentum during the year combined a strong performance on existing contracts with new agreements. These included contact centre services for Hull City Council in the UK and the Group's largest contract to date, with the Victorian Department of Justice and Regulation, to support administration of the State's new fines system following earlier award of the corresponding software contract. A rapid transition ahead of the new legislation saw more than 300 new colleagues joining in December 2017.

Into 2018, East Kent Services partners Canterbury City Council, Dover District Council and Thanet District Council launched a new partnership with Civica to operate shared citizen and business services for the three councils and save up to £5.3 million.

Civica also continued its successful activity in Singapore with libraries partnerships involving, among others, the Ministry of Education, Civil Defence Academy and Singapore Sports Hub.

During the year we grew the use of our flexible OnDemand processing services, launching new activities including adult social care assessments and out-of-hours contact centre services, and securing new customers. OnDemand provides the people and expertise used by more than 125 authorities to address resource gaps or workload peaks in core processing, call handling and administration.

## Net revenue\*

Year to 30 September 2017

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UK managed services

▲ Increased by 7%

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\* Net revenue defined as gross revenue less third-party costs of delivery.

“

**Without our partnership with Civica, the three councils would have needed to invest £2m extra in order to maintain the level of service.**

”

**Dominic Whelan,**  
Director of Shared Services, East Kent Services

The Group continued to deliver a robust performance in the delivery of managed IT and cloud-based solutions, offset to some extent by the expected run off of schools services contracted under the erstwhile Building Schools for the Future programme. Contract highlights included agreements to manage applications in a secure cloud environment for such as Tees, Esk & Wear Valleys NHS Foundation Trust and KBR Logistics, together with an IT managed service with government resourcing specialist PeoplePlus, in aggregate worth approximately £20 million.

Civica also provides leading software asset management services, delivering major cost and management benefits for customers. New engagements included Roehampton University and North Middlesex University Hospital NHS Trust, and the effectiveness of our activity was endorsed with Microsoft's worldwide software asset management partner of the year award. At the end of the year Civica also launched a cloud optimisation service which helps customers to improve the governance and utilisation of public cloud services.









# Markets review

A unique breadth and depth of domain expertise, capability and commitment makes Civica the leading supplier to our markets. Every day our products and services help professionals around the world to deliver responsive services and better outcomes.



# Local & regional government





**With a market-leading combination of business-critical software, digital solutions and business process services, Civica is helping authorities around the world to transform services and adapt to accelerating pace of change and expectation.**

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#### **State of Victoria Department of Justice and Regulation**

In separate contracts Civica was selected by the Department of Justice and Regulation to provide software and associated services to support the introduction of the Fines Reform Act. The company is delivering an integrated infringements enforcement and warrants management system, which will help to improve and streamline operations, together with business services including contract centre and operational support. The new legislation came into effect on 1 January 2018, with transition to the new system including the transfer of more than 20 million live records.



## Review of operations

### Business-critical software

The business delivered a very strong performance globally through 2017, maintaining its excellent record of growth. In the **UK** we signed more than 55 contracts for core systems including revenues & benefits, payments, financial, legal and asset management. Momentum included long-term agreements with, among others, Durham County Council, the Royal Borough of Greenwich, Blackburn with Darwen and Argyll & Bute Council.

We continued to invest broadly in product development to deliver new legislation, meet customer demand in areas such as citizen engagement and to support transformation. New solutions included CivicaPay Direct Debits and Checkout, FinancialsLive and OPENPortal, a self-service application pro-actively assisting customers with council tax and benefit claim queries.

The Group's automation software is used by more than 100 organisations to streamline activities, helping customers such as Stockport Metropolitan Borough Council to reduce manual tasks through fully managed business processes. With increased interest, Civica launched a new offering and secured new orders from, among others, West Lothian Council and the London Borough of Newham.

Cloud-based payment systems provide a critical platform for more than 140 authorities and the business maintained

Supporting  
**900 local authorities  
and 50 million people**  
around the world

Systems to process  
**£15 billion  
of income and  
expenditure annually**

strong momentum during the year with more than 25 new agreements. These included combined solutions integrated with other Civica applications and the company also added a highly complementary HR & payroll product set with the acquisition of Carval.

In **Australia & New Zealand**, the company achieved a similarly strong performance. Local and state government is our largest and fastest growing sector in the region with almost 300 customers, and many of these adopted the latest generation of the Authority enterprise system. New product developments included a community portal,



developed for the City of Rockingham, which is also being deployed for other authorities.

In an international collaboration Civica is working with the Victorian Department of Justice and Regulation to provide an integrated system to support introduction of the new Fines Reform Act. The ANZ business also won new large-scale contracts, including a A\$6.3 million agreement with Lake Macquarie City Council, which selected Authority to run its organisation and improve the experience for its 200,000 residents.

In addition to product investment, Civica strengthened our leadership team with the appointment of Ben Cowling as managing director and Lynn Harrison as director for professional services.

In the **USA**, Civica provides a comprehensive range of software for local financial management, payroll, tax and utility billing, public safety and courts, and delivered a solid performance with revenues increased to \$6.6 million.

## Digital

The launch of Civica Digital during the year focused our comprehensive capability to accelerate the provision of digital public services, with broad specialist experience of helping organisations to transform via consultancy, software solutions and data management.

New agreements in the **UK** included contracts with Hull City Council, to provide a citizen portal and enable improved data management, South Gloucestershire Council, to build a digital customer platform, and South Somerset District Council, the latter investing in the Digital360 platform as part of its wider transformation programme.

Civica continued to make progress with solutions to support integrated and automated multi-channel services and more agile working. New digital solutions were implemented for, among others, East Riding of Yorkshire Council, supporting over 20 centres in its customer

services network, and NI Direct with further engagements together worth more than £3.7 million.

In **Australia and New Zealand**, the Group is also focused on realising the local digital transformation agenda drawing on the capabilities and resources of the wider Group.

## Managed services

In the **UK** we maintained an excellent performance with our differentiated business process services model, combining strong delivery on existing contracts with new agreements. These included extending our strategic partnership with Hull City Council, to also take on contact centre services comprising approximately 90 employees.

Following the end of the year Civica was also selected by the East Kent Services partnership of Canterbury City Council, Dover District Council and Thanet District Council for a 7-year agreement to operate shared revenues & benefits administration and customer services.

Civica proceeded to grow the use of OnDemand resourcing, digital mail and systems support activities, which offer savings while addressing workload peaks and resource gaps supporting more than 125 customers.

We also continued to support customers, such as Enfield and Buckinghamshire councils, through the provision of technology services including cloud solutions.

In **Australia**, following the prior software contract award, the Group won a new business services agreement with the Victorian state government to support its new fines legislation. The partnership, including contact centre services and operational support, is Civica's largest contract to date, worth approximately A\$200 million over an initial five years, and marks a significant development for Civica, beginning live operation following the end of the year.

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## South Gloucestershire Council

Civica is working with South Gloucestershire to build a digital customer platform that will enable the council to provide a better user experience for residents while delivering future cost and efficiency savings. The new customer platform will sit at the core of the council's digital transformation programme, helping to streamline everyday interactions and enabling South Gloucestershire to create a more seamless service experience by connecting all customer service employees to real-time information.

## Lake Macquarie City Council

Lake Macquarie City Council chose Civica's latest Authority enterprise software to assist in running its diverse organisation, which serves a population of 200,000. The system will provide the foundation for enhanced service delivery across multiple council functions, supporting web-enabled services, mobile compatibility, increased automation and improved data quality. LMCC also selected Spydus10, Civica's integrated library system, which will further improve customer engagement.

# Government & national security





**Providing secure systems, web-based applications and specialist resources**  
**Civica works with departments and agencies to envision, design, deliver and manage digital services. Our design-driven approach and specialist teams are helping organisations to transform citizen services and improve operational efficiency.**

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### **Department for Transport**

The Collision Reporting and Sharing system (CRaSH) collects data on road incidents from police forces to provide a national overview, enabling agencies and local authorities to work together using shared data to improve road safety. With the transfer of responsibility from the Home Office, the Department for Transport engaged Civica Digital to enhance the system and move it to the cloud, with new mobile reporting allowing officers to input data directly from the roadside and automatically capturing important data to build an accurate picture.



## Review of operations

### Business-critical software

The Group provides a range of specialist software applications to support the provision of efficient government services, regulation and administration, including for agencies and national organisations such as the Driver & Vehicle Standards Agency and Citizens Advice.

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Civica made progress in the year with provision of new systems including a platform for planning applications on the national Planning Portal, which enables residents, companies and government officials to submit and pay for planning applications online. The Portal handles more than 85 per cent of all UK applications.

### Digital

During 2017 the Group launched its unified Civica Digital division, following the integration of previously acquired businesses Asidua, WTG, IPL Group and SFW. The dedicated division has a leading specialist capability to envision and deliver a new generation of digital services, under the leadership of Chris Doutney who formerly headed the UK public sector business at CSC and the central government unit of Fujitsu UK.

During the year Civica Digital maintained momentum with existing and new customers, working alongside

Delivering  
**digital services for  
government for 20 years**

Systems supporting  
**500,000 government  
employees**

20 departments and agencies. New engagements included, among others, Innovate UK, the Higher Education Statistics Authority, Natural Resources Wales and the Department of Transport, the latter to enhance its Collision Reporting and Sharing system (CRaSH). The new cloud-based system will enable police officers to capture and upload collision data from the roadside in real time.



The business extended our strong track record of successful mission-critical service delivery for customers including the Home Office, the Environment Agency and Highways England. We also continued to support national organisations through deep expertise and capability in secure communications and information systems.

The Group expanded the range of services available through the Government's Digital Marketplace under G-Cloud, Digital Outcomes & Specialists and Technology Services frameworks. Focused on the full lifecycle to help government plan, build and manage services, the business offered an increasing portfolio, including more than 125 offerings in support of digital service development.

We continued to add new skills during the year with new technologies that complement traditional tools, outlining Civica's commitment to provide the latest technology for our customers. These included robotic process automation, cognitive computing and server-less platforms.

As the sector looks to modernise services through digital transformation, Civica is well placed to help progress the Government's strategy. The business has a track record in providing digital services and secure applications used by 500,000 employees, and putting insights and data at the heart of business-critical application design and development.

### Managed services

The Group provides a range of managed services to underpin assured, efficient and secure government operations, from cloud migration and secure managed cloud platforms to infrastructure management and business process services.

New engagements included Sport England and workplace advisory service Acas, the latter to support its long-term strategy and revamp service delivery. The agreement includes support for more than 20 business-critical applications and services including the Acas website, which received 8.4 million visits in 2016/17, and the core conciliation case management system.



We also work with support organisations involved in key Government programmes. During the year Civica grew its involvement with the Staffline Group, including a £10 million agreement for an end-to-end managed IT service for its government resourcing division PeoplePlus to underpin its work in the employability and skills sector across government.

The company continued to provide business-critical support for customer change programmes. These included a new service for the Warwickshire and West Mercia Community Rehabilitation Company (CRC) to meet the Ministry of Justice's deadline for transitioning to its new premises and its own IT infrastructure across 9 sites following transfer of services from the Probation Trust.

Services are underpinned by the Group's national PSN-compliant ISO 27001 accredited data and service centre network, and secure system environments.

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### Innovate UK

The UK's innovation agency launched its new Innovation Funding Service (IFS) with the assistance of Civica Digital, providing an online platform on gov.uk to support a growing number of applications. Civica worked as a development partner to digitise and streamline IFS processes from idea generation to impact reporting, allowing Innovate UK to record and store data digitally in support of its wider strategic transformation programme.

### Higher Education Statistics Authority

HESA appointed Civica to work alongside the authority on its Data Futures system, an ambitious programme to deliver a modernised and more efficient approach to collecting data and information from more than 250 higher education providers across the UK. Developing a user-centred solution will help HESA and its customers to collect, explore and harness data more quickly, delivering insight and value sooner.

## Health & care





**Civica works with organisations in both public and private sectors to streamline the delivery of unified health and care, enhance patient and client services and improve financial, clinical and operational management. During the year the Group delivered a strong performance globally including our largest contracts to date in both the UK and Australia.**

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#### **Tees, Esk & Wear Valleys NHS Foundation Trust**

Civica is supporting Tees, Esk & Wear Valleys' digital transformation strategy through the cloud delivery of its unified health & care software. Following comprehensive use of the company's electronic patient records (EPR) and contract management systems to support 6,000 users across the Trust, it extended its involvement to include the Cito digital health platform complemented by Civica electronic Prescribing and an interoperability solution for the communication of lab results.



## Review of operations

### Business-critical software

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In the **UK** Civica grew software-related revenues by 17 per cent, well ahead of the market. Order intake comprised more than 25 agreements, including Derbyshire Healthcare NHS Foundation Trust, Royal Cornwall Hospitals NHS Foundation Trust and Western Health & Social Care Trust, together with an integrated software and cloud infrastructure programme for a large mental health and learning disability trust worth more than £8 million.

During the year the company maintained investment in products and services to enable improved care processes. Focused on a unified approach to health and care, developments ranged from a digital health platform, Cito, to new cloud-based contract and cost management solutions.

Civica also appointed Nick Scholte, former chief executive of the NHS Business Services Authority, as health and care advisor in support of our strategic development in the sector.

With increasing focus on electronic prescribing and medicines administration (ePMA), the business made progress with its Civica Prescribing solution. New orders included Greater Manchester Mental Health NHS Foundation Trust, which selected the system to support

Supporting more than  
**400 health & care providers**  
in the UK, Australia and Canada

Systems to process  
**£60 billion of funds and  
care billing of £3 billion**

improved medicines management including capabilities for mental health and substance misuse cases.

Civica also won new NHS customers for its market-leading systems for income and contract management, patient-level costing and service line reporting. Through a partnership with NHS Shared Business Services, CivicaPay was launched to NHS Trusts, providing for collection of up-front payments for services and procedures.

Our position as the leading supplier of financial, workforce and care management systems in the independent

sector was endorsed with the HealthInvestor Technology Provider of the Year award. New agreements included HC-One, Oakland Primecare and New Care, one of the fastest growing nursing and residential homes operators, together with a development partnership with the Priory Group for a new care planning system.

The Group continued to work closely with customers in **Canada** using the company's Paris EPR and case management system, including providing a comprehensive public health system for Fraser Health Authority.

In **Australia**, the company provides an integrated management system for health funds incorporating applications for health management, claims, investment services, financial accounting and customer request management.

Good momentum with the NewHealth platform saw the business deliver a strong performance during the year, including our largest contract in the sector to date with not-for-profit health fund HCF. The NewHealth suite includes a management system allowing organisations to introduce new products to market quickly, and timely delivery of the NewHealth overseas visitors health cover solution supported by complementary expertise from Civica Digital enabled HCF to successfully launch its OVHC business.

## Digital

Civica is supporting the digital health agenda globally with solutions that enable organisations to provide consistent access to information and services to transform the patient experience.

The formation of a dedicated digital division strengthened the Group's position. Combining comprehensive capability and experience, ranging from a data assurance framework supporting accuracy of in-patient data to a web application supporting patients with learning disabilities, Civica is well placed to address evolving priorities through digital transformation.



## Managed services

The company combines business process expertise with technology services to help health and care organisations transform and integrate patient and client service delivery, and reduce operational cost and risk.

In the **UK** Civica already supports cloud delivery of its Cito and Paris clinical information and case management systems, providing a secure and resilient foundation. During the year the business invested in the development of fully managed and cloud-based solutions for its market-leading contract management (SLAM) and CostMaster applications.

The Group also supports the health care industry through business process services such as OnDemand resources and Digital Mail in the UK and the Healthstream service in Australia. Healthstream is used by NIB to automate and manage over 600,000 transactions annually on a pay-per-transaction basis.

## HCF

Using Civica's NewHealth platform, Australia's largest not-for-profit health fund launched its overseas visitors health cover business, which allows people visiting either for work or holiday to buy health cover. NewHealth is an established software suite for PHI providers, which enables funds to create and deliver services rapidly to market. Together with complementary expertise from the Civica Digital team, NewHealth is supporting HCF's digital vision.

## Vancouver Coastal Health Authority

Civica is working with Vancouver Coastal Health Authority, which delivers a broad range of services to more than 1 million residents in British Columbia, to help transform community healthcare based on provision of an integrated system to support seamless interdisciplinary care. The Authority has extended its use of Civica's EPR system as part of a wider transformation programme to improve and automate care processes and enable client interaction in care planning.



## Housing & community protection



**Civica is the leading software-based partner for the social housing sector, addressing evolving customer needs via a modern digital platform to deliver improved and more focused tenant services with greater efficiency. The Group also works with local authorities, police and fire services to help protect people and places.**

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#### **Havebury Housing Partnership**

Havebury Housing has implemented Civica's latest web-based Cx housing management system integrated with Keystone asset management, as part of its wider transformation to simplify and deliver better services for tenants. The core platform is designed to provide a complete view of tenant interactions, using modern technology to streamline day-to-day processes and improve lifecycle management of property assets.





## Review of operations

### Business-critical software

In the **UK** Civica has established a market-leading capability as the foremost partner for the **social housing sector**.

The business delivered a strong performance, maintaining recent good momentum across our portfolio of housing, asset and repairs management software. Revenues from the sector increased by over 20 per cent compared to the previous year.

In December 2016 the Group acquired Abrisas, a specialist provider of web-based application software including pre-tenancy services such as housing options and lettings. The acquisition and successful integration extended the company's position, providing a broader capability across an enlarged base of 400 housing providers supporting services for 5 million tenants.

Civica's Housing Cx software is the only digital housing platform currently available. Our combined systems now support all stages of tenant engagement and property asset management, helping people and providers to access information in the way that best suits them and make informed decisions about housing services.

This underpinned new business in the sector with 14 new Cx Housing contracts. These included, among others, Newlon Housing, South Yorkshire Housing Association

and Teign Housing, and an agreement worth more than £2 million for an integrated solution including Abrisas for Leeds City Council to transform services for residents across 57,000 properties.

Project deliveries saw customers continue to go live with new systems to support improved services including, among others, Havebury Housing, Northern Ireland Housing Executive and Weaver Vale Housing Trust. Meanwhile, Birmingham City Council, the UK's largest provider of social housing, launched its new Birmingham Choice website using the latest housing register and choice-based lettings software.

Civica's 'Keystone' asset management system is used to manage more than half of all UK social housing, and the company proceeded to expand its use with existing and new customers, for example to support Cartrefi Cymunedol Gwynedd to manage 40 planned works and 450 land management and fire risk assessments.

The company also made progress with cross-selling of products into the sector, including initial take-up of financials software and launch of the multi-channel CivicaPay solution for social housing which builds on our established payments capability and integrates with existing and third-party products.

In **community protection** Civica works with local services and blue light organisations to help protect people and places through regulatory, environmental and public safety solutions. During the year the business continued to focus on supporting core customer requirements for efficient public protection. This included adding new capabilities to the National Planning Portal, a new online public register and the continued development of our Cx Community Protection platform.

Civica provides specialist systems used by the majority of UK police forces and many fire services, including automatic number plate recognition, fleet management and fire risk management. The company continued make progress, with new agreements including in-car technology for Warwickshire and West Mercia police forces, and a 6-year deal for fleet management software to support the Metropolitan Police Service.

In the **USA** Civica provides a comprehensive range of software for public safety and courts. The company built on its established position as a leading provider, with software ranging from 911 call handling technology and computer aided dispatch to records management.

### Digital

As in other sectors, with a complete capability the company's housing solutions are designed go beyond channel shift to deliver a modern customer experience, allowing communications in the way that people want supported by digital interactions and data collection.

The Group continued to make progress in public safety, including working with the Police Service of Northern Ireland (PSNI) to support centralised contact centres and secure system access to improve sharing and collaboration for 61,000 police users. Civica Digital is a long-term partner for Kent Police, providing support for its core policing platform, while also, developing public-facing digital services for Surrey and Sussex Police forces.

## Supporting 400 social housing providers and 5 million tenants

## Providing critical systems for 130 police and fire services

### Managed services

Civica also provides a broad range of services in the sector, ranging from managed cloud solutions and application hosting to business process services enabled by software and automation. Solutions including Housing Cx and Abritas software have been conceived and designed to be cloud native and accessed remotely via the web. They can also be hosted in our secure, resilient cloud environment or delivered as a fully managed cloud solution.

Civica continued to support customer programmes to improve service quality and efficiency and speed up the adoption of new technology.

### Northern Ireland Housing Executive

Civica is working with Northern Ireland's strategic housing authority, which manages approximately 90,000 homes and a budget of £750 million, to provide the software foundation for comprehensive and efficient lifecycle management of the organisation's property-based assets. Our asset management software was selected by NIHE to ensure effective stock maintenance with improved management of existing and future expenditure and reduced risk.

### Warwickshire and West Mercia Police

Warwickshire Police and West Mercia Police are working together with Civica to help deny use of the road network to criminals based on common vehicle-based systems across the two forces. An integrated automatic number plate recognition, standard enforcement and digital video system is designed to provide real-time information to support operational response, traffic management, road safety and offence investigation.



## Education & libraries



**Civica supports a large number of schools, academies and colleges around the world, helping to improve teaching, learning and administration for the benefits of students, teachers and the wider community. We also work closely with a wide range of library services to help them fulfil a vital cultural, educational and social role.**

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#### **Department of Education Western Australia**

Civica's school information system provides a foundation for education services for 300,000 students and their families at 800 schools across Western Australia. It provides 20,000 teachers with a cloud-based system underpinned by a single student records database, helping to support improved attainment for students as they move through their education and avoiding the cost and maintenance of local infrastructure.



## Review of operations

### Business-critical software

In the **UK** Civica provides finance, HR, asset management and compliance software for schools, academies and colleges. These include more than 50 multi-academy trusts, and the business secured new contracts including the Altus Education Partnership in Rochdale, the first sixth form college to become a multi-academy trust.

The acquisition of HR & payroll specialist Carval Computing in 2017 added complementary capability, strengthening the Group's software platform for people and payroll management including self-service solutions and payroll processing. The business continued to perform well, with new contracts including CGS Trust and the Chelsea Academy.

Civica also launched a new mobile payment solution for UK schools, allowing cashless payments via Qkr!, an iOS or Android mobile app developed by Mastercard. Following a pilot project, Argyll & Bute Council is expected to adopt the app for use across 71 primary schools.

In the libraries sector Civica made progress with our distinctive consortium model, supporting groups across the country and with new members joining in the south east and Scotland.

In **Australia & New Zealand** we reinforced our leadership position in the sector following launch of the Civica Education Suite and Spydus10 library system respectively. During the year the business delivered a strong performance and good organic revenue growth.

Civica's Education Suite is Australia's only complete software-as-a-service solution for schools comprising administration, finance, timetabling and reporting. Built around a central person store, the system provides anytime, anywhere access from all types of device.

We extended our strong track record with large-scale programmes across the country, including with the

Supporting  
**6,000 schools, academies,  
colleges and libraries**

**2,000 library installations**  
handling **200 million**  
**library loans**

Departments of Education and the Northern Territory, and with Catholic Education systems in South Australia and the Northern Territory, together comprising more than 1,000 schools.

Strong momentum in the libraries sector was driven by new long-term contracts, product investments and successful delivery. Consortia growth continued, including with Queensland TAFE (Technical and Further Education), while Georges River Council, City of Fremantle, City of Canning and others chose to replace existing systems to transform library services.

Following the end of the financial year, eight regional library services from south-west Australia joined the City of Albany to form a new Spydus-based consortium.

### Roehampton University

Civica worked closely with Roehampton University and with Microsoft to build the case for moving its IT estate to a public cloud platform and ensuring an optimised and cost-effective migration to Azure. Civica's expert software asset management service gave Roehampton a clear picture of its software use, projecting savings of up to £3.5 million through rightsizing its estate and defining a clear approach to achieve the university's objectives in moving to the cloud.

### National Library Board of Singapore

Recognised as one of the world's leading library organisations, the National Library Board (NLB) uses Civica's market-leading Spydus software as its core management system. The Spydus managed service provides a state-of-the-art library platform for 26 libraries across Singapore to manage the changing needs of a modern library service and support the Board's aims for communities and lifelong learning nationally.



## Digital

Civica's software solutions provide the foundation for schools, colleges and libraries to transform services enabled by online tools, multi-channel communications and an integrated view of students, patrons, resources and activities.

The Group has established a comprehensive capability, with experience of helping organisations such as the International Baccalaureate®, Qualifications Wales and the Higher Education Statistics Authority. Our assessment unit also provides on-screen testing and marking solutions, and was selected as the preferred solution for a large qualifications agency following the end of the financial year.

Civica also launched a new machine learning solution to harness student data in response to the number of students dropping out of university, with a new project at Edinburgh University.

## Managed services

In the **UK** our CloudBase solution provides a collaboration platform for schools based on Microsoft Office365, and supports more than 25,000 users. In addition to a private cloud model, the company is helping customers to move to a public cloud environment, such as Roehampton

University. Civica worked closely with the university on its Azure migration following a software asset management project which projected savings of up to £3.5 million and which contributed to Civica receiving Microsoft's worldwide SAM partner of the year award.

In **Australia & New Zealand** the Group continued to deliver managed IT services as part of major schools programmes with both state-based education systems and individual schools.

The Spydus library system provides an integrated cloud solution for modern libraries, with a flexible and personalised approach. The large majority of customers have adopted Civica's cloud-based model which minimises risk and enables libraries to focus on service delivery.

In **Singapore** Civica continued to build on a strong track record comprising cloud-based applications, staffing, collection services, analytics and customised library programmes.

New customers included NTUC First Campus, the Home Team Academy, the Civil Defence Academy and the Ministry of Education Academy of Singapore Teachers. In addition, the Land Transport Authority, National Heritage Board, Urban Redevelopment Authority and Nanyang Girls' High School all selected the latest Spydus10 solution.



# Regulated markets



**Civica is a growing supplier to a wide range of organisations in regulated markets, including travel & transport, financial and legal services, pension administration, telecoms and energy. We help customers to deliver better services and more competitive products underpinned by increased productivity and compliance.**

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### **Flybe**

Civica Digital is a development partner for Flybe, Europe's leading regional airline, supporting the airline's long-term vision through the development and management of its online platform. Online bookings account for almost 90% of customer revenues, and to support the drive for an enhanced online customer experience for its almost 9 million flyers, Civica delivered a new check-in and boarding pass process to improve the journey.





## Review of operations

### Business-critical software

In the **Pensions** sector Civica's Universal Pensions Management (UPM) software provides a single integrated system for pension administration, document management and payroll. It is used to automate processes and ensure compliance for all types of schemes, supporting services for 1.2 million members.

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We continued to work closely with customers in public and private sectors to drive processing efficiencies, reduce risk and improve member communications. Highlights included take on of the Northumberland Local Government Pension Scheme, a project for the Pension Protection Fund to deliver complex benefit changes, further agreements with, among others, East Riding and West Midlands pension funds and the first sales of the new member web portal.

Developments included new automation capabilities, from the processing of standard cases to aggregation of member records and bulk process validation. As in other sectors, our latest software included capabilities for the General Data Protection Regulation (GDPR).

Civica also provides software for integrated **Legal** practice and case management, supplying over 180 customers in both private and public sectors. Our systems help legal teams to deliver high quality services that clients

Providing critical software for  
**200 commercial organisations**

Supporting services  
for more than  
**20 million customers**

can access quickly and easily, underpinned by improved productivity. The business added new customers, with 9 new agreements and continued sales momentum with coroners' offices.

In **Transport** Civica supplies the market-leading Tranman fleet management software. The systems, which deliver cost and utilisation benefits for operators of essential and high-value fleets, continued to find favour to support, among others, the RAC, Metropolitan Police Service and Stoke-on-Trent City Council.

Tranman was also selected by Eddie Stobart, one of Europe's leading logistics firms, to streamline processes, including self-service web apps and electronic document management. The software is also supporting customers who are taking part in the Driver and Vehicle Standards Agency's Earned Recognition pilot, designed to help fleet operators optimise fleet compliance.

## Digital

From strategy consulting, data analytics and automation to the design and development of secure end-to-end digital solutions, Civica is helping the **Financial Services** sector to transform customer experience, operational efficiency and risk management. The Group strengthened its position in the year with the launch of its dedicated Civica Digital division.

The business continued to build on the company's track record in UK financial services with consulting, project services and on-site resources for organisations including Nationwide Building Society and the Bank of England. New engagements included, among others, PrePay Solutions, one of Europe's leading prepaid services companies.

Similarly, in **Travel & Transport**, the Group expanded engagements with organisations including FirstGroup and Flybe, the latter appointing Civica Digital as its main development partner for the management and enhancement of Flybe's online platform to improve services for its almost 9 million customers.

In **Telecoms** Civica works in the service provider and equipment provider markets. Activities include development services for the provision and support of operational support systems (OSS), together with expert services and the WanStaX portfolio of licensable software components which are enabling the development of next-generation networks globally. Long-term engagements continued throughout the year with BT, Raytheon, Elcon and Calix.

Following the development of software components required by equipment manufacturers to support Gfast,



the next generation of ultra-fast broadband, Civica collaborated with Gfast specialist Sckipio and system solutions provider Microsemi to break new performance records. At the 2017 Broadband World Forum, the partners demonstrated over 3Gbps of download and 1Gbps of upload on production silicon using Gfast bonding.

## Managed services

Civica also made progress with technology services to help customers drive efficiencies, improve service quality and adapt to a new environment. Engagements ranged from application hosting in our secure managed cloud, including mission-critical applications for KBR to underpin its facilities management contracts, to software asset management for which we received Microsoft's 2017 worldwide partner of the year award.

The company continued to support customers with their technology vision and strategy, such as international law firm DAC Beachcroft LLP. Following improved compliance and cost savings as a result of Civica's SAM managed service, we proceeded to help with cloud strategy development to gain efficiencies and simplify delivery of applications to end users.

## Eddie Stobart

One of Europe's leading supply chain logistics firms, Eddie Stobart adopted Civica's Tranman fleet software to improve productivity and meet critical compliance regulations while maintaining excellent customer service. The solution includes flexible web apps to increase operational efficiencies, encourage self-service for operators across the fleet, and improve decision making, with operator dashboards providing the latest information on vehicle lifespan, utilisation and running costs.

## Pension Protection Fund

Civica's integrated pension administration and payroll system, UPM, provided a foundation for the Pension Protection Fund's programme to bring member services in-house. The system supports the provision of services including paying compensation each month to more than 120,000 members of underfunded schemes whose employers are insolvent. It is helping PPF to take on additional schemes and providing essential support for PPF's ongoing mission.







# Financial review

“

I am once again pleased to report a very successful financial and operational performance. Civica's position as a leading growth company reflects a distinctive combination of people and products and the ongoing execution of a clear strategy which is creating value for all stakeholders.

”

Phill Rowland,  
Chief Financial Officer

During 2017 Civica extended its unbroken record of sustained and profitable growth with an excellent performance. Group revenues increased by 21 per cent to £324.7 million and earnings before depreciation, amortisation and exceptional charges increased by 25 per cent to £68.7 million.



# 2017 highlights

Group revenues increased by 21% to

**£324.7** million

Group EBITDA increased by 25% to

**£68.7** million

Recurring revenues increased by 15% to

**£152.4** million

Largest contract to date worth in excess of

**£120** million

EBITDA margin increased to

**21.2%**

Strong operating cash flow increased to

**94.0%** of EBITDA

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Group overview	Year ended 30 Sep 17 £millions	Year ended 30 Sep 16 £millions	Year ended 30 Sep 15 £millions
Turnover	324.7	267.7	234.1
Cost of sales	(44.0)	(45.9)	(52.2)
Gross profit	280.7	221.8	181.9
Administrative expenses	(212.0)	(166.7)	(135.1)
EBITDA	68.7	55.1	46.8
Cashflow from operating activities	64.6	50.2	41.8
Employees	3,454	3,231	2,532

Consolidated financial statements for the Group are available at Companies House.

## Operating results

I am pleased to report that Civica produced a very strong performance in the 2017 fiscal year, extending our record of sustained and profitable growth both organically and with the successful integration of recent acquisitions.

During the year to 30 September 2017 we increased Group revenues by an excellent 21 per cent overall to £324.7 million (2016: £267.7 million). Such market-leading growth continues to reflect the distinctive combination of our people and technology, our customer focus and the ongoing execution of a clear strategy to create value for our customers. The Group has now produced 18 per cent compound annual top line growth from 2015 to 2017.

Net revenues during the year increased to £280.7 million as we again expanded the provision of business-critical software applications across a broad customer base while growing our digital solutions and cloud activities. An increase in software IP and implementation revenues of 31 per cent resulted in gross margins improved to 86 per cent of revenue. Earnings before interest, depreciation, amortisation and exceptional charges rose by 25 per cent to £68.7 million (2016: £55.1 million), representing a 21 per cent margin on sales.

Our performance continues to be driven and sustained by a consistent strategy, aligned to the needs of customers to improve ways of working and drive efficiency, which is focused on:

- ▲ Maximising the use of Civica's proprietary software applications
- ▲ Growing the scope and scale of digital solutions for our customers
- ▲ Expanding platform-based business services in areas of domain expertise
- ▲ Complementary acquisitions to strengthen capability and build scale.

During the year we sustained progress across all dimensions of our strategy, increasing our scale of activity including the Group's largest contract to date. We also continued to strengthen our underlying operating model to support our future growth, with particular focus on a scalable platform globally for talent management, product development, marketing and operations.

With good visibility and predictability of earnings through long-term recurring revenues which amounted to 47 per cent of overall turnover, the Group strengthened its financial position. This remains an important determinant for customers in evaluating and selecting key partners.

We remain regarded by our customers as a strong and stable partner, well placed to help them maintain and improve business-critical activities. Key to this is our

investment in product R&D, amounting to 19 per cent of revenues, and in employee and leadership development, for which we made further investments in the year to strengthen capability, resources and management.

The Group generated excellent cash flow from operations amounting to 94 per cent of EBITDA. This is another indicator of the resilience of the business and our disciplined and efficient approach to management. We finished the year with cash in the bank of £42.4 million (2016: £49.9 million).

With a strong order book, a robust foundation and an ambitious management team, Civica remains in a very good position to sustain our growth performance as we move into 2018. We anticipate further market opportunities as customers seek to respond to a rapidly changing environment through the application of technology and automation.

“

**During the year we sustained progress across all dimensions of our strategy, increasing our scale of activity including the Group's largest contract to date.**

”





## Segmental analysis

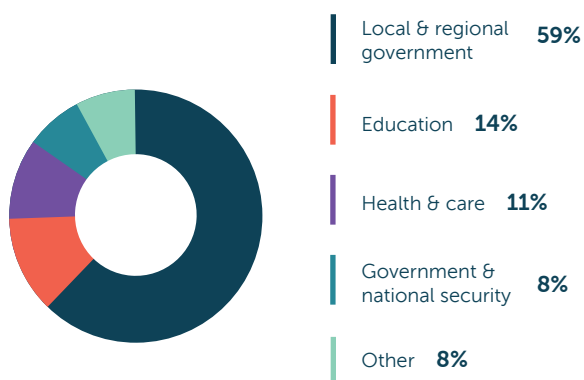
Civica benefits from a resilient business model with consistent operations focused around core markets and capabilities. During 2017 we increased revenues in each of our geographies driven by a strong organic performance for business-critical software, which forms the major focus of our activity, and with digital solutions accounting for 22 per cent of total turnover, driven by demand from government and regulated markets.

Revenues in the UK increased by 14 per cent to £247.2 million led by market-leading growth in local government, social housing and health care sectors together with the provision of digital services within government and regulated markets. Meanwhile the international business delivered an excellent performance, with organic revenue growth of 55 per cent reflecting a very positive year across all parts of the business.

## Revenues by geography



## Revenues by market



## Revenues by capability



## Acquisitions

The Civica Group has a highly successful track record of acquiring and integrating businesses which enhance our market position and capability and drive synergies across the Group.

In December 2016 we completed the acquisition of Abris Limited, an independent supplier of web-based systems for local authorities, housing associations and social care providers. The addition strengthened our portfolio with complementary technology and expertise to support improved and more efficient social housing services and was subsequently integrated into a unified housing division with good combined sales momentum.

In July 2017 Civica completed the acquisition of HR & payroll systems specialist Carval Computing. Used in more than 300 installations Carval's integrated HR systems and related payroll processing services provide an efficient modern platform for people, workforce and payroll management. The acquisition brings highly complementary capability which the Group did not previously offer, adding to Civica's broad portfolio across all of our markets and enhancing our ability to expand sales opportunities and build on current market presence.

Civica has completed 12 acquisitions in the period from August 2013 to September 2017 with a clear focus on IP-based businesses that have extended our capability and increased our scale of involvement with customers. Following the end of the financial year, the investment in the Civica Group by private investment manager Partners Group will underpin further strategic developments with a strong pipeline of future opportunities, including in our international business.

As Civica continues to grow organically and through acquisition, we constantly review operational processes across the Group to support effective product and service development and efficient delivery to customers as well as our internal administration. This is enhanced by a sustained cross-company improvement programme to strengthen our operating platform and to drive consistent best practice globally. This is underpinned by a wide range of quality and management accreditations including ISO 9001 (quality), ISO 14001 (environmental), ISO 20000 (IT service management) and ISO 27001 (information security).

## Corporate governance

Following the acquisition of the Group shortly after the end of the financial year in October 2017, the Civica Group is majority owned by funds managed and/or advised by Partners Group, and is controlled by a Board comprising Partners-nominated directors and Civica management.

The Group continues to operate a strong framework of corporate governance across the business to ensure the successful delivery of business outcomes in line with our strategy and priorities, management of risk and focus

## Acquisitions during the period

Company	Country	Date	Sector	Comments
Abritas Ltd	UK	Dec 2016	Social housing	Web-based application software and services
Carval Computing Ltd	UK	Jul 2017	Multiple	HR, payroll and time & attendance systems together with bureau services

on delivery of excellent service to our customers. This framework is managed through the following components.

### Group Board

The Board is responsible for the overall strategy of the Group and the effective management of risk and performance. It meets on a monthly basis to review business performance in line with Group strategy and to ensure that risks are appropriately managed, including major bids and acquisitions. The performance review is closely aligned to the key priorities in respect of financial performance, products and services, people, customer service and operational efficiency. Business planning is conducted on an annual basis, again in line with the strategy and key priorities, and is approved by the Board. The Board has an effective balance of executive (2) and non-executive directors (4).

### Executive Management Board

The Executive Management Board consists of the chief executive officer and chief financial officer, the divisional managing directors and Group business development, people, technology, product strategy and marketing directors. It meets on a monthly basis to discuss strategic business issues and the effective management of risk and opportunity across the business. A short profile on each of the members of the executive management board can be found at [www.civica.com/en-GB/about-us/leadership-team](http://www.civica.com/en-GB/about-us/leadership-team)

### Monthly business reviews

Each unit within the Group is subject to a monthly business review by executive Board members to assess the financial and operational performance and business risks, review the financial projections and review working capital management and cashflow performance. The financial and operational key performance indicators in each business are closely aligned to the key priorities of the Group as highlighted above. Specific business risks are identified and mitigated through this process.

### Commercial & legal controls

All acquisition, capital investment and business development activity is controlled through a methodical process of qualification, review and approval, which is dependent upon both value and complexity to ensure appropriate management of business risk and effective use of business resources.

### Principal risks & uncertainties

The Board accepts that in creating value for Civica, the Group must take on and accept some risk. The Executive Directors are responsible for implementing the Board's policies on risk and control and monitoring compliance with these policies. As with other entities providing similar specialist solutions, the main risks and uncertainties facing the Group surround the level of customer spending available in future periods, the risks associated with technological advancement and the threat of competition.

### Pensions

The Group operates a number of defined contribution pension schemes, as well as operating a defined benefit scheme and being a participating employer in two further defined benefit pension schemes. All of the defined benefit pension schemes are now closed to new entrants.





# Trading performance

For the year ended 30 September 2017

	2017 £millions	2016 £millions
<b>Sales</b>		
Owned software & related equipment	58.2	44.1
Third party software & services	21.3	24.1
Implementation & consulting services	92.8	66.9
Recurring support, managed services & BPS	152.4	132.6
	<b>324.7</b>	<b>267.7</b>
<b>Cost of sales</b>	(44.0)	(45.9)
<b>Gross profit</b>		
Owned software & related equipment	39.6	32.9
Third party software & services	3.7	3.8
Implementation & consulting services	100.9	66.3
Recurring support, managed services & BPS	136.5	118.8
	<b>280.7</b>	<b>221.8</b>
<b>Direct staff costs</b>		
Technical & management	(154.5)	(118.8)
Sales	(21.5)	(16.7)
	(176.0)	(135.5)
<b>Contribution</b>	<b>104.7</b>	<b>86.3</b>
Central costs	(40.6)	(36.5)
<b>EBIT</b>	<b>64.1</b>	<b>49.8</b>
Depreciation	3.5	2.9
Project Centum*	1.1	2.4
<b>EBITDA</b>	<b>68.7</b>	<b>55.1</b>

\* Project Centum is a non-core investment programme to build a stronger platform for future growth.

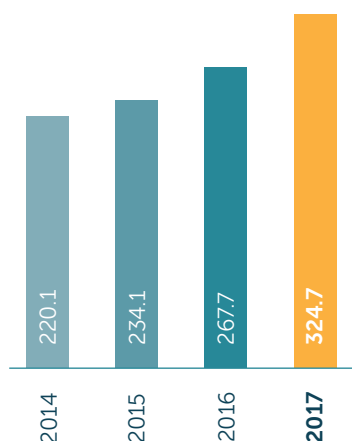
# Key performance indicators

## Overall revenues

Increased by

▲ **21%**

2014-2017 CAGR 14%

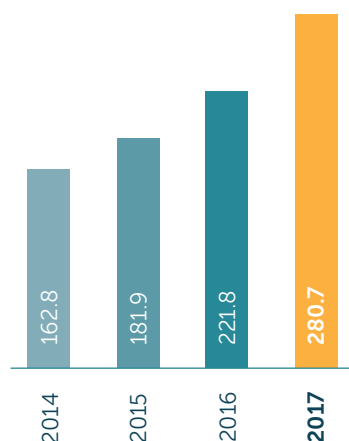


## Net revenues\*

Increased by

▲ **27%**

2014-2017 CAGR 20%

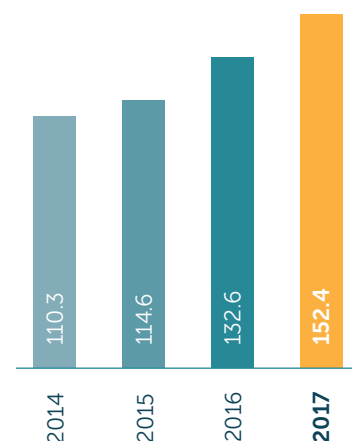


## Recurring revenues

Increased by

▲ **15%**

2014-2017 CAGR 11%

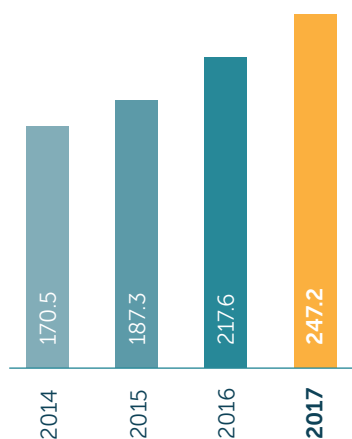


## UK revenues

Increased by

▲ **14%**

2014-2017 CAGR 13%

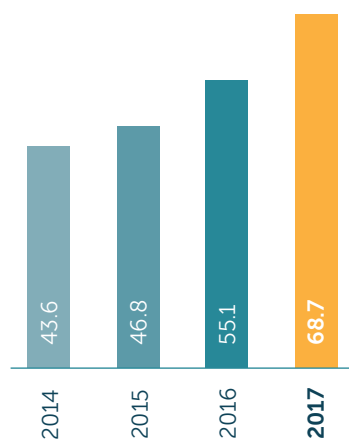


## Normalised EBITDA

Increased by

▲ **25%**

2014-2017 CAGR 16%

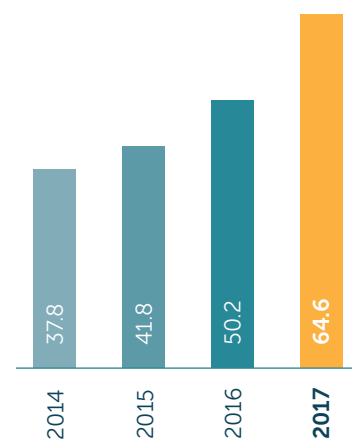


## Operating cash flow

Increased to

▲ **94%** of EBITDA

2014-2017 CAGR 20%





# Group information

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## Registered number

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