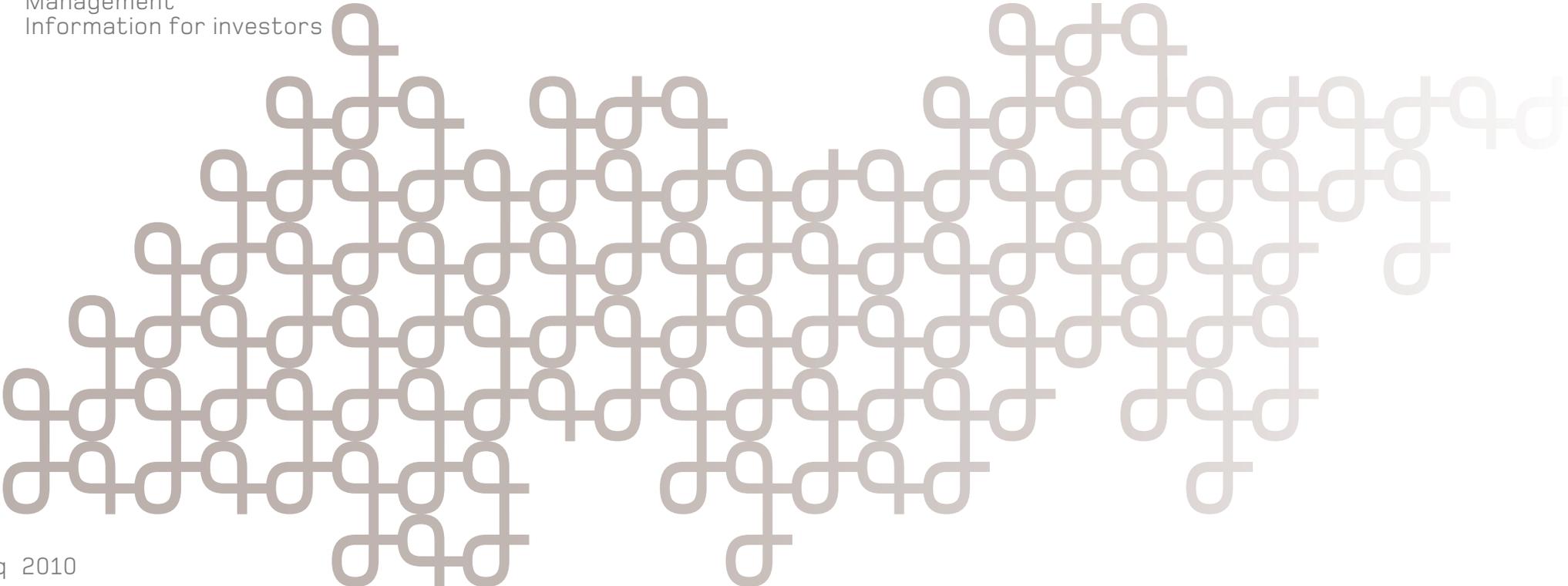




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# Solteq in brief

Solteq offers operational and financial control services developed according to plan to commercial, logistics, industrial and public administration actors. We complement our core offering with solutions for specialized retail management, maintenance and servicing management, as well as solutions for quality improvement and the management of systems in which master data is contained. With the help of our solutions developed using technology from the world's leading companies, our clients guide their businesses more efficiently and improve their profitability.

Solteq was founded in 1982 and since 1999 the company's shares have been quoted in the Helsinki stock exchange (Nasdaq OMX Helsinki). The company's goal is to grow profitably and pursue an active dividend policy. Solteq's headquarters are located in Tampere and other offices in Helsinki, Lahti and Hämeenlinna.





We make the future and ensure continuity for our clients.

## Managing Director's review

### After challenges, we focus on our success factors

The past year was the most difficult one in our company's history and the weakest in profits. At the same time, however, we strengthened areas that will continue to play a key role in our operations. Some of the economic challenges during the year were related to new areas of operation, the profitability and productivity of which did not reach the level of expectations. However, we expect these solutions to develop positively and support our operations in the future.

The year's poor economic performance is mainly due to the challenges facing two major projects simultaneously. Underestimated challenges of implementation with new technologies resulted in an excessive use of subcontracting and thus a significant financial loss. We have improved our operative cost structure, and we continually monitor and evaluate it on a daily basis. The year's results were significantly affected by the write-downs of goodwill done in conjunction with the financial statement. As a result of these measures, we will begin to build our future, strengthened and made more wise though difficulties, with a clear idea of where we will improve our operations in the coming years.

### Our own solutions were successful

In regards to our ERP business, our company's own

service departments were able to maintain their profitability during the year by improving their cost structure. The measures were strong and necessary. In regards to business based on partner solutions, there were successful projects, but also difficult areas with new technologies.

In regards to our Store solutions, we gained several new clients during the year, and in our view the year remains positive as relates to them. With respect to large clients, we experienced development and find that our solutions combined with our ERP services offer a good and functional package to the clientele.

With respect to maintenance systems, we completed a product development project, which enabled the commencement of new customer deliveries in the second half of the year. Our solution appears to already meet set expectations. To our clients using our current solutions, this means a possibility to follow to a new product path as the clients' operations change.

Our Information Management Unit launched several pilot deliveries during the year using our new service concept. The business area seems to have found a good service model and solution of which our clients are very interested. In terms of the market situation, we are moving at the right time.

### A renewed strategy guides our operations

In terms of our staff, the year included changes and even painful matters. Uppermost in mind we have the co-operation negotiations we conducted. As regards to the continuity of our operations, this was nevertheless necessary.

### Our goal is long-term profitable growth

The measures affect both the stabilization of the current year's activities and our competitiveness for the coming years.

During the year, the CEO of our company changed as the former CEO resigned his position on 8 April 2010 and I began as our company's CEO on 20 September 2010. In the first weeks and months, I listened to our clients' and understood their expectations, listened to the staff and understood our company. On this basis, immediate and longer-lasting measures have been launched to improve our current operations and long term strategic position.

During the last quarter, we made necessary changes to our organisational structure and management team, as well as renewed our strategy. A cornerstone of our strategy is to offer and ensure future development paths to our existing clients. For our new clients, we want to be the best partner for the future in operations management and financial areas.

### We guarantee continuity and create a future

The implementation of the strategy we announced in February is well underway and I look forward to our future development. It is inspiring and motivating to see how we can be involved for our part in creating the future of our clients' operations. Our staff skills and service expertise are essential factors for the success of our company and our clients in the future, as well.

Service paths for our current clients for new solutions, our cloud and outsourcing service model, as well as understanding the needs of the clients of our clients are priority

areas with which we direct long-term development. Building the future of our current clients is a matter of honour for us. We began work in 1982 and will continue this reform for the better.

For the current year, we expect the establishment of new practices, profitability and predictability improvement, and strategy development as a part of our daily operations. We implement new measures aimed at profitability and growth persistently and with patience.

We look into the future. We have elevated the creation of a future and guaranteeing continuity for clients into our main theme and vision. We do this work in operations management and financial areas for our existing and new clients. For us it is a matter of pride that our clients succeed and that their clients appreciate and praise their operations.

I would like to thank our clients and staff for their confidence in our company. I see our shared future as a good one.

We estimate that in 2011 Solteq's turnover is 27 M€ and profit 5%. We want to create the future and ensure continuity for all our stakeholders with our work.



Repe Harmanen

Managing Director

# Solteq 2010

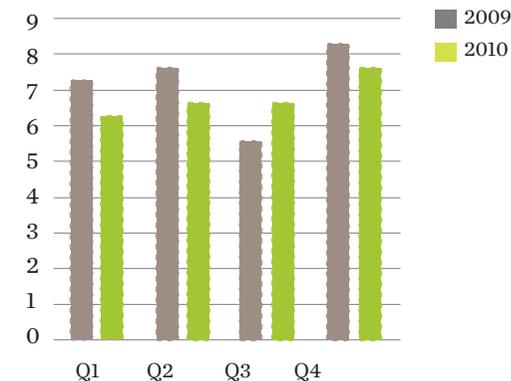
## The 2010 key events

- The past year was the most difficult one in our company's history and the weakest in profits
- During the year executed actions which aims to a short-and long-term profitability
- The ERP unit's ERP system deliveries featured successful projects, but also faced challenges with new technologies
- STORE acquired new clients in the trade industry
- Developed by EAM and aimed at industrial maintenance, the Solax software's demand began well.
- The master data management service offered by DATA is growing
- Solteq names a new CEO and management team.
- We revised our strategy, which focuses on:
  - ensuring profitability
  - guaranteeing continuity and quality of service
  - providing future technology development paths to our clients

Revenue by function (%)

	2010	2009
Software services	65	65
Licenses	27	26
Hardware sales	8	9

Quarterly turnover  
2009-2010 (EUR million)



Quarterly revenue and operating profit in 2010

MEUR	Q1	Q2	Q3	Q4
Turnover	6,2	6,6	6,7	7,5
Operating profit	-1,0	-1,2	0,0	-2,1

	2010	2009	2008	2007	2006
Revenue, MEUR	27,0	28,6	30,4	27,9	23,2
Operating profit, MEUR	-4,3	1,5	1,5	1,3	-0,5
% of revenue	-16,0 %	5,1 %	4,8 %	4,7 %	-2,2 %
Profit before tax, MEUR	-4,5	1,3	1,1	1,1	-0,5
% of revenue	-16,6 %	4,7 %	3,7 %	3,9 %	-2,1 %
Return on equity, %	-48,7 %	9,6 %	9,0 %	11,5 %	1,2 %
Gross investments in fixed assets, MEUR	0,2	0,7	0,9	1,8	7,7
Equity ratio, %	30,6 %	47,2 %	43,6 %	44,1 %	47,7 %
Gearing ratio, %	132,8 %	66,7 %	58,5 %	69,0 %	15,8 %
Staff (on average)	233	240	266	252	240
Dividends/return of equity per share, EUR	0,0*	0,06	0,04		

\*The Board's proposal as dividend for the financial year 2010.

# Business structure

Business area	Products and services	Revenue 2010	Operating profit 2010	Personnel 31.12.2010
ERP	<ul style="list-style-type: none"> <li>ERP systems for business and public administration operation and economic governance</li> <li>Consulting and support services</li> <li>Value-added services</li> </ul>	16,6 M€	-1,5 M€	104 persons
EAM	<ul style="list-style-type: none"> <li>IT systems for production property, maintenance and servicing management</li> </ul>	3,5 M€	-1,0 M€	38 persons
DATA	<ul style="list-style-type: none"> <li>Information management services for quality improvement, management and maintenance of master data</li> <li>Solutions for information system integrations</li> </ul>	2,8 M€	-1,4 M€	27 persons
STORE	<ul style="list-style-type: none"> <li>Cashier and commercial systems for specialty stores and retail chains</li> <li>E-commerce solutions</li> </ul>	4,1 M€	-0,4 M€	24 persons
Solteq total		27,0 M€	-4,3 M€	220 persons

Solteq's operations have been divided into four business operation sectors from the beginning of 2010, through which the company's financial performance is monitored. The business areas are ERP (enterprise resource planning), EAM (production asset, maintenance and servicing management), Data (data management and integrations) and Store (retail solutions and technologies). The business units are responsible for the company's client relationships, supply, client deliveries and expert knowledge.

The business units are supported by:

- a sales and marketing unit, which is responsible for the company's new client acquisition, marketing and communications,
- a projects function, which is responsible for delivering projects on time and according to the contracts,
- a development function, which is responsible for corporate-level development according to strategic objectives,

- human resources, who are responsible for the company's HR issues and
- a business support unit, which includes the company's finance and IT functions as well as office support services.

## Solteq's success factors

### LONG EXPERIENCE

Our success is based on nearly 30 years of experience as a supplier of business critical information systems. Experience brings certainty also in creating new solutions.

### PARTNERSHIP

We know our clients' operations and we are a part of their processes. Our long-term client relationships are based on a partnership. We are a partner who listens to both our

small and large clients.

### COMPREHENSIVE SOLUTION OFFERING

Diverse expertise and comprehensive solution offerings in our various units allow for comprehensive service. We combine products of the world's leading software companies with our own industry expertise to create unique client solutions.

### PRODUCT DEVELOPMENT CLOSE TO THE CLIENT

Our domestic, local operations enable product development close to our clients. Our clients can influence our software development according to their needs. We make do continuous development work and ensure functioning solutions of the future for our clients with long-term cooperation.

# ERP

ERP provides business-critical information systems for the operation and financial guidance of companies and organisations. We combine the products of world's leading software companies and our own professional expertise into unique client solutions. Additionally, our service portfolio includes consulting and support services.

Solteq solutions are used by hundreds of commercial, logistics and industrial companies and government agencies. Our solutions can be used to guide and enhance the core functions of organisations.

## Solutions with partners' software

Our strength is reconciling our own and our partners' products into solutions that are best suited to our clients' needs. Our success factors are diverse expertise, a broad solution portfolio

and on-going investment in the development of our own software. Our experts know the sector business activities and processes of our clients are able to use the information between different sectors.

Our most important partner products in operations management are SAP and Microsoft's enterprise resource planning systems. In addition to SAP and Microsoft, our partners include, for example, IBM and JDA.

The solutions enable the improvement of the efficiency and productivity of operational activities and financial control. The optimisation of purchases is an especially important factor in the development of the profitability of our clients' businesses. The sensible pacing of procurements and ordering the right quantities quickly affect a company's performance.

As the business grows organically or via mer-

gers and acquisitions, the amount of information will also increase, and its management becomes more difficult. Integration of information systems enables accurate data reporting and analysis to support decision making. All of our solutions have a built-in or integratable visual dashboards and self-reliant reporting and analysis in addition to standard reports tailored to the needs of users.

## Solteq's own solutions and product development

Solteq Merx is a sales and material management system developed by Solteq intended for the trade industry. The Merx product family includes all ERP functions required by Finnish and European trading for planning, control and monitoring of sales, logistics and financial



"Our business focuses on profitability and guaranteeing quality of service to our existing clients," says Mira Sohlman, Division Director, ERP.

## ERP enhances financial and operational guidance

Solteq's ERP business area (Enterprise Resource Planning) provides its clients with enterprise resource planning systems and supporting optimisation, reporting and value-added solutions. The systems provide powerful tools for supply chain management and financial control.



management. The system enhances operations management and warehouse operations of linked trade, wholesale and importers, for example, by integrating with handheld computers or voice-controlled collecting. Merx scales from a system of a few users to a system of several hundreds of simultaneous users.

Solteq DMS (Dealer Management System) is a comprehensive solution implemented particularly to meet the needs of the automotive trade industry, which includes systems for vehicle sales, spare part and service operations, administration and reporting. Clients include vehicle importers, dealers, repair shops, and financial, insurance and leasing companies. Solteq AS is the automotive industry's new After Sales solution for service and spare part operations management.

Internally, we have invested in the development of project management. Our staff has been trained for project management in accordance with the international IPMA certification (International Project Management Association). We have also developed our customer service by describing our customer support processes and by extending the use of the process.

## The market situation in 2010

In the beginning of 2010, our clients were still careful in their investments. Our clients typically utilised and developed current solutions. By developing systems, clients searched for cost savings and optimised their operations. There was particular interest in solutions which achieved savings within a short payback period. In connection with ERP systems, new functionalities were delivered, for example, to increase reporting and procurement efficiency.

The development of logistics has continued in companies steadily despite the recession. In the automotive sales industry, the spring 2010 market situation was challenging, but the market began to recover in the autumn.

Overall, the ERP division did not reach its year's economic goals. With respect to Solteq's own solutions, the situation was positive, but increased competition was evi-

## Information directly into eSales online store from the systems

eSales online store is Solteq's own solution for companies that wish to expand their sales to the internet. eSales online store is linked directly to the company's ERP system. Information such as product descriptions, prices and pictures is thus entered only to one system. This will speed up the introduction of an online store and reduces duplication of work, when deliveries can be made directly as a part of the core system. eSales online store features include orders, client-specific product lists and prices, real-time stock information, user management and management of new releases and campaigns.

dent in the economic results during the year as well as with our own solutions.

In 2010, the ERP unit's turnover was 16,6 MEUR and operating profit -1,5 MEUR.

## References

Solteq ERP business area clientele consists of small and large commercial, automotive trade, industrial and government organisations. Our strength is long-term client relationships, we are continuously developing and we guarantee our clients future working solutions with long-term cooperation.

In 2010, we resumed the development of the extensive SAP financial management system implemented for Helsinki University by automating processes and expanding integration. Large-scale projects finished in 2010 included, for example, the introduction of the SKS Group's China unit and the second phase of Heimon Tukku's ERP system. The metal group Componenta introduced the SAP system in Finland, and simultaneously the first step of a system development project due to the group's restructuring was implemented. A transport optimisation system, as well as the first step of financial and personnel management system reform, were delivered to Tuko Logistics.

New projects were carried out, for example, for Klink-

mann, a wholesaler of electrical and automation products, as well as for the household appliance retailer Expert ASA, both of whom were supplied with a CRM system. An ERP solution was implemented for the interior decoration chain store Pentik with a Microsoft Dynamics NAV system.

An exchange of the ERP system version was launched with an e-commerce development project for Wulff-Yhtiöt, which sells and markets office supplies, business and promotional gifts, IT equipment and ergonomics. An ERP and retail system development project was launched for the retail chain Minimani.

At the end of the year, Solteq commenced the reform of the Finnish Red Cross Blood Service's ERP system with a Microsoft Dynamics NAV solution, which combines logistics, warehouse management financial management systems into a single entity and automates many manual processes. The project also includes the transfer of client, order and delivery processes to the new system. Veripalvelu is seeking the harmonisation of information systems with the project, along with minimizing additional work.

## Case SKS Group: New generation ERP system to China

Solteq delivered an SAP enterprise resource planning system to its long-standing client SKS Group subsidiary in China. SKS Group is a Finnish engineering group with whom Solteq has had a long-term and extensive cooperation. SKS uses Solteq's previously supplied Merx and Solteq Finance systems in sales, material and financial governance. Solteq has also supplied SKS with IBM's Cognos reporting solution, JDA's AWR system for procurement optimisation and Solteq's eSales electronic trading platform.

SKS acquired the new generation's SAP enterprise resource planning system for its Chinese subsidiary, which supports the group's strategic objectives and can be extended in the future to cover functions required by the entire group. The aim

is to improve real-time access to information and increase efficiency by automating processes. The system covers finance, sales, material and supply management and reporting.

The introduction of the project was carried out by implementing SAP's best practices, Solteq's pre-parameterised processes and a productised deployment method. The Project to extending the system to cover SKS's Swedish and Polish operations are ongoing.

The SKS Group product and service range includes automation, electrical engineering and mechanical engineering components, electrical drives, transmission, mechanics and control systems, machine vision technology products and solutions, planning and services, assemblies and contract manufacturing, as well as servicing and maintenance. SKS's portfolio includes more than 180,000 product items.



### Outlook for 2011

The 2011 outlook for Solteq's ERP operations predict moderate growth. According to EK's November cycle barometer the prospects have improved in service companies, whose sales expectations for the next few months are quite good.

The development of company logistics and warehouse optimisation continued to be stable during the recession and are expected to increase in 2011. Public administration and financial control efficiency improvement pressures persist, and the number of public sector projects is expected to increase.

Utilization of cloud services continues. We gather clients from certain sectors together to develop cloud service solutions suitable to their needs, which can be used to offer new services most cost-effectively from shared hard-

**Solteq is significant supplier of finances and operations management in Finland.**

ware and software platforms.

The ERP unit's operational focus in 2011 is in the development of our current clients' service. Solteq's organisational reform has highlighted both strengths and bottlenecks, both of which we will grasp on more briskly than before. We will especially focus on the improvement of project management. With help of the customer service process refinement, we will also improve our reaction time.

Our goal is long-term, profitable growth. In addition to profitability, we will pay special attention to ensure the service quality and continuity of our current clients.

### ERP in 2010

Turover	16,6 million €
Operating profit	-1,5 million €

- Our clients invested in new information systems and continued the utilisation and development of their current solutions
- In regards to Solteq's own solutions, the result was good

# EAM

With Solteq's EAM solutions, organizations anticipate the maintenance needs of their production line, follow the malfunction history and manage material flows related to the maintenance of machinery. Maintenance service companies are able to optimise the whole process of their maintenance management, from contracts to work and resource management and billing with our solutions.

Solteq has extensive experience with operations management in maintenance, and we are the market leader in Finland. Solteq EAM solutions are used by hundreds of companies in a couple of dozen countries. Our clients are energy and production facilities, process and engineering industry companies, maintenance service companies and production equipment suppliers who provide maintenance services.

## Maintenance service enterprise resource planning systems

The EAM unit strengths include the wide-ranging knowledge of maintenance service processes, domestic and local operations, as well as product development close to our clients. We offer the most advanced methods of international platforms, the features and usability of which we adapt to the needs of our clients.

With EAM solutions, the work is done at the right time with the right resources, equipment and the right way – and is also invoiced. Real-time information facilitates decision-making and planning and creates the conditions for further development of operations. The life span of equipment and production lines is extended due to correct use and maintenance. In this way, the optimal benefit is gained from investments in fi-

xed assets.

The aim is also to avoid unexpected production interruptions and equipment failure. Time, resource and energy losses are great if production suddenly needs to be halted. Even surprising downtime, however, can be prepared for in the systems by recording the necessary maintenance to be performed for them in advance.

## Solteq's own solutions and product development

Solteq EAM solutions are mainly based on Solteq's own Solax, Arttu, Artturi and Power-Maint software products.

The product development phase of our new Solax software was completed as planned by end of 2010. Solax is software developed on the



"EAM solutions improve production, maintenance and repair, and our clients' potential to serve their own customers is increased," describes Matti Saastamoinen, Division Director, EAM.

## EAM brings power and reliability to maintenance services

Solteq EAM (Enterprise Asset Management) business area provides software solutions and services for productive asset and maintenance management. The goal is the reliability of production lines and equipment, as well as the planned execution of maintenance and downtime.



## Solax software was well received

Solax is the new application developed by Solteq for the management of industrial production assets, materials, maintenance and service. The software, developed for the Microsoft Dynamics AX technology platform, has been designed specifically for the needs of energy and production plants, processing and engineering industries, as well as for maintenance service companies.

Solax takes into account the needs of different target groups. The system provides flexible opportunities to monitor and collect information with help of views in accor-

dance with the user's tasks. Solax is a terminal independent system and supports mobile reporting directly from the field with a mobile phone, laptop or PDA. With help of mobile reporting, task lists and work information can be instantly updated.

The Solteq EAM solution will especially benefit organisations operating in a tight competitive environment that are searching for new ways to strengthen their profitability and competitiveness. The reception of the Solax software has been very positive among our clients.

Microsoft AX technology platform for production asset, materials, maintenance and service management.

Solax takes into account the needs of different target groups and offers an opportunity to monitor and collect data with help of the user's task-specific views. Solax is a scalable and flexible system that supports mobile reporting directly from the field.

In the near future, the focus of Solteq's EAM systems development will be on improving usability. With value-added solutions such as portals, web-usage and other user interfaces, essential information is provided in a clear view, such as, for example, role-based. The usability of the systems is also reinforced by integrating them as a part of a company's other system entity.

Solteq is actively involved in different research projects, such as VTT's Maintenance KIBS project, in which a new methodology for parallel design of products and services is being developed. The method can also be used to evaluate the life cycle costs and revenues of alternative product service concepts.

Solteq is also involved in VTT and Tekes' Mobile Maintenance project, which seeks the best practices for maintenance operation management from mobile devices.

## The market situation

In early 2010, the EAM business area's market situation remained challenging. Industrial companies especially were still cautious with their investments due to the recession. Export company markets did not yet recover at the beginning of the year in line with our expectations. In the aftermath of the previous year's drop in industrial production,

## Solteq is the market leader in delivering information systems for industrial maintenance in Finland.

demand for new system investments continued at a moderate level. During the year, focus was on intensifying the use of existing systems and planning for future system investments. Active sales efforts in 2010 did, however, increase the project portfolio.

Our new Solax software was enthusiastically received and its demand basis. The system meets the market need in both maintenance, and servicing and field service area.

During 2010, a number of suitability analyses and pilot projects were carried out, which are expected to be implemented into delivery projects during 2011.

As the markets recovered more slowly than expected and the implementation of some large projects was postponed until 2011, the EAM unit fell short of its 2010 targets. In 2010, the Solteq EAM business area revenue was 3,5 MEUR and operating profit -1,0 MEUR.

## References

In Kainuun Voima Oy's major system update, the company's maintenance, purchasing and quality documentation management is focused on the Solteq EAM complete solution. With the solution, Kainuun Voima's entire production asset's maintenance is controlled, including the maintenance of a thermal power plant's main and emergency boilers and three hydroelectric power plants. Additionally, the solution is used to control the entire company's purchasing and maintain the environmental and quality documentation. After the commissioning project, Solteq is responsible for the system's maintenance and support services.

EAM's other new clients were, for example, Rauma Stevedoring, Lassila & Tikanoja, Myllyn Paras and Maintpartner. Maintpartner will in the future manage the maintenance of all Vaasan Oy factories in Finland with Solteq's EAM system.

During 2010, mobile solutions for maintenance spare part storage were carried out, for example, for UPM Timber, Etelä-Savon Energia and Sucros.

The commissioning of Solax at Empower in Finland, as well as the system's expansion to the company's foreign units continued in 2010. The supply projects of UPM Timber and Nokian Renkaat system extensions also continued during 2010 according to plans. A major system expansion was carried out with HSY Vesi's Wasterwater Division, where the number of users of the system was nearly doubled from before, and new functionalities were introduced.

Kiilto Oy expanded the usage of Solteq's EAM system to its production plant in Russia. In Russia, our other

clients include for example Nokian Renkaat, the St. Petersburg wastewater treatment plant and UPM-Kymmene Timber.

### Outlook for 2011

The starting point for the demand of Solteq EAM services in 2011 is better than a year ago. According to the EK economic barometer, industrial production increased slightly in the autumn. In the coming months, the steady growth is expected to continue. Industrial companies expect a gradual brightening of economic cycles, but the recovery seems rather sluggish. Investments in the energy sector, however, remain buoyant, and the recession has not affected them significantly.

Due to the strict cost control of the recent years, many clients have been aware of the value of information sys-

Our strengths include the newest technologies, continuous development work close to our clients and extensive experience in maintenance and after-sales service processes and supporting them with software.

More maintenance service companies are entering the market who need systems to guide their operations. After the recession, many equipment suppliers are investing in the development of their maintenance service operations, as it provides cash flow and profitability even in bad economic cycles. Companies in the energy field continue to invest in new facilities when the number and manageability of maintained sites grows. This increases the need to control operations.

tems as an enhancer of their operations. Development of the existing systems will continue. In the future more will be invested into changing into entirely new systems. Business management pays more attention to the maintenance of equipment and production lines as a critical factor in production.

The positive reception of the new Solax software creates ample opportunities to strengthen the position of Solteq's EAM business area as the market leader of maintenance software in Finland.

### EAM in 2010

Revenue	3,5 milj. €
Operating profit	-1,0 milj. €

- Industrial investments continued moderately
- Clients received the new Solax software positively

## Case RAY: Reliability for the maintenance of slot machines

Raha-automaattiyhdistys chose Solteq's Solax software as the maintenance control system of its slot machines. The system controls approximately 20,000 slot machine installations, maintenance and servicing operations that are carried out by a total of approximately 200 service representatives and people responsible of maintenance of game rooms.

The new system is integrated as a solid part of RAY's current ERP system. In the choice of its system, RAY emphasized the need for a strong partner, continuity, development of solutions for the future and the usability of the system. With remote access, the machines attached to the net-

work send information directly to the system, which prioritises tasks and guides the right people to the right destination to carry out service and maintenance work. Information is sent from the field of completed tasks directly into the system through a mobile user interface. The system also indicates the need for preventative maintenance. The solution consists of the Solax system and an accompanying Fifth Element's terminal-independent mobile user interface and the Solteq HUB integration platform.



# DATA

Services provided by the Data business area ensure that the information of systems supporting client business operations is high-quality, consistent and up to date. As a result, the use of the information systems is smooth and the information reliable.

Centralised master data management enables one to achieve concrete cost savings, for example, in purchasing and inventory management. Reports guiding operations are reliable in their information content and in real time.

Solteq is a pioneer and a strategic partner in improving the quality, maintenance and technology deliveries of business-critical information.

## Services for ensuring the quality of master data

Information systems do not function effectively if the master data they contain is not complete and of good quality. Information quality is

lowered by varying maintenance practices, the presence of the same information as different in several systems and the lack of common rules. Basic business information that is duplicated, incomplete, or in a wrong format cause unnecessary costs and complicate the use of information systems.

Master data services offered by Solteq are divided into three areas: improvement and enrichment of master data quality, outsourced maintenance of master data and technology solutions of master data management.

Our long experience and expertise with master data quality improvement projects combined with the software solutions we use and accumulated product database provide our clients with reliable basic business information. We have carried out both current state analyses for our clients' individual information systems and large-scale quality improvement and en-

richment projects of global data warehouses.

In service centre-style master data maintenance, our clients can order ready, high-quality product, client or supplier information from us. We will provide the information in necessary languages either directly into the client's own information system or into a separate master data database from which information can be distributed into different systems. We can operate either as a fully outsourced partner or a part of the client's own master data team.

Solteq offers a comprehensive software platform for large-scale master data life cycle management. Information reception portals, centralised master data management in its own database, centralised and controlled integration platform, as well as solutions related to master data reporting form a package that covers all services needed during the master data lifecycle.



"We are a pioneer and strategic partner in the improvement and maintenance of the data quality of companies," says Jouko Kiiveri, Division Director, DATA.

## Data produces correct basic information to support business

The Solteq Data division provides services to improve the quality of business-critical information as well as outsourced maintenance and data collection. The unit also offers technologies for e-commerce and the integration between different information systems. The solutions ensure smooth business operations and the consistency and usability of master data.



### DATA in 2010

Revenue	2,8 million €
Operational profit	-1,4 million €

- Economic cycles influenced the data management services
- Master data maintenance services grew

## Management of master data

With Master Data Management (MDM), basic information elements which are common to the organisation's different processes are harmonised.

Examples of master data include client, product, supplier, staff and organisational data and a chart of accounts. Master data management requires a common information management model of the organisation, uniform definitions and architecture, and technology supporting information management. In addition to this, data ownership, responsibilities and information management processes

must be clearly defined.

Master data management includes:

- ensuring quality of information at the organisational level
- consistent definitions and concepts relating to master data
- increasing the use of information in processes
- data ownership and responsibilities defined with an information management model
- predefined processes in information creation and

maintenance stages

- transparency and a consistent picture of the entire organisation's operations.

Master data management allows creating uniform data management processes independent from operative applications for the utilisation, creation, updating and removal of master data.

### The market situation

Large industrial companies are pioneers in master data management in Finland. In general, companies still use partial technical solutions. Management models, ownerships and the organisation often remain undefined and data quality problems occur. Due to scale and complexity problems, master data development projects require the understanding and support of the company's senior management.

Currently, the most common reasons for launching master data projects are the launch projects of a new large-scale information system, increased use of e-commerce or large-scale technical architectural changes in a company. The reorganisation of operations provides a reason to harmonise the common master data and its maintenance. The short payback periods of projects also increase interest in master data services.

More service providers and knowledge have entered the sector during 2010. It is expected that in the future master data will be taken into account as a natural part of all change situations of company information systems.

Demand for Solteq Data services has increased with the improvement of the overall economic situation and

the growth of interest in master data management.

The Solteq Data business area revenue in 2010 was 2,8 MEUR and operating profit -1,4 MEUR.

### References

Solteq Data's clients are mainly industrial companies, but interest in the acquisition of services has increased in other sectors, as well.

We offer a comprehensive service for the maintenance of company master data as an outsourced business operation. Information maintained in information systems, as well as the number of staff required for the job, varies in companies according to several factors. Solteq is able to offer its clients flexibility and skilled maintenance resources, as well as risk management, as required.

During 2010, we have maintained the ERP master data of, for example, Outokumpu and Outotec through our service centre.

### Outlook for 2011

According to a forecast by Forrester Research, the

world's master data markets grew six-fold from 2006 to 2011. In 2014, two thirds of Fortune 1000 companies will use some type of master data management solution in their operations.

Master data-related service markets are also expected to grow in Finland: first in globalising enterprises and later in medium-sized companies. Large master data-related development projects are also expected to start within the public administration this year.

All of the major software providers have launched their own master data management-related technology platforms in recent years. The pilot projects of these technologies for production use begin at several companies this year. The success of the technology pilot projects depends on high-quality master data and working maintenance processes.

When the understanding of the importance of domain grows and technology pilots, service business and the service offerings in the industry increase, we also expect Solteq Data's business to grow in 2011.

# STORE

Our goal is to help traders ensure that they offer the right amount of the right products at the right time and the right price. Solteq solutions cover the entire value chain of trade. In addition to a store's cash register system, we also offer systems for inventory, purchasing and supply management, accounting and invoicing. A comprehensive retail solution can be integrated with an ERP system.

Solteq's STORE serves companies of all sizes. Our clientele covers the entire industry from wholesalers to retail stores and from one-person retail stores to retail chains and multiple stores with hundreds of users.

Solteq is Finland's most experienced independent trade sector IT partner. As a supplier of fashion, wilderness and sporting goods sto-

re systems, we are the market leader in Finland. Our market position is strong in the hardware store and active price trade system delivery.

## Cashier and store management systems

Our strengths include extensive experience, knowledge of the trade sector, our own products tailored to our clients and our expertise in cutting edge technology. To our clients, we are a competent Finnish partner offering fast client support.

Solteq's store management systems include features related to operational and chain management, in addition to the cash register system. The systems allow the merchant to know which products customers are buying and at

what time, which products bring profitability and which goods remain in stock.

A small store's cash register system allows for the reception of credit cards and the monitoring of daily sales. The system can be flexibly extended as the business grows. A more extensive cash register system may include, for example, product identification codes, prices, packaging sizes, validity periods and suppliers. Payment terminals in accordance with the latest technology are integrated to the systems. Our cash register partner is HP and our cash register system partner is Wincor Nixdorf.

Our store management systems allow for the management of the stocks, purchasing and distribution management of even large specialty store retail chains. The total solution may be combined with value-added products such as an



"The year 2010 was a success for the STORE division in regards to new client acquisition," says Markus Mäkelä, Division Director, STORE.

## STORE increases trade profitability

The Solteq STORE business area provides cashier and store management systems for the needs of commerce. The solutions enhance the entire value chain of specialty stores and chain stores from purchases to accounting and customer relationship management.



online store, self-service check-out, price verification terminals and customer loyalty cards.

The merchant is able to obtain comprehensive information from the systems from which to base business decisions, and the store's staff is given time for customer service.

## Solteq's own solutions and product development

Solteq Tekso is a store management system for specialty retailers built as a part of Solteq's own product development work. In 2010, we developed the usability of the system and added features requested by clients.

In addition to the cash register system, Tekso includes, for example, cash registers and peripherals, installations, training services, communication links and technical maintenance and services. The system can be integrated with accounting or other financial management systems. The system is connected to payment card processing, and payment can be done with all payment methods and currencies. The cash register system report shows which products are left in the stores and stocks.

Solteq also offers clients a service network which includes the store's internet connections and firewalls. The service network enables information sharing to and between stores safely.

The website is an important sales and marketing channel for many companies. Koodiviidakko's Viidakkostore online store is an easy-to-use solution and integrated with the Solteq Tekso store management system. Product in-

formation is automatically updated between the store and stock system and the online store.

## The market situation

In 2010, the competition for cashier and store management solutions in the trade industry remained intense. Solteq's STORE, however, performed well in competition thanks to contacting successfully, highlighting our strengths and pricing correctly.

The year 2010 was a success for Solteq STORE in terms of acquiring new clients. During the year our systems covered about a hundred new stores. Also long-term clients made system investments. The development of existing systems continued at a good, steady pace. Our small and medium-sized clients continued integration, for example, between cash register systems and accounting.

The introduction of chip-and-pin cards compatible with the united euro payment area SEPA brought installations of chip card-accepting terminals and POS software.

The card payment information security standard PCI will further increase system reforms. Point Transaction Finland is our PCI standardised partner.

In 2010, the Solteq STORE division achieved both its revenue and profit objectives. The STORE unit revenue in 2010 was 4,1 MEUR and operating profit -0,4 MEUR.

## References

The Jesper Junior children's clothing chain was supplied with a new store management system for chain

management. The Finnish Jesper Junior retail chain includes ten stores and an online store, as well as an extensive domestic dealer network. Solteq supplied Jesper Junior with cash registers and management and marketing software. The systems included reporting, accounts payable, purchase order operations, dealer sales order operations, a customer loyalty system, an online store and an inventory system including its hand-held terminal solution. The online store that is integrated with the store management system also serves as the order channel connected directly to the warehouse for 150 home sellers. The inventory system has new features to ease collection.

Mr. Big is a domestic clothing chain that sells clothes and shoes for large and tall men. The company has seven stores and an online store. Solteq supplied Mr. Big with a store management system for chain management. The system enables the stock levels of all stores to be seen in any branch. More transparent chain management facilitates the planning and sequencing of purchases.

## Outlook for 2011

We estimate the demand for Solteq STORE division products and services to remain favourable in 2011. According to Tilastokeskus, trade revenue continued to develop favourably in the autumn of 2010. Tilastokeskus' consumer barometer data forecast the positive trend of retail turnover to continue in the coming months.

The Payment Card Industry Data Security Standard (PCI) brings system reforms. The aim is to safeguard cardholder account information in all circumstances and to bring the security level of all parties handling the card information to as high a standard as possible.

Cash register systems are increasingly integrated with ERP and access control systems. When you know when

and where the customers with most purchasing power are, you can design work schedules and product placement to better suit customer needs.

The monitoring of customer purchasing behaviour is also increasing. Customer loyalty systems are developed and used for targeted marketing. For example, families with children can be offered products that suit them.

Shopping centre construction increases the need for new cash register and store management systems. Small and medium-sized trading companies seek cost savings with short payback period with system investments.

Our mission is to help trade be profitable. We expect our solutions to produce a good results for both us and our clients in 2011, as well.

## STORE in 2010

Revenue	4,1 milj. €
Operational profit	-0,4 milj. €

- About a hundred new stores came within the scope of our systems

## Case The Body Shop: Information on campaign success from the cash register system

The international cosmetics chain The Body Shop chose Solteq as its supplier of the new cash register system for their stores in Finland. The Body Shop wanted a cash register system supplier with a large enough organisation for the installation of hardware and software, as well as user training for their 33 stores. The choice was affected by Solteq's client support and extensive experience in specialty trade. The new cash register system enables for example the comparison of sales from different seasons and campaigns. The system includes rechargeable gift cards in accordance with The Body Shop's corporate image.



# SOLTEQ 2011

In our operations, we focus on our core operations in operational and financial control areas with the technologies of the world's leading partners. We complement our core offerings with industry-specific solutions with which our clients in the sectors of specialty and grocery retail, wholesale and logistics, and industrial and public sector gain competitive advantages faster using our introduced and flexible solutions.

With the solutions supporting the core offerings, we enable specialty retail, maintenance and service management, as well as the management and quality improvement of the master data in client systems. These special areas are integrated solutions into our clients' operational and financial applications.

As a part of the strategy we will execute improvement programs in order to improve long term efficiency. One of the programs focuses on our production model in which we utilize the delivery capability of lower-cost countries in searching for flexibility and scalability in our product development. We will also improve our operating model relating to internal efficiency through the coming years.

## We guarantee continuity and we provide a future

Our aim is to ensure the continuity of the solutions used by our clients. We develop solutions with sustainable technologies which are used to improve and develop our clients' competitiveness. By focusing on operational and financial solutions we are a part of our clients' core business and the success of our clients is our success. The cornerstone of our company strategy is the understanding of clients' operations and as a local service partner we are a part of our clients' value chain.

## Growth and profitability

At the beginning of the strategy period, the key is the improvement and consolidation of profitability to our targeted level. Measures and programs launched in the year 2010 are used to ensure short-term profitability and

the strategy is used to influence the company's success, growth and profitability in the coming years.

By utilizing lower-cost countries as a part of our own processes, we are able to improve our profitability and flexibility in product development projects. This will enable us to strengthen and develop local services for our clients operating in Finland.

## Customer segments

Solteq Oyj continues to focus on the trade, logistic, industrial and public sector areas with their core offerings. Increasing the share of the public sector in 2011-2014 is a strategically significant target for our entire offering.

We also offer industry independent solutions supporting the core offerings (specialized trade, maintenance and improvement of the quality of master data) outside of our primary business segments. In the provision of these solutions, we will continue to network with relevant players on the market and complete our partners' ERP deliveries with these solutions.

## Personnel

At the core of the implementation of our strategic objectives is our company's skilled staff to whom we offer long term employment possibilities for different life stages. Staff diversity and the desire for development are key success factors in the implementation of our strategic objectives. Having a group of professionals with industry-specific expertise is our key competitive advantage and is an integral element in further building our clients' success.

The 2011 staff matters are built around three themes. Our goal is to build trust, increase openness and further improve leadership. Trust is one of the most important things in an employment relationship. If there is no trust, the relationship will not work in either direction. In order to increase trust, one must be open.

Openness is emphasised both inside and outwards at Solteq. We improve internal communications and make it

as interactive as possible. Only by having an open conversation can we achieve the level of trust that will carry the entire company forward and also lead to better results. Increasing openness outwards shows, for example, in that we invest more than before in cooperation with educational institutions. With the new look, as well, we want improved awareness and visibility.

Good leadership is important for all of us. In addition to supervisors having to be good according to their subordinates, the work of the supervisor be pleasurable to the superiors themselves. Both of these perspectives are featured when we better develop leadership.

## Operating model

By implementing the strategy we will develop into a service organisation that participates in the business growth and success of our clients by offering systematically developing services. Our project deliveries are based on product sketches that enable quicker deployment and improved quality. As such we focus on developing solutions based on technology platforms of the world's leading software suppliers.

We value and focus on long term relationships with our clients which enable smooth technology changes, process transformation and the offer of new features to our clients.

As part of the offering we develop service models that enable smooth transition to exploit new technologies which are based on cloud models (SaaS) and enable seamless solution integrations.

## Internationalization

Our internationalization directed towards the Baltic region, Baltic countries and Russia will be executed through supporting our new and existing clients in those regions. Our strength is in long terms client partnerships

and we grow with our clients by offering evolving standard of service and solution portfolio as their business expands and internationalizes.

In accordance with our internationalization strategy, we will grow our business volume moderately and on a needs oriented basis.

## Inorganic growth

The achievement of strategic numeric objectives requires focused organic growth as well as industry and solution-expanding inorganic growth. We actively implement part of our growth strategy by acquisitions. Our goal is that by combining both growth elements, organic and inorganic, we will enable scale change of our company during the strategic period. Through this development we will better meet the growing needs of our large clients in our solution areas.

## Partnerships

We want to provide our clients with solutions that rely on global standards and the solutions of well-known suppliers. The share of our own solutions will be a significant development target for our existing clients. We will also continue along the path of TH Tiedonhallinta as the solution provider in the IBM RPG area.

We will expand our service offering so that as current and new clients choose our core offering solutions we can always offer the best alternative of Microsoft Dynamics NAV and AX or SAP technologies.

The vertical solutions supporting the core offerings based on Microsoft technology platforms are our competitive factors which we strongly believe in and which we will expand in selected sectors.

## Environment

Our operations take into account environmental values and sustainable development perspectives. Our decisions will appreciate and value the future of the environment. We develop internal procedures and production

solutions which are environmental friendly in our supply chain and operations and we expect the same from all of our partners.

## Solteq's values

Solteq's values were established in 2010 based on conversations with our staff and clients. These are the areas which we believe in and which will direct our daily work:

### CLIENT ALWAYS FIRST

It is important to us to understand the business of both our clients and their clients. The client's success is our life-line. We always focus on client work first. We want to serve close to the client and be a part of the client's core process. It is a matter of honour for us to see our clients succeed and their clients value and praise their operations.

### CONTINUITY

We work with our clients in the long term locally and we are present. We create systems worth the technology future and usage. Our foundation is strong and long-term partnerships, which brings security for both us and our clients. The continuity of our staff means life-sized employment relationships, where we responsibly support our working community and respect different stages of life. We are environmentally conscious and we do our job while respecting environmental values.

### CURIOSITY

We have a passion for learning new things. We boldly ask questions and have the ability to constructively question traditional practices. We look at our operations with an open mind and search for new opportunities and innovative solutions, which improve our clients' operations and provide them with a competitive advantage.

### PERFORMANCE

Serving on time and within the allocated budget is a matter

of honour to us. In a disciplined manner, we do the agreed work and, if necessary, look at ourselves in the mirror. We do our job professionally, quickly and efficiently. Reaching goals is a matter of pride to us. We understand that effectiveness enables continuity and the development of our own operations, as well as the well-being of our stakeholders.

## Financial objectives

The Solteq board has outlined its growth and profit targets for 2011-2014 as follows:

- The sales goal for 2011 is approximately €27m with an operating profit of about 5%
- Our long-term goal by 2014 is approximately € 50m revenue with approximately 10% operating profit.
- In our operations, we focus on our core operations in operational and financial control areas with the technologies of the world's leading partners. We complement our core offerings with industry-specific extensions with which our clients in the sectors of specialty and grocery retail, wholesale and logistics, and industrial and government gain competitive advantages faster using our introduced and flexible solutions. Solteq Oyj continues to focus on the trade, logistic, industrial and public sector areas with their core offerings. Increasing the share of the public sector in 2011-2014 is a strategically significant target for our entire offering.
- As a part of the strategy, we also implement measures on a long term basis relating to improving profitability, such as our production model, in which we utilize the delivery capability of lower-cost countries in searching for flexibility and scalability in our product development
- We will also improve our operating model relating to internal efficiency through the coming years
- Our internationalization, directed towards the Baltic region, Baltic countries and Russia, will be implemented by supporting our new and existing clients.
- Our equity ratio target is at the approximate 35% level
- The company's goal is to pursue a dividend policy that follows an active financial performance.

# Management

## Governance



Chairman of the board Ali U. Saadetdin

- born 1949
- Board member since 1982



Seppo Aalto

- Born 1953
- Board member since 1982



Veli-Pekka Jokinen

- Born 1948
- Board member since 2003



Markku Pietilä

- Born 1957
- Board member since 2008



Sirpa Sara-aho

- Born 1963
- Board member since 2010



Jukka Sonninen

- Born 1958
- Board member since 2005

## Managing Director



Managing Director Repe Harmanen

- Born 1972
- Managing Director since 2010

## Authorised Public Accountant



Frans Kärki

- Born 1952
- KPMG Oy Ab, Authorized Public Accountant

## Management



### Topline:

Mika Sipilä  
Sales Director

Mari Kuha  
HR Director

Kai Hinnö  
Development  
Director

Repe Harmanen  
Managing Director

Riina Tervaoja  
Project Director

Matti Saastamoinen  
Division Director, EAM

### Bottom line:

Jouko Kiiveri  
Division Director,  
DATA

Mira Sohlman  
Division Director,  
ERP

Markus Mäkelä  
Division Director,  
STORE

Antti Kärkkäinen  
CFO

# Information for investors

## Financial information in 2011

Financial statements 2010	16.02.2011
Interim Report 1Q 2011	28.04.2011
Interim Report 2Q 2011	22.07.2011
Interim Report 3Q 2011	20.10.2011

## Annual General Meeting

Solteq Plc's Annual General Meeting will be held on the company's premises at Eteläpuisto 2 C, Tampere, on Wednesday 16 March 2011 at 3 p.m. Shareholders who no later than on 4 March 2011 have been registered in the company's register of shares maintained by Euroclear Finland Ltd are entitled to attend the General Meeting.

Shareholders wishing to attend the meeting shall notify the company's headquarters on Friday 11 March 2011 at 4 p.m. at the latest.

## Stock exchange releases in 2010

- 11.11.2010 - New Management Group for Solteq Plc
- 03.11.2010 - SOLTEQ PLC'S INTERIM REPORT 1.1.-30.9.2010
- 15.10.2010 - New Sales Director for Solteq Plc
- 06.09.2010 - Change in the Solteq's Management Group
- 24.08.2010 - SOLTEQ PLC'S INTERIM REPORT 1.1.-30.6.2010
- 24.08.2010 - Defining the starting time of the new CEO
- 08.07.2010 - New CEO for Solteq Plc
- 24.06.2010 - Solteq Plc's co-operation negotiations have ended
- 28.05.2010 - Solteq changes the profit estimation for this financial year and begins co-operation negotiations
- 07.05.2010 - Acquiring of Company's own shares
- 22.04.2010 - SOLTEQ PLC'S INTERIM REPORT 1.1.-31.3.2010
- 08.04.2010 - The Managing Director Hannu Ahola has resigned
- 26.03.2010 - Decisions by the Annual General Meeting of Solteq Plc
- 26.02.2010 - Invitation to the Annual General Meeting of shareholders
- 27.01.2010 - SOLTEQ PLC'S FINANCIAL STATEMENTS BULLETIN 1.1.-31.12.2009

## Press releases in 2011

- 12/11/2010 - Solteq renews Kainuu Voima maintenance, purchasing operations and quality documentation management.
- 19/08/2010 - Solteq delivers an maintenance ERP solution to RAY.
- 03/06/2010 - Solteq provides transparency for chain management to Mr. Big
- 01/06/2010 - Study: Poor-quality master data ail Finnish companies
- 04/05/2010 - Solteq's POS system helps The Body Shop's campaign success
- 21/04/2010 - Suitability and room for growth in chain management for Jesper Junior

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