

Principal risks and uncertainties continued

Risk A – Socio-economic and geo-political risk continued

Link to strategy

1 2 3

Movement compared to FY22:
Same level of risk

Potential impact
Major

Probability
Likely

This risk goes hand-in-hand with opportunity, as our customers may seek to adapt to the changing economic environment, seeking operational efficiency, introducing new products or reacting to regulatory changes. Alfa is well placed to help with the system and process changes needed for such adaptation, either where Alfa Systems is the incumbent system or where a new system is needed.

Progress highlights in FY23

Decreasing customer concentration: The number of customers contributing more than £2m to annual revenue has grown from 17 in FY22 to 19 in FY23. This demonstrates the effect of our growing customer base on diversifying our exposure to our largest customers.

Strategy for diversification:

We have achieved substantial growth in our subscription revenue, largely through the success of our Alfa Cloud offering. Subscription now contributes 31% of our revenue (FY22: 29%).

We have reinforced our geographical diversification, with successful go-lives across all of our operating regions in 2023 (US, Asia Pacific and EMEA), and an implementation in a new country (Mexico).

Total Contractual Value (TCV):

Our TCV has grown from £143m in FY22 to £165m, giving some indication of the forward demand for our services.

Customer alignment:

Our markets and products team have worked closely with our client-facing teams and customers, hosting regular user group sessions, and a multitude of liaison and product strategy alignment sessions with our customers.

Our strategic priorities

- 1 **Strengthen** – Grow our differentiation of market-leading People, Product and Delivery.
- 2 **Sell** – Focus on cloud-hosted, subscription sales to our target markets.

- 3 **Scale** – Increase our capacity for developing and delivering Alfa Systems.
- 4 **Simplify** – Simplifying our product, implementations and processes to enable more concurrent Alfa Systems implementations.