

Business Strategic Objectives and Goals for 1st March 2023 to 28th February 2024 (FY24)

Reference: QMS02 / PHX002

Contents

Statement	2
Purpose	2
Intended Audience	2
Business Strategic Objectives.....	2
Main Business Financial Strategic Objective	2
Bytes Technology Group Board KPI's.....	2
Supporting Objectives.....	3
Maximising Marketing Activities	4
Staff Retention/Satisfaction.....	4
Customer Satisfaction	5
Customer Credit.....	6
Review and Revision	6
Version Control	7
Document Approval.....	7

Statement

Phoenix Software Ltd has determined Business Strategic Goals and Quality Objectives and how they are evaluated for the business.

Purpose

The document details the goals and objectives for Phoenix Software business.

Intended Audience

This document is intended for all employees and interested parties in the Quality Management System of Phoenix Software Ltd.

Business Strategic Objectives

Phoenix Software Ltd recognises that measurement for reporting on performance and continual improvement needs to take place. The objectives and goals below provide the information for management.

Main Business Financial Strategic Objective

The main Business Financial Strategic objective for Phoenix Software Limited is:

For the financial year 1st March 2023 to 28th February 2024

- **Sales Order Gross Profit Target £37.8 million**
- **Operating Profit of £16.2 million profit set by the BTG Plc Board.**

Bytes Technology Group Board KPI's

The following KPI's are specific requirement of the BTG board:

- **To maintain Staff satisfaction rate at eNPS of 60 or better**
 - Access data from Marketing survey, communicated via MD, held in the Staff Satisfaction tab

- **To maintain a Customer satisfaction rate of NPS 60 or above**

- Access data Marketing survey, held in Business Objectives PBI Dashboard

Phoenix also need to report to BTG on the following metrics so need to ensure clear quality reporting on the following items. The reporting of these items (and the 2 above) are held on the Risk Indicators tab in the monthly BTG Board Reporting Pack.

Gross Invoiced Income - gross income billed to customers adjusted for deferred and accrued revenue items (SR). Forecast £602M

Gross Profit - overall GP of the company. Forecast £37.8M

Gross Margin for Software transactions - based on a 12-month rolling history. Forecast 6.1%

Gross Margin for Internal IT Services - based on a 12-month rolling history. Forecast 28.8%

Gross Profit/AOP efficiency % metric - to maintain between 42% and 45%

Adjusted Operating Profit - calculation that excludes the effects of significant items such as acquisition costs. Forecast £16.2M

Cash conversion rate - cash generated minus capital expenditure. Measured half yearly. Forecast 100%

Employee Churn - number of staff starting and leaving based on a % churn on a 12-month rolling history. Forecast 12%

Supporting Objectives

Business Profitability

- Increase our annual Revenue
 - **Target FY24 £602M** *Invoiced sales
 - Access invoiced sales data from CPOI and show in PBI
- Increase our annual Gross Profit Growth
 - **Target FY24 £37.8M**
 - Access data from PBI, Management Information, Overview

- Continuous review of Profit Margin Pressure
 - Review the mix of income from Software, Hardware, Services – IT Professional and Managed
 - Review the GM% - across each sector/income mix
 - Review the Annuity Profitability % - to sustain at 70% plus
- Increase our annual Operational Profit Growth by 15%
 - **Target FY24 £16.2M**
 - Access data from Finance Director

Maximising Marketing Activities

To utilise Dynamics 365 to track Leads generated by the Phoenix Marketing Department to evolve into Opportunities and then to develop into orders.

Target is for 24% of leads passed over from Marketing to be qualified into Opportunities

- Access from PBI

Target is for 30% of leads passed over from Marketing to be qualified into Won Opportunities

- Access from PBI

Target is to create gross profit of £909K

- Access from PBI

Staff Retention/Satisfaction

Attrition figure to be equal to or less than 12% for the year.

The reasons for staff leaving are detailed below but the people relating to each category are kept within the HR department.

- Reasons for Leaving Categories
 - Own accord
 - Terminated

- Retired
 - Left after maternity leave
 - Redundancy
 - Work placement
- The objective to is reduce the overall number to be under 12% but where reasons may be out of our control – such as leaving after maternity, the focus will be on those leaving on their own accord and terminated contracts.
- The results will be provided based on a rolling 12-month data set.
- There will be at least one employee survey sent out within the financial year
 - Access data from HR
- To aim to for 75% of staff to participate in employee surveys.
 - Access data from HR
- Maintain an employee Net Promotor Score (eNPS) score of 60 or more against the industry average of 45
 - Dedicated Employee Engagement and Welfare Manager
 - Active Network Groups – D & I, Charity
 - Ongoing activity, registered in emails and Teams
 - Management Training

Customer Satisfaction

Maintain an NPS score of 60 or more – industry target is 34

Internal Support tickets over and above 98%

External Support tickets over and above 98%

Customer Satisfaction

- Feedback from customer satisfaction scores from Zendesk service desk application. This is based on those who have fed back rather than the total number of calls received.

- A customer can be internal or external.
 - **FY24 Target 98% above for internal and 98% for external**
 - Access data from PBI, Managed Service Capacity, Summary
- Maintain a customer Net Promoter Score of 60 or higher
 - Industry average is 34
 - Access data from PBI, Business Objectives

Customer Credit

Limit the customer credit risk tracking by tracking Debtors Days and Debt Ageing.

Debtor Days Target is 35 days or less.

Debt Ageing is tracked by the finance team and when/if a debt reaches 180 days it is accrued for in the financial reporting.

Tracking of the expected credit loss (ECL) percentage take place within the finance team based on a bad debt provision of £250K under IFRS9

Review and Revision

This document is reviewed as it is deemed appropriate, but no less frequently than every 12 months.

Document review will be undertaken by the Quality Manager, with any subsequent changes authorised by the signature and dating by a Director.

Version Control

<u>Author</u>	<u>Version</u>	<u>Date</u>	<u>Description</u>
QMC	1.0	01/04/2016	Original Document
QMC	2.0	06/06/2017	Amendment to objectives
QMC	3.0	01/08/2017	Revise Business Strategic Goals, Objectives and KPI's
QMC	4.0	01/11/2017	Revision for interim FY18
QMC	5.0	01/03/2018	Revision for FY19
QMC	6.0	27/03/2019	Goals/Objectives for FY20
QMC	7.0	16/03/2020	Goals/Objectives for FY21
QMC	8.0	13/05/2020	Update of Goals for FY21
QMC	9.0	05/04/2021	Update of Goals for FY22
QMC	10.0	24/04/2022	Update of Goals for FY23
QMC	11.0	25/11/2022	Removal of cash conversion rate and time to fill vacancies, lower debtor days
QMC	12.0	27/04/2023	Update of Goals for FY24

Document Approval

<u>Name</u>	<u>Version</u>	<u>Date</u>	<u>Position</u>
Sam Mudd	1.0	01/04/2016	Managing Director
QMC	2.0	06/06/2017	QMC
Sam Mudd	3.0	01/08/2017	Managing Director
Sam Mudd	4.0	01/11/2017	Managing Director
Sam Mudd	5.0	01/03/2018	Managing Director
MD/FD/OD	6.0	27/03/2019	QMC
MD/FD/OD/SD	7.0	16/03/2020	QMC
MD/FD/OD/SD	8.0	13/05/2020	QMC
MD/FD/OD/SD	9.0	05/04/2021	QMC
Clare Metcalfe	10.0	24/04/2022	Operations Director
Clare Metcalfe	11.0	25/11/2022	Operations Director
Clare Metcalfe	12.0	27/04/2023	Operations Director

Signed: *Clare Metcalfe* Clare Metcalfe, Operations Director

Dated: 27/04/2023