

ItalIT Never Letting down COMPANY PROFILE

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OVERVIEW

ItalIT is the brand under which we give specialized, adapted and serious solutions to the world. Under our name, which encompasses more than 150 employees distributed in 6 different offices, each of them located in the main points of their cities to obtain a better communication with whoever is needed, we are able to cover the needs of more than 5 Italian regions, 2 Swiss Cantons: Grisons, Tesino and Malta. Thus, we are a cutting-edge company in the international software implementation companies.

As we are based in several countries, each ItalIt office is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its territory through subsidiaries, affiliates, and other related entities.

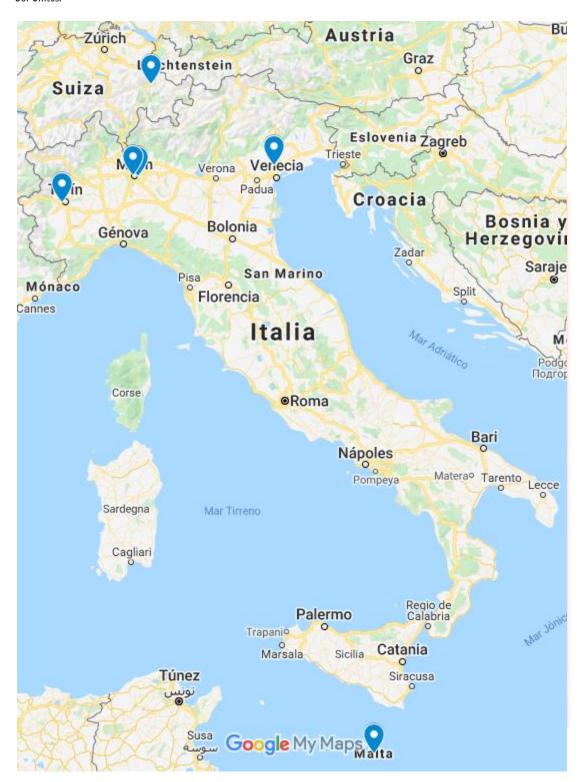
Our main working field consists of adapting real existing solutions to the requirements demanded by our clients. For all of our main clients we develop a large set of adaptation software development, nevertheless we are growing in more areas such as the own software development or the Data Mining analysis of the solutions proposed. This way, we guarantee a tracking of the solutions proposed. Never letting down our clients is the main slogan of Itallt and we proudly can say to have a 98% of complete satisfaction among every project we have been asked for.

We are also always at work in research and development with a team of researchers to whom we encourage to take part into our coaching workshops, held quarterly. We want to have the best team for offering the best solutions. All our workers must complete a short course for getting into our working process so they can get a full integration in the moment they start to work with the rest of their coworkers when a project is started. We recently obtained the CQI International Certificate for the quality of the workload of our company

We have a strong partnership with NTT DATA Group, the sixth-largest IT services company in the world with 100,000 professionals and with offices in Asia-Pacific, the Middle East, Europe, Latin America and North America. This way we provide our clients a strong feeling of safety on our solutions.

Awarded ON 2016 with Constantinus International Award for our key contribution on the Bitcoin adaptation to the Italian ATM network by the International Council of management Consulting Institutes - CMC Global, we have continuously growing on the sector always offering solid solutions and keeping always in mind our 3 main values: Compromise, communication and credibility.

Our Offices:



More info available in:

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OUR VISION

When ItalIT was born, we wanted to stand out not only by the quality of our product, but also with the way of working we offer to our employees. In ItalIT more than a company, we prefer to express ourselves as a big family, only with that approach we can explain most of the main aspects of our workforce

INTERNATIONALLY

Although ItalIT was born in Northern Italy, we are aware of the each-day-more globalized world in which we are living and only by having a multicultural and international team we are able to access and exploit all the features that situation offers us. That is why we encourage the recruitment of people from all over the world and we have several top recruitment programs every year distributed in 4 continents, establishing contact with some of the top-IT universities of India, EEUU, Italy and Germany. This can be easily reflected by regarding the main heads of our organization, each one form a different country. Also, this facilitates us contacts with software solution companies that are pretty much inaccessible for our competence, who do not follow this philosophy.

GOOD AMBIANCE

In this family we believe that the work environment really makes a difference and this impacts directly in the quality of the solution designed and in the customer care, because of that, we decided to reshape all of our offices so they provide a challenging and creative environment to our workers, making them more comfortable and accessible to the clients or whoever that wants to visit out installations.

THE THREE C's

In this changing world, an immense workload is being held every time and countless projects are being started and completed, we believe in the compromise of doing things right, and not abandoning the projects when finished. We offer a wide package of possibilities for tracking the solution and we have a huge customer care department in charge of attending every possible future problem derived from the usage of our solution that is directly connected to the head managers of each project. We assure this way an effective communication both internal and external, which is necessary for the correct functioning of every self-respecting company. Above all, we have external auditors every year for checking the expertise and good work of our offices, thus we have gained a lot of creditability that has contributed to become one of the best companies in the sector. This way, we can assure that we follow the Three-C´s policy for summarizing what our family has to offer to the world

NEVER LETTING DOWN

Our main slogan is the best reflection of what we have to offer and the main guidelines that we follow. We stand out for our treatment with the client and we are constantly focused on this issue. A dissatisfied client is considered as the worst failure for our workers, as we are conscious that we would be nobody without them, that is why we decide that Never Letting Down must be our leitmotiv and the slogan in which focus the main part of the efforts we have to take as a cutting-edge company

OUR EXPERIENCE

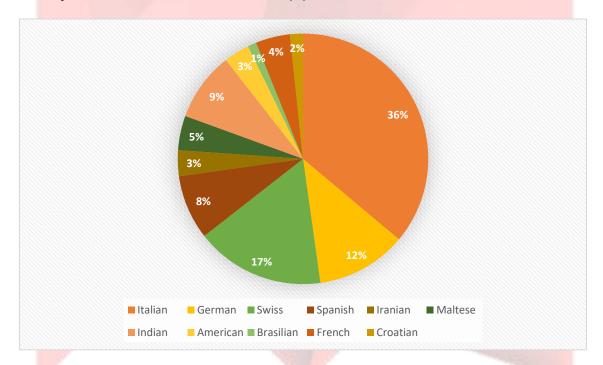
Founded in 2002 in Milan following the Dotcom Bubble, we started with no more than 4 employees - who were in fact a punch of friends - and the illusion of creating a different company that could keep up with the each day more developed world in which we find ourselves, we still have the same feelings and we develop our work with the same enthusiasm of the first day, the only difference is the large team we now have, in which we count with experts from every area that we work with: Software Engineering and Developers, UI Designers, Data Analysts, Mathematicians, Machine Learning & Data Mining experts and team managers and psychologists for having a good teamwork.

With this workforce, we can cover a wide range of reliable systems and software programming Languages:

- Python, JavaScript, Ruby, PHP, CSS3 and HTML5 for Web Design Applications.
- \bullet C++, Haskell and JAVA for Backend software features.
- Java, MySQL, R, Hadoop and Hive for Data Mining and tracking processes.

OUR TEAM

Our team is composed of more of 150 employees working in the different offices we have distributed in 3 countries. Among all of them we can outline the existence of more than 10 nationalities (without losing the Italian belonging feeling of the company). This pie chart will give an overview about the nationalities of all of our employees:



The main heads are the company are the perfect reflection of the worldwide origin of our team, as each of them were born in a different country and work together united showing that a multicultural software provided company is available and, what is more, highly recommendable for giving the client the best experience they deserve. They are:

MIRKO

I was born in Basilicata, Italy. I studied Computer Engineering, first, and Artificial Intelligence and Data Engineering, then, in Pisa. Soon after that, I entered the world of work with DigitalMonitoring, a company near Parma. After few months I was unsatisfied with what I was doing, finding it too boring, so I went ahead and took some management courses. Today, I'm a project manager at ItalIT.

What I do during my day is making the client's idea become real. I set the budget, the time and resources needed and coordinate all the employees working on the project. I meet daily with different figures, from the finance department to the developers, but also with the clients if there are requirements to be discussed. This is what I like most about my work: the flow of different ideas and the sensation of doing something to make the world a better place.

NOUSHIN

I was born in Shiraz, Iran in 1990, I chose to study computer engineering from high school, and I followed this plan. So, I studied Software computer engineering in Bu-Ali Sina university of Hamedan. Then my father, who is a retired accountant, encouraged me to attend some financial management workshops -he believed this could help me one day, and he was right! Then I moved to Pisa to follow my education and as I was studying for a master's degree in AIDE, I found an interesting job opportunity in ItalIT which was perfect for me based on my abilities. I have been working with ItalIT since October 2018.

As the Financial Manager, I have the responsibility of overseeing the finances of the company. I coordinate accounting and produce financial reports, cash-flow statements, and profit projections, along with my tea. To comply with various laws and regulations, I must pay attention to detail. Aside from working with numbers, I must also help other members of my organization understand our complex reports, which requires significant communication skills.



MAXIMILIAN

I was born in Coburg, Germany, I studied Mechanical Engineering in Nürnberg. During my Master degree of Industrial Engineering I spent a half year abroad in Pisa. During this time, I fell in love with Northern Italy and came into contact with the creation of software solutions, which I enjoyed very much. That was the reason why I moved to Italy and started working at ItalIT in January 2018.

As Operational Director I am in charge for our SCM and so for our suppliers with whom we have strong partnerships. Therefore, I am responsible that we get the suitable, ordered solution at the right time and within the best possible quality and price.



MANUEL

I was born Burgos, Spain, studied Mathematics and Computer Science in Madrid. Since I did my Erasmus in Pisa´s University, I started being more and more interested in business´s world and more concretely in the public dimension of it. I specialized in Marketing and Innovative Channels in Amsterdam´s university. I entered working in ItalIT in June 2017.

As Marketing Director, I am in charge of everything related to external communication, pricing policies and making the main campaigns that have placed the ItalIT family in top position of software development companies in Italy and one of the best considered in an international dimension. Based in the Treviso office I am also directly responsible for our team of North-west Italy.



MARKETING STRATEGY

TARGET

We consider tow highly differentiated areas of expansion:

- o Northern Italy, which concentrates 5 out of the 6 offices we have, here is where our roots are established and our hard core. All the policies carried out by ItalIT must be aimed to protect this area, as we want to maintain a more conservative position in order to minimize ItalIT exposure to company risks.
- o Malta: part of our Mediterranean expansion new policy. Future similar emplacements: Greece, Cyprus and Marbella

Making use of Ansoff 's matrix, we can summarize that on the Northern Italy we are located in the cell of Existent Market/Existent Products, thus, we must follow Market Penetration oriented strategy while in the Mediterranean area we are developing Existent(and also new but in a lower scale) Products in a New Market so we must follow a Market Development oriented strategy.

		Products	
		Existing	New
Markets	Existing	Northern Italy Area -	Product Development
munois	New	<u>Mediterranean Area</u> -	Diversification
		Market Development	

We clearly establish a different Target Market on each of the segments created.

- In the Northern Italy sector, we are focused on working with companies that have already worked with us, trying by all means to keep them as clients. We also try to establish working links with companies bonded to our clients. We can summarize that we try to expand our client network at a slow path, but making it incredibly strong and solid.
- In the Mediterranean sector, we have a completely different Target Market, on these locations we still do not have a good reputation nor market position. That is why we try to focus on recently created companies that search a software solution, does not matter if it is already existent or not. Also, we are starting to expand to old companies that were old-fashioned and have decided to adapt to the new technologies' requirements of the global market. By general rule we only accept medium and small projects, but we do not discard the possibility of accepting a big one in a near future

PRICE STRATEGY

Due to the clear differences between each of the areas previously defined, we are going to establish a different pricing strategy in each of them. This is aimed to minimize the possible risks that such a changing market like ours has in the central part of the company, the northern one:

- In the northern Italy area, we are focused in maintaining the relationships we already have with some robust and solid companies, thus, following a high pricing strategy will be counterproductive as we risk to lose the partnerships, we have gained all over those years. That 's why our offer is included in the average price of the market, but it highlights by the quality in the software development process and in the overall solution that we offer, what is done based on the expertise of our team.
- In the Maltese area we want to offer really cheap solutions in order to place ourselves on that market. We do not mind having a tight profit balance (we can even consider some losses) as we consider that this situation will be only for the short-term and will evolve when the market share, we own in that region would grow to higher numbers. In that moment we will start a process of evolution from the strategy that has just been exposed to the one followed in the northern area. This situation will be checked every two years following a set of indicators using a BCG Matrix to see whether it is the moment for making the transition or we have to wait more.

For summarizing, our situation on Northern Italy will lead us to follow a competitive strategy of differentiation, whereas on the Mediterranean area must be a mixture between Best Cost and Cost Leadership strategy until moving to Differentiation, which must be the long-term objective.

COMPETITORS

The software development companies market is full with a huge bunch of options that offer similar solutions to the ones offered by ItalIT. Nevertheless, the number of the potential clients that access this market is as big as the previous one, many companies are still getting adapted to the new century technological demands so they can keep up the rhythm of their competitors. Main company competitors in northern Italy are Everis, for its market share and Kauky.com. Also Altar.io can be designed as our main competitor as they focused a lot on its quality of solutions offered, this is the same marketing strategy than the one we have. Also, NTT Data Italy had a big market share for which we were competing until we reached the partnership agreement we get by April 2019.

In the Mediterranean sector, we have found that the market is not as populated as on the previous one, but it is all taken by the giants Deloitte and PWC. We cannot start a market war against such solid companies, that is why we are focused on offering quick and cheap solutions to the potential clients.

For getting a differentiation point from all of these competitors, we are carrying a policy focused on:

- The good treatment with the client, providing with lots of resources the customer care part of every project
- Providing a set tracking tools for the client for any solution implemented by ItalIT, this way they feel more comfortable when hiring our services, as they know that they will not be abandoned one the project is delivered
- Creating a good working environment that affects the good developing of the communications, both internal and external with the client, efficiency and never exceeding deadlines

TRACKING

Once a project is finished, our connection with the client firm has done nothing but started, we offer several ways of communication, each one adapted to the client's necessities and software requirement, so we can stay in touch with him in case any doubt or improvement possibility comes up to his mind. Every client is also offered a set of advanced Data Mining and Artificial Intelligence tools that can verify if the impact of the software that ItalIT family has created fulfills the expectation desired by the client. We are very proud to say that those tools have resulted to be the main argument for which most of the clients have decided to stay with us, so we are constantly improving it, always for the sake of the client benefit, as he will have a more precise, unique and adapted solution to the requirements raised to ItalIT.

Every communication is made in a direct way and the client is aware of everything that is happening with his project at any time of the entire process if he will to do so. Transparence in the working methodology and roles of each worker have resulted to be an outstanding experience for most of the companies we are working with.

MISSION/VISION

Here again we need to divide the two sectors we are in as the main strategy in both long and short term varies on each one.

- In the Northern Italy sector: our vision is to be focused on the good quality of the deliverables. In addition, we always want to have happy and satisfied clients, that is why we put a lot of effort in having strong and direct communication channels and a good tracking mechanism so every possible problem can be solved quickly and with the less damage possible for the client. This will directly impact on our mission, which can be easily summarized on creating long term partnerships with our clients. Thus, we have decided to follow the good quality and good treat with the client's path for gaining follow on business in the future.
- In the Mediterranean Sector: here our scope varies completely, as we want to focus on the vision of gaining a name among the software development companies of the Mediterranean, we want to get there by an aggressive pricing policy. We want to become a top software development company too in the Mediterranean as we have achieved in our original sector so we can focus on quality and customer care and unify visions in both sectors. which is our main goal.

SWOT



FINANCIAL OVERVIEW

The first step must be to identify the fixed and variable costs of our company: they are listed below:

Fixed Costs:

- Salaries
- Partnership with NTT Data group
- Depreciation of technical equipment
- Rent of external services (servers)
- Factory overheads (costs for electricity, call center phones, etc.)
- Periodic maintenance of technical equipment
- Interests and taxes
- Training

Variable Costs:

Periodic payment of software licenses

Generally, all costs in ItalIT are fixed costs; however, the price for the licenses is every year different. We must negotiate the price every year with our supplier. That is why the discount we get is different in our annual balance sheet. With these premises we know that our company have high fixed costs but low variable costs. In this case the high risk can compromise our sales and with high fixed cost the breakeven point can be hard to reach. To come over this problem, we are working on other marketing area (software development, Data Mining analysis, etc.). This secondary market helps us to obtain more revenue.

Our company pays 5.000€ per year to be an official partner of NTT Data group. Being a partner with them allows us to have discounts on the purchase of their products and services.

BALANCE SHEET

	Assets			Liabilities	
	12/31/2018	12/31/2019		12/31/2018	12/31/2019
<u>Fixed assets</u>	€ 7,265,390	€ 6,622,690	Owners funds	€ 9,336,450	€ 8,937,700
Intangibles	€ 901,990	€ 1,001,990	Issued capital	€4,600,000	€ 4,600,000
Net fixed assets	€ 6,283,000	€ 5,530,000	Capital reserves	€ 1,704,250	€ 1,405,250
Long term investments	€ 80,400	€90,700	Revenue reserves	€ 3,032,200	€ 2,932,450
<u>Current assets</u>	€ 4,231,600	€4,803,350	<u>Long term loans</u>	€ 270,440	€ 298,300
Inventory	€0	€0			
Accounts receivable	€ 2,701,100	€2,752,850	<u>Current liabilities</u>	€ 1,890,100	€ 2,190,400
Cash	€ 1,000,500	€ 1,400,500	Short loans	€ 165,000	€ 165,000
Miscellaneous	€ 530,000	€ 650,000	Accounts payable	€ 1,650,050	€ 1,930,000
			Miscellaneous	€ 75,050	€ 95,400
<u>Total assets</u>	€ 11,496,990	€11,426,040	<u>Total liabilities</u>	€11,496,990	€11,426,400

RATIOS

	2018	2019
Materials/Sales	0.036607688	0.0254065
Personnel/Sales	0.472849298	0.4395325
Adm & Selling/Sales	0.064063453	0.0558943
Factory Overheads/Sales	0.042708969	0.0355691
R&D/sales	0.02440512508	0.02286585366

PROFIT AND LOSS

	2019	2018
Total revenue	16,390,000	19,680,000
Total operating costs	10,500,000	11,400,000
Personnel	7,750,000	8,650,000
Administration & selling	1,050,000	1,100,000
Materials	600,000	500,000
Factory overheads	700,000	700,000
R&D	400,000	450,000
EBITDA	5,890,000	8,280,000
Depreciation	800,000	800,000
EBIT	5,090,000	7,480,000
Interests	390,000	430,000
EBT	4,700,000	7,050,000
Tax	1,128,000	1,690,000
EAT	3,572,000	5,360,000

TURNOVER RATIOS

	2018	2019
Sales/TA	1.4255905	1.7223815
Sales/FA	2.2559009	2.9716022
Sales/Accounts Receivable	6.0678983	7.1489547

INDEXES:

	2018	2019
ROE = EAT / OF	0.38258653	0.59970686
ROTA = EBIT / TA	0.44272457	0.65462438
CR = CA/CL	2.23882334	2.19290997
QR = CL/cash	1.88915542	1.56401285
Sales / Total assets	1.42559052	1.71175238
Sales margin = EBIT / sales		
ROI = EBT/(OF + LTL)	0.31055522	0.38008130

SUPPLY CHAIN & PURCHASING MANAGEMENT

Our core competence is not to design the software in general but to customize it up on the clients' needs afterwards. Nevertheless, or precisely because of this the software of our suppliers are strategic products. Therefore, we have strong *partnerships* with our suppliers. We do that, because the strong partnerships lead us to three main advantages but also to our suppliers and the clients.



First, we are able to *reduce the lead time*. This is possible because on the one hand the main part of the software already exists and we just have to set it up with our specialized IT-engineers. These engineers have a unique training, so they are able to understand the client 's needs exactly and can adjust the existing software immediately. On the other hand, the reduction is possible, because we have standardized communication channels between our employees and the suppliers, which enhance the transmission of relevant information.



These channels lead not only to a shorten lead time but to *improved quality* as well. That's because if the client has any issues with the quality of the software or any other problems, we can connect them immediately with the responsible person of the original software company if we cannot help currently. Because of the intensive partnership we are also able to apply quality tools like 5-Whys and the fishbone diagram more effective, since always one employee of our suppliers is participating, when we have to use these tools by our clients e.g. to finding unknown causes of an error.



Third, we can purchase the software applications of our strategic partners cheaper than our clients because we have special discounts with our suppliers. They offer these discounts since the supplier 's software is used more often because of us. Because of this we and so our clients have *lower costs* in applying them.



All these points lead us and our suppliers to a strong interdependence to each other. Therefore, we work just with companies together, which have passed our certification so we can guarantee top quality products for our clients. The key point of our certification is that our partners work with the principles of TQM. The main reason for a mandatory TQM is, that we are because of this able to strive for zero errors together so we fulfill our vision - satisfying the customer. A few of our key partners are:







