

Operational review

INFORMATION TECHNOLOGY continued

“Bytes Document Solutions (BDS), BTG SA’s Xerox operation, has achieved another year of solid revenue and unit growth.”

networked desktop multifunctional devices and entry-level colour production systems.

Bytes Specialised Solutions (BSS) is the exclusive distributor for NCR products and systems in South Africa and markets, supports and maintains enterprise-wide information products and services for the banking industry. During the period under review, Teradata, a data solution provider for the banking sector and various other organisations, recorded significant operating profit. In the ATM sector BSS has benefited from the impact of the major banks upgrading their ATM base to become EMV compliant, while the new EMV encryption and security regulations have played a major role in improving the division’s revenue.

Bytes Communications Systems (BCS)

reported a satisfactory operating performance, maintaining good margins in both the services and product sales arenas. This has been realised through increased small- and medium-enterprise product sales and improved efficiencies in delivering services. **Bytes Managed Services**, a focused workspace management and equipment maintenance business with 70 service points around South Africa, benefited from the integration and consolidation of CS Holdings which delivered significant value to all stakeholders from a financial, service delivery and growth perspective.

Bytes Outsource Services (BOS)

was acquired by BTG as part of the greater CS Holdings acquisition. During the period



under review pleasing growth in revenue and profitability was recorded. A solid operating performance and close working relationships with existing clients ensured the retention of their client base. **Bytes People Solutions (BPS)**, another former CS Holdings operation, has performed in line with IT industry averages and showed satisfactory year-on-year growth despite a slow start due to changes in 2005 to the

ISETT SETA funding model. **Bytes Systems Integration (BSI)** also enjoyed its first full year of operation subsequent to the merger and restructuring of several businesses from both BTG and CS Holdings. The division has entered the new financial year on a markedly lower cost base and with exciting prospects. **Digital Healthcare Solutions (DHS)**, a wholly-owned subsidiary of BTG which comprises a transaction switching and a software business, reported a further significant improvement over the previous year in terms of operating profit. Its two subsidiaries, Digital Healthcare Switch (Switch) and Med-e-Mass, both grew their respective contributions to the group's revenue and profit.

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“Altech Card Solutions benefited from the continued migration to the EMV payment standard.”

BTG's international businesses, both those in southern Africa and in the United Kingdom, showed good progress with significant improvement. **Bytes Software Services**, one of Microsoft's top three large account resellers (LARs) in the UK, has significantly improved its net profits as a result of substantial restructuring and additional focus on its core competencies. UK-based **IT Solutions**, which offers Application Development services specialising in large-scale e-commerce style systems to blue chip clients, also returned to profitability after a significant restructuring exercise was completed.

Altech NamITech, a leading player in Africa for cellular SIM cards, pre-paid vouchers and magnetic stripe bank cards, experienced a disappointing year due to the continued

strength of the rand and pricing pressures. A re-engineering process and a significant cost-reduction exercise were completed to reposition Altech NamITech as a competitive player in this sector of the market. It is expected that the roll-out of EMV-compliant smart cards will contribute significantly to Altech NamITech's financial success in future. In line with its pan-African strategy, Altech NamITech's new pre-paid cellular voucher manufacturing facility in Lagos, Nigeria, is now profitable and is producing more than one million vouchers per day.

Altech Card Solutions benefited from the continued migration to the EMV payment standard through the ongoing deployment of EFTPOS terminals, as the banking industry prepares to issue EMV smart cards. The ongoing personalisation infrastructure



(OSS) solutions in South Africa and Africa.

Altech ISIS has further entrenched its position in this market through the purchase of MobiMaster, a French business that owns and develops a billing system for pre- and post-paid voice and data services.

upgrades by card issuers and outsource bureaus benefited **Altech DataCard**. **Altech Cardtronic** also performed well with the recapitalisation project complete, which enabled it to compete more effectively in the higher-volume business segment.

Altech ISIS recorded significant financial and organic growth during the year, strengthening its position as a supplier of end-to-end operational support systems