The Best IT&T Companies in Australia

A Guide to the Most Promising Information Technology and Telecommunications Companies

Corporate Research Foundation

The Corporate Research Foundation, in association with its team of leading independent business journalists, assessed more than 500 companies to determine those it considered to be the most promising IT&T companies.

This insightful and informative guide is based on interviews with senior management as well as extensive research and analysis, and demonstrates the successful strategies and best practices of these companies of the future.

Each company profile provides an in-depth appraisal of company dynamics, including corporate objectives, strategy and management, human resource priorities, operations and markets, innovation, key facts and figures and their vision of the future.

The result is an invaluable guide for industry watchers, business leaders, senior executives, undergraduates and graduates, potential employees and for anyone with an interest in the IT&T sector in Australia.

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Landers says: 'We're doing more and more Internet training. We also emphasise to our staff that training is something they should do for themselves in terms of their career development. We find there's an enormous willingness on the part of committed staff at all levels to continuously upgrade their skills.'

Performance assessment is more regimented, as Landers explains: 'We broad-band our staff into categories within job "families". We also assess our people against measurable goals, as well as those intangible elements: adaptability and capacity to change, for example. Managers then review performance based on individual goals and these intangible qualities, and this forms the basis of salary reviews. On top of that there's a clear career path that says: "If I keep promoting myself, my salary will increase".'

The Future

To date, the company's capital for expansion has come from reinvesting earnings – an 'earn, spend' financial environment. The union of Breeze and Radiant creates a very powerful solutions provider in Australia with a solidly funded business plan to grow the business throughout all of Asia Pacific where Radiant already has a presence. In addition to the Breeze stable of products, Radiant provides fully integrated retail automation solutions including point of sale systems, consumer-activated ordering systems, back office management systems, headquarter-based management systems and web-enabled decision support systems. The company's products enable retailers to interact electronically with consumers, capture data at the point of sale, manage site operations, analyse data, communicate electronically with their sites and interact with vendors through electronic data interchange and web-based marketplaces.

These solutions capabilities will provide the platforms for expansion into South East Asia and other markets such as South Africa, the Middle East and Europe where the company has identified significant growth potentials.

SAPPHIRE ONE

Sapphire One, formerly known as Sapphire Software, is an Australian financial software company based in Sydney. Its mission is to seek new and creative ways to serve clients, while maintaining a deep respect for individuals both inside and outside the company.

SCORECARD	
Flexibility and innovation	★★★☆
Growth markets	★★
Quality of management	★★★☆
International orientation	★★★
Human resources priorities	★★★

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The Business

Sapphire One became the first company to deliver a 100 per cent Australian-owned-and-designed platform-independent financial management software system. Its Version 6 was the first client server system on the Australian market that can operate concurrently off Windows 2000 and Mac OS platforms, providing the first financial application to be fully XML-enabled.

An impressive 90 per cent of business is generated through Sapphire One's website. That's not to say that 90 per cent of sales are conducted through the site, but rather that the majority of enquiries come via the Net. Adams wants to increase the number of sales made electronically, thus decreasing operating costs and providing customers with a more efficient service.

Sapphire One has around 22 staff in its office at Redfern, in Sydney's inner south.

The business can be roughly divided into three areas: software, maintenance and support.

Sapphire One's software empowers users with respect to financial applications such as general ledger, accounts receivable, accounts payable, inventory, time sheets, asset registry and payroll application.

Sapphire One 6.7 Financials consists of six modules, each offering features to assist clients in the time management of their daily tasks. The six modules are accounting, inventory, projects, management, utilities and workbook.

The *accounts* mode provides the ability to record transactions for those who do not have the need to track inventory or create orders and invoices. This may be appropriate for a small consulting business, where a handwritten invoice is provided on completion of the work.

The *inventory* mode provides clients with a solution to inventory control and tracking. Sapphire One understands the complexity of inventory control and provides the necessary tools to assist with bins, matrix tables, batch control, serial tracking, location control, plus department control. Sapphire One 6.7 Financials

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Sapphire One is not a young company, having first been established as Sapphire Software in 1986. It has been profitable every year since inception and recently released version 6.7 of its software. Version 6.7 is a GST-compliant, back-end financial management application.

Going forward, Sapphire One hopes to do more of its business via the Internet, as well as expand overseas to other English-speaking markets, such as the UK, the US, New Zealand, Hong Kong and Singapore.

Biggest Plus

Because Sapphire One is a small company, it can react quickly to change and be flexible in its business practices. Also, it has always been a strong innovator, developing a web presence before many companies had even heard of the Internet. This forward-looking attitude should stand Sapphire One in good stead as new technologies emerge and companies look for ways to utilise the developments to their advantage.

In addition, Sapphire One's product is platform-independent, meaning that it is able to reach a wider spectrum of companies.

Biggest Minus

Sapphire One's size may mean it runs the risk of being steamrollered by larger companies in the same space with more resources.

Furthermore, the financial management software market in Australia, and indeed the world, is extremely competitive and very crowded.

Analysts are currently predicting a period of consolidation, which means that companies as small as Sapphire One are at risk of being bought out by larger operators.

Key Figures

Since it is a small private company in an industry ripe for rationalisation, it is understandable that Sapphire One is reserved when it comes to revealing financial projections. Suffice it to say that this Australian company, which is 100 per cent owned by chief executive John Adams, has been profitable since it started and, to date, has not required any external funding.

Adams reckons he has pumped around $50 million into the company so far, most of it from his own pocket.

Around 70 per cent of Sapphire One's revenue comes from the Australian

and New Zealand markets, but hopefully that percentage will shift downwards as overseas markets open up.

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also includes a choice of three costing methods: average, standard or fixed, and item costing, to complement batch and serial items for clients' businesses.

Projects mode allows for the tracking of revenue and costs related to a specific task or job, while the *management* mode provides the user with strong analysis tools in order to obtain a quick snapshot or in-depth review of business performance.

The *utilities* mode, meanwhile, holds all historical transactions and system defaults; *workbook*, combined with user access and preferences, provides clients with the ability to group the most frequently used functions in a convenient location.

Other Sapphire One products include Sapphire One Assets 6.7 and Sapphire One V6.7 Payroll. The company recommends maintenance be performed on a monthly basis, with clients conducting a full check-up each year-end.

An annual planned maintenance fee of 20 per cent of the current recommended retail price of Sapphire One software, based on the current number of users, is charged on the anniversary date of purchase.

Support at Sapphire One is divided into four plans: diamond, ruby, amethyst and opal. Diamond and ruby support plans are suitable for client/server customers, while amethyst provides a cost-effective solution for the single-user customer. The opal plan provides a quick reference library to the various issues facing businesses in Australia, such as the GST and the recent tax reforms ushered in by the Federal Government's Ralph review.

Diamond support costs $11,000 per annum, ruby $5500, amethyst $2200 and opal $1100.

Sapphire One also conducts regular seminars for users of its software. The seminars are held in in all states of Australia, as well as New Zealand, and are designed to give attendees a complete overview of the product and how it may be customised to suit particular requirements.

Strategy and Management

Sapphire One's management structure is described by Adams as very flat.

Employees do not have titles and are categorised according to loose job descriptions, such as sales, administration, technical, web and graphics, and software architects.

The method of recruiting employees is unique to Sapphire One, with each staff member interviewing potential candidates. After the process ends, all staff get together and frankly discuss the candidate's merits and shortcomings.

employment; rather, it is a group decision. Adams admits he has been outvoted on more than one occasion.

While such a process may sound intimidating, Adams claims it is beneficial, giving the candidate the chance to meet all potential colleagues and the opportunity to verify the sales pitch, to make sure the Sapphire One story 'stacks up'.

The system must have some merit, with only one employee leaving in 15 years! Adams describes the team at Sapphire One as very supportive and the environment as low stress and relaxed.

Operations and Markets

Sapphire One's clients are mainly Australian and New Zealand-based companies and include small businesses, such as Space Furniture, Hooker Cockram, Smithers-Oasis Australia, the National Standards Commission, Tarkett Sommer Australia, Next Media, Cello Paper, Intrepid Travel and Univers Carpets.

While Sapphire One declined to reveal whom it counts as its direct competitors locally, the market for financial software applications is getting extremely crowded, with literally hundreds of small players, such as Sapphire One, vying for market share.

Increasingly, these players are going to be forced to offer services online, something at which Sapphire One, thanks to its early adoption of the Internet, should be successful.

A report from Internet research firm Forrester found that the Internet economy, which is tipped to reach $US3.2 trillion worldwide by 2003, could not exist without businesses embracing software as the way to deliver differentiated business value.

Meanwhile a more recent Forrester report found that by the beginning of 2001, 82 per cent of financial firms would be offering advice online, but that such online advice would not replace human interaction.

Sapphire One started its web presence in 1994 and delivered its first web server the next year.

Sapphire One is also the first company, to its knowledge, that has a fully Mac-compatible working e-commerce prototype.

Human Resources

A company with just 22 employees understandably does not have the people or the resources for a large HR team. Instead, Sapphire One

Remuneration is not high compared to other companies in the space, but Adams says the trade-off is a more relaxed working environment. Staff at Sapphire One have a strict policy of working a maximum 40-hour week, with no weekends. That said, however, they are encouraged to make the most of their time, and many, for example, eat lunch at their desks to increase productivity.

Staff meetings are held reasonably regularly, and Sapphire One offers employees flexible working practices, such as working from home when recovering from an illness.

Academic qualifications are not highly regarded at Sapphire One. Adams said that while some employees are indeed highly qualified, their degrees are not really taken into account at all. More important, he declared, was their ability to fit into a team environment and draw on life experiences.

Jobs at Sapphire One are advertised on the company's website – www.sapphireone.com – and applicants are encouraged to apply online.

The Future

The outlook for Sapphire One is bright because, as noted above, it is operating in a very lucrative space with the flexibility to move quickly and grab opportunities when they arrive.

Moreover, because Sapphire One has been around for so long, it knows the local market well and has demonstrated an ability to recognise new developments and capitalise on them before competitors do.

It plans to spend a significant amount on product research through to 2004, with Adams estimating around 72 per cent of gross income will be spent on research and development.

Moving more clients online is also a priority for Sapphire One, as is expanding offshore. Attracting overseas customers will be easier with a fully-operational e-commerce site, he said.

SAS
The Power to Know

SAS is the Australasian subsidiary of a 25-year-old privately-owned US firm which specialises in helping large organisations make better use of the information in their existing corporate computer systems.

SCORECARD

Flexibility and innovation	★★★★
Growth markets	★★★★★
Quality of management	★★★★★
International orientation	★★★★
Human resources priorities	★★★★★