

# Market Announcement

1 July 2013

## SMS Management & Technology Limited signs Agreement to acquire Indicium

SMS Management & Technology Limited (“SMS”) (ASX: SMX) today announced that it had signed an Agreement to acquire the Indicium and Access Networks group of entities (“Indicium”) for \$22 million, comprising of an up-front payment and two deferred payments conditional on profit performance over a two year period. The up-front payment will be a combination of cash and shares. Indicium is a managed services provider specialising in Business Cloud and Infrastructure Management solutions for the corporate market.

Indicium provides vendor-independent IT Infrastructure and Managed Services from consulting, design, onboarding, management and Service Desk, under their **Breathe Easy™** range of solutions. The **Breathe Easy™** range comprises two core solution offerings; Business Cloud and Infrastructure Management.

Expected benefits of the Indicium acquisition include:

- Accessing a high growth sector of IT which is a key plank in the development of SMS’ market positioning;
- Annuity contracts with typical fixed terms of between 3 to 5 years;
- Delivering a proven and mature managed services capability and executive team for SMS’ Managed Services and Infrastructure Consulting offering;
- Annualised revenue of approximately \$20 million; and
- It will be EPS accretive in FY14.<sup>1</sup>

In making the announcement, SMS CEO Tom Stianos said, “The acquisition of Indicium supports our growing Managed Services and Infrastructure Consulting capability, and meets our strategic imperative to increase our annuity revenue. This is a high growth segment of the market and Indicium will accelerate SMS’ offer of managed services in the cloud market.

SMS already provides systems integration services for many cloud solutions including Microsoft Azure, Google Apps, Microsoft Office 365, Salesforce.com and others. Indicium allows us to offer a more comprehensive range of Business Cloud and Managed Infrastructure solutions alongside our broad range of consulting and systems integration capabilities.

Australia is an advanced IT market with over 40% of the current infrastructure requirements outsourced under managed services contracts. Business Cloud is a key element driving this growth, and firms like Indicium who wrap enterprise-grade services around physical data centres are in increasing demand.

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We are impressed by the maturity of the Indicium business, including the development of their tools and methods, all designed to deliver the best support to clients. The **Breathe Easy™** range of solutions has been designed for just that; allowing corporate clients to focus on their core business and leave us to worry about service delivery.

We are confident that this capability will grow strongly within SMS, giving it ready access to our regional hubs, national sales team and client base.”

Commenting on the acquisition, Indicium founders, Andrew Stylianou and Manish Goklaney said,

“We established Indicium in 1999 with a view to becoming Australia’s most responsive managed infrastructure delivery specialists. In that time, these traditional managed services have evolved into what we now all know as ‘The Cloud’. It has been an exciting 14 years evolving our managed services into Cloud and Infrastructure Management services, and we feel the market is shifting to a new and dynamic

chapter in how it consumes IT services. Our staff and clients have made a significant contribution to building Indicium into a successful business and we are confident that being part of SMS will provide an exciting opportunity for Indicium to enhance our existing capabilities.

With the support of SMS, including its Consulting and Systems Integration Practices and Asia Pacific reach, we can now address larger scale projects for our customers, positioning us well for enterprise and government cloud solutions.”

Further contingent amounts may be payable if profit exceeds agreed targets. The transaction is subject to certain conditions precedent being satisfied and is expected to be completed in early July 2013.

This acquisition adds a new range of capability to the already strong suite of SMS solutions. The link below will direct you to a video that illustrates SMS’ capabilities <http://youtu.be/PSbD0Ch46U4>

<sup>1</sup> EPS is Earnings Per Share and excludes depreciation, amortisation and other non-cash items.

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## About SMS

SMS Management & Technology Limited (SMS) [ASX:SMX] is a leading Asia Pacific consulting, technology and systems integration company employing over 1,600 professionals throughout Australia, Hong Kong, Vietnam and Singapore. Established in 1986, SMS is best known for delivery excellence. SMS helps its clients improve their business performance through the implementation of strategy and the delivery of business and technology projects. Industry expertise spans the financial services, ICT, government, defence, health, utilities, resources and infrastructure sectors. For further information refer to [www.smsmt.com](http://www.smsmt.com)