



ANNUAL REPORT
2004






**He who does not trust enough
will not be trusted.**

*Lao-Tse (approx. 4. BC),
Chinese Philosopher*



Ten years of optimizing and consolidating

REALTECH AG, established by SAP consultants in the mid-1990s, celebrated its tenth anniversary in fiscal year 2004. Today, REALTECH has more than 500 employees and is a reliable partner for a wide variety of different customers from numerous sectors. It provides assistance in extensively optimizing IT-supported business processes as well as consolidating and optimizing complex system environments.

A long list of both renowned and demanding major enterprises and medium-sized businesses have been putting their trust in REALTECH's expertise for many years, therefore demonstrating that, despite being a comparatively small technology consultancy and supplier, the company has succeeded in consistently tailoring its range of products and services to meet real market needs. The particular strengths of REALTECH result from its exemplary proximity to customers and users, combined with a structured transfer of knowledge between its individual Group sites. A large number of collaboration partners help REALTECH to utilize these strengths on a global scale, as REALTECH AG benefits from people's trust in its superior knowledge with regard to the crucial details of the latest information technology. One particular strength of REALTECH is its focus on practicable, affordable solutions for the most urgent IT challenges at any give time. 

RELIABLE PARTNER FOR SECURE, HIGH-AVAILABILITY IT INFRASTRUCTURES

A LONG LIST OF BOTH RENOWNED AND DEMANDING MAJOR ENTERPRISES AND MEDIUM-SIZED BUSINESSES HAVE BEEN PUTTING THEIR TRUST IN REALTECH'S EXPERTISE FOR MANY YEARS, THEREFORE DEMONSTRATING THAT, DESPITE BEING A COMPARATIVELY SMALL TECHNOLOGY CONSULTANCY AND SUPPLIER, THE COMPANY HAS SUCCEEDED IN CONSISTENTLY TAILORING ITS RANGE OF PRODUCTS AND SERVICES TO MEET REAL MARKET NEEDS.



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and organizations themselves have hardly been automated up to now and have not been standardized sufficiently. So it is only now that the use of IT is facing fundamental change – its “industrialization”, so to say.

Motivated by the huge pressure on costs resulting from the continued weak economy and based on an increasing awareness of past investment mistakes, more and more managers are beginning to redefine the role of their IT organizations as well as the associated infrastructures, projects, processes, and employees. In the future, IT is to be operated only in a purposeful and targeted manner, in harmony with higher-level goals and as an instrument that reliably boosts employee productivity, customer satisfaction, and process efficiency while generating additional sales.

In this way, companies need to consistently deal with the traditional shortcomings of many IT structures. In most companies, the structures have grown successively over many years, resulting in highly complex system environments in which isolated components coexist and can only be controlled with great difficulty. Accordingly, there is substantial room for improvement and, in particular, huge pressure for the principles of quality management, which have already been established and followed for decades in other enterprise functions, to also be applied in the case of IT. To sum up, companies need solutions which are as automated and standardized as possible and which they can use to monitor, control, and optimize the profit contribution of hardware and software in a structured manner. Moreover, this needs to be achieved in every single phase of IT use – from planning and design to implementation, individual configuration, integration, and operation.

The founder generation during a business meal: REALTECH's first Executive Board

In view of this situation, an emphasis should be placed on REALTECH's great flexibility with regard to further training, service development, and product development. The company's business activities continue to revolve around customer projects that aim to maximize the long-term benefits and value of SAP systems. As always, REALTECH consultants are very much in demand as specialists who use their expertise to implement the new, matured role of IT at a technological level.

The “industrialization” of IT

Although the widespread representation of hardware, software, and network suppliers on international stock markets seems to indicate otherwise, the market for information technology is still relatively young. At present, IT is undergoing a development stage that, in other industries, could best be compared to that of manufacturing. Servers and PCs, as well as applications and databases, have long since come to be used by companies to enhance the workflows involved in all other business areas by eliminating manual inefficiency and making up-to-date business data available at all times. IT processes

REALTECH

REALTECH AG is established in Walldorf.
A new company logo is introduced.

12 | 1997



Focus on optimizing shares

The last major growth spurt was experienced by the IT sector some time ago now, as outdated systems had to be changed over on a large scale at the turn of the millennium. In addition, the sustained euphoria with regard to the Internet and e-business was continuing to motivate companies from all sectors to tap additional distribution and information channels using Web technology. As the global economy slowed down and the Internet bubble simultaneously burst, however, IT projects were suddenly cut down to a minimum. The next few years were mainly characterized by consolidation as, after making sizeable investments in expanding and modernizing their system infrastructures, companies then began to concentrate on sustaining their IT operations at minimal cost in terms of both finance and human resources. In many cases IT organizations were even the central focus of cost-cutting agendas.

Now, though, all renowned market observers consider an upturn in the demand for information technology and the associated consulting services to be overdue. Forecasts all agree that companies will be pretty much forced to raise budgets in the very near future in order to finance the "industrialization" – in other words, drastic IT rationalization – set to take place over the coming years and decades. For the first time in many years, optimistic sounds could be heard in IT departments again in fiscal year 2004. What's more, market researchers anticipate that the global market growth rate will climb back up to a modest figure of around six percent in 2005.

In the foreseeable future, one crucial factor for all technology suppliers is likely to be the fact that, although the gradually rising demand has some quite different emphases, a clear overall objective can still be seen. On the one hand, companies wanting to remain at all competitive will have to spend the next few years catching up with purchases that had repeatedly been postponed in recent years. On the other hand, however, increasing

numbers of companies are currently recognizing their chance – by taking a new approach towards optimization, consolidation, and integration – to replace past IT investments beyond the depreciation cycle and in this way benefit from new competitive advantages.

Following the collective reduction of IT personnel over the past few years, demand is therefore continuing to concentrate on products and services that make existing system environments more transparent, easier to control, and easier to adapt by automating processes – so that the system environments can be operated as efficiently as possible in the long term and provide end-to-end, reliable support for the ideal business processes in each case. According to a survey carried out by Cap Gemini Ernst & Young, three issues are right at the top of the agendas of German IT managers. These issues – portals, the modernization of ERP (Enterprise Resource Planning) systems, and the optimization of IT architectures – are all areas in which REALTECH consultants have gained substantial knowledge and experience.

Purposefully established expertise

REALTECH is well aware that it will have to operate in coming years in an extremely turbulent market environment that has already been saturated in many segments. More substantial growth spurts for IT are to be expected mainly in North America, Asia, and Eastern Europe, while IT managers in the company's core Western European markets are still largely reluctant to invest. Extensive and revolutionary implementation projects still remain an exception round the globe. As a technology consultancy and supplier, moreover, REALTECH needs to contend with sustained huge pressure on the prices for hardware, software, and consulting while at the same time rising to the challenge posed by the fact that limited IT budgets tend to concentrate the market in favor of major suppliers.



The company continues expanding its international sites, this time adding another European subsidiary in the form of REALTECH UK Ltd., London.



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Nevertheless, REALTECH is convinced that its two business areas of technology consulting and system management software put it in an excellent position to benefit from the gradual rise in demand. For example, the company has already invested in recent years in the expertise, services, and products that are both in demand today and are likely to be needed in the future in connection with the industrialization of IT organizations and processes.

REALTECH's Consulting division, in particular, is able to set itself apart from competitors in today's hard-fought consulting market thanks to its clear profile and wide range of successful references. In countless customer projects, it has already demonstrated its ability to rationalize IT processes in such a way that improved business applications can be made available in the ideal way at lower costs and with reduced personnel. Today, companies from all over the world and from various sectors of industry have come to appreciate REALTECH AG as a partner whose three pillars of the consulting business directly reflect the most urgent IT tasks:

- IT optimization in terms of lasting savings in computer center operation
- IT consolidation for simple, homogeneous system environments that provide ideal end-to-end support for business processes
- Consulting with regard to new IT and Web technology that provides existing systems with a guaranteed future

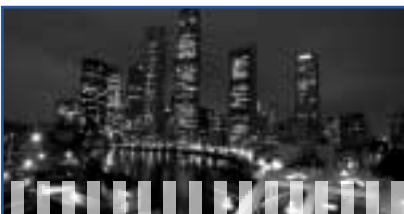
▶ Better performance at lower costs

REALTECH has a great reputation for consulting services that systematically identify and activate potential savings in the use of SAP systems while at the same time maximizing the availability, performance, and security of the systems. The company's IT optimization services range from detailed and extensive cost-benefit analyses regarding the operation of computer centers to the implementation of particularly efficient IT infrastructures as well as solutions – such as tuning and monitoring services – that enhance the quality of running systems and applications.

Amongst other things, the core competencies of REALTECH include designing hardware environments with ideally dimensioned and harmonized components which, in this way, minimize investment and operating costs while at the same time meeting all the relevant business requirements. One typically successful project was that carried out on behalf of Fujisawa Deutschland GmbH, in which REALTECH succeeded in achieving a reduction of almost 30 percent in the storage space required by the databases used. The company then proceeded to present in-depth capacity planning, convincing the pharmaceuticals group to refrain from



procuring excessively dimensioned hardware. On top of this, REALTECH has specialized in the task of changing existing software systems over to alternative basic technologies that prove to be less costly, more reliable, and more powerful in the long term – for example changing over to the freely available Linux operating system. Over the past two years alone, the Consulting division successfully completed around 250 such migration projects round the globe. Various clients, among them Chevron Canada Limited, were greatly impressed by the high standard of service in this field that they experienced during collaboration with



In September, a new subsidiary also opens its doors in Singapore: REALTECH Pte. Ltd.; Singapore.

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REALTECH America. As a result of migrating its SAP system to the new Microsoft SQL Server 2000 database, the automotive manufacturer now enjoys decreased administrative effort combined with huge improvements in the availability and performance of software.



Moreover, in connection with migrating from Unix to Microsoft Windows, REALTECH played a key role in enabling Danfoss, the largest industrial company in Denmark, to profit from an SAP system that is only half as expensive as before and yet 40 percent faster.

As a result of its in-depth expertise, REALTECH is particularly often commissioned for migration projects which involve entirely new technical terrain. For example,



the company's Spanish subsidiary implemented an IT project for CIE Automotive that was the first of its kind worldwide. Ever since changing over the character set used, which had dated back to the early mainframe era, this supplier of oil, aluminum, forging machines, metal, and plastics for the automotive industry has benefited from an IT environment that is much more flexible and can be operated at much lower cost than before. In addition, optimization consulting from REALTECH is also much in demand in connection with upgrade projects that involve companies changing over to new product versions of their business software.

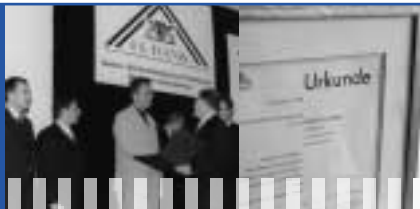


On behalf of Airport Business Information Systems GmbH (AIRSYS), for example, the consultants performed an amazing feat. That is, using a structured procedure with upstream test simulations, they succeeded in upgrading the SAP system at Hamburg airport to the latest version in no more than a long weekend.

The valuable superior knowledge that the company's Consulting division is able to utilize in all projects for optimizing SAP systems is essentially the result of its intensive collaboration with the Walldorf software manufacturer. Today, REALTECH AG is not only a certified support and software partner of SAP but is also an SAP Global Technology Partner, solely due to its consulting skills. On top of this, REALTECH is currently an important EarlyWatch and GoingLive partner of SAP as well as being the only independent consultancy to be involved in the software manufacturer's Linux Lab. Frequently, such certifications, which the Consulting division has also obtained from Dell, Unisys, and Microsoft, even play a role when it comes to acquiring new customers. This is demonstrated by projects for customers such as Fujisawa Deutschland GmbH, who were expressly looking for an SAP-certified consulting partner with experience of Linux and Unix.

Breaking down complexity and paving the way for innovation

In connection with IT consolidation, REALTECH's consultants primarily concentrate on simplifying systems that have up to now been paralyzed by their own complexity, therefore making them more transparent, easier to control, and more efficient. When working on



REALTECH wins the prize awarded by Baden-Württemberg to promising young companies with exemplary corporate foundations – presented by the state premier.

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customer projects, the consultants begin by analyzing existing processes and infrastructures with a view to consistently harmonizing them and introducing orderly quality management. This gives rise to a well-founded decision-making basis in order to then tap the identified improvement potential in a future-oriented manner. The advantage of this for customers is that REALTECH is able to use a project procedure tailored especially to meet the needs of SAP systems and also disposes of process and operation concepts based on tried and tested standards. Thanks to these qualities, for instance,



the consultants have helped the internal IT service provider at Eni, a chemicals holding with global operations, to successfully standardize a previously rather heterogeneous software environment by changing everything over to SAP R/3. In addition, as a strategic technology consultant for Gesellschaft für Zahlungssysteme (GZS), REALTECH played a key role in a project that involved implementing a central SAP system to manage contract master data for 350,000 business partners.



The innovation consultancy places an emphasis on services relating to the relatively new SAP NetWeaver platform and associated Web applications such as SAP Business Information Warehouse (BW). Today, REALTECH has already gained the necessary expertise to plan, implement, and operate highly open software environments that completely integrate people, information, and business processes in a flexible manner.

Being a preferred partner of SAP, the company was involved in the development of NetWeaver right from an early stage. Before other IT service providers even obtained access to the new SAP technology, REALTECH consultants were able to gain experience of the various components of the integration platform. This has resulted in a project concept that is geared especially towards implementing SAP solutions and accommodates the fact that such a fundamental technology leap requires an end-to-end approach. REALTECH expects to see a rapid rise in the demand for innovation consulting in the years to come. This expectation is based on the observation that SAP customers all over the world are increasingly coming to perceive the SAP NetWeaver integration platform as an indispensable tool for eliminating the inefficiencies of workflows that had not enjoyed consistent IT support up to now.

▣ Software that rationalizes IT processes

The services and competencies of REALTECH's Consulting division are directly connected to the Software division. In the form of the theGuard! product family, the company has developed an entire suite of sophisticated solutions providing companies with valuable apparatus for the industrialization of IT processes. The offering comprises several integrated tools that can be used to monitor applications, networks, and systems largely automatically, detect any errors and performance bottlenecks at an early stage, and deal with such problems speedily.

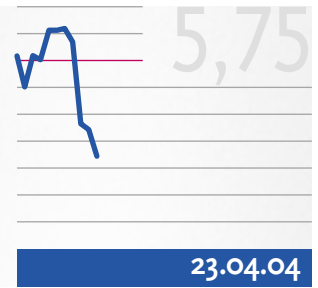


One enterprise to benefit from this is the Switzerland-based SIG Group, a leading international packaging manufacturer, whose IT subsidiary uses theGuard! to monitor all its SAP components and servers, not to mention its entire network.



Also in December 1998, REALTECH is added to the "Honorary Listing of Europe's 500", where the company takes 1st place for percentage revenue growth and 14th place for employee growth.

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A new product, which REALTECH has been offering since the beginning of 2005, is theGuard! ServiceCenter. This solution provides a single user interface combining all the products that had previously been available separately, as well as some important added functions, used by companies to operate, analyze, optimize, and document their system support. The main advantage of this is that support staff have all the necessary information available at a glance and can therefore realistically assess the relevance of problems for business operation. What's more, thanks to an improved asset management functionality, IT managers know at all times what costs are caused by which components in their infrastructure – yet another capability that is vitally important for any profit-oriented IT industrialization.

Neutrality that creates trust

Ever since the company was established, REALTECH has set itself apart from the competition in both the product business and the consulting business in a way that really makes a difference to the investment decisions of many companies: Despite close collaboration with important players in the global IT industry, REALTECH operates on the market as a completely manufacturer-independent supplier. This allows existing and potential customers alike to rest assured that REALTECH consultants will only ever recommend them the best available solutions for any particular purpose.

At present, numerous customers are choosing REALTECH because the company is a proven SAP insider and has yet remained neutral because it does not profit from license sales – as becomes clear, for instance, during the orientation phase for SAP NetWeaver. The company's close consulting partnerships with Bosch and Deutsche Post – two enterprises to have relied on REALTECH services right from day one – impressively demonstrate that REALTECH's traditional independence is the key to extremely trusting and loyal customer relationships.



REALTECH System Consulting S.L., Spain, is established.