



Thank you Wayne.

Good Morning Everyone

I'm Steve Rees, I was appointed to the position of CEO in July last year. I have a long history with the Wellcom Group dating back to 2003.

I know the industry well, having worked for thirty-five years in the advertising and pre-media sectors.

My first role with Wellcom was establishing and managing the Wellcom Adelaide business. I later became the Australian Chief Operating Officer overseeing the Sydney, Melbourne, Adelaide and Auckland operations.

This experience has given me a tremendous insight into not only the Wellcom business, but also to what's happening in the broader industry as well.

Wayne said in his opening that our industry has gone through tumultuous change over these last 10 years.

But I'm very pleased to say that we as a business have always been ahead of every change.

Historically Wellcom have been content managers and production specialists, – **but today we have also become content creators.**

This means more sophisticated design, including web-based digital design, copywriting, video creation, Apps creation and sophisticated digital imaging.

For this reason the previous financial year has again been a period of significant change for the Wellcom Group. To augment our shift to include these new services, some changes have been planned and completed, while other strategies for change are still transitioning.

For us change is critical – it can impact us from a technology perspective – it can impact us from a business model perspective.

The changes this year have impacted both of these areas.

As a result Wellcom are moving into the higher-end of the creative content sphere, while also shoring up the lower-end and re-working our software modules to achieve further process efficiencies.

In the past we had expanded into content development through our digital photography studios which were connected to our Digital Asset Library's workflow technology.

This was the birth of Wellcom's proprietary software, Knowledgewell.

We were the first to offer Digital Asset Management technology and make it accessible to clients.

Wellcom completely changed the dynamics of client interfacing by introducing our Hubs into their premises. We entrenched our Digital Asset Management technology into the Client's marketing processes while deploying it to support our onsite content production processes.

This was to become fundamental to our core service offering.

Our technology has been a key driver for the business and as a result we have remained ahead of the game.

Over the last 20 years the marketing and advertising sectors have been impacted by changes in technology, regulations, cost and process management.

This has sent the industry into a feeding frenzy with advertising agencies needing to chase new sources of revenue at the expense of content production businesses like Wellcom. However what has become clear from this, are two driving factors that provide our business with a competitive edge – that being cost effectiveness and workload process efficiency. And these are my key focuses for this new financial year.

In taking on the role of CEO, it was my task to address the implementation of the strategies that Wayne raised earlier.

My first implementation was completing the three P's policy announced at the 2011 Executive Management Conference.

The three P's covered:

- People
- Product
- Price.

In terms of **people**, we have since day one concentrated on hiring and maintaining the very best people in the industry. This ethos has provided us with the skills base to expand organically into creative content generation and the resultant new sources of revenue.

However ensuring that we have the right people to make the paradigm shift to content creation meant that a skills audit was undertaken in all of our Hubs.

Our skills audit identified a requirement for some up-skilling to match the product-offering models that clients either wanted now – or we anticipate will want sometime very soon – including higher levels of both traditional design and web-based design. The national audit has been completed and training plans are currently being developed.

Product includes all of our Wellcom products and service offerings as well as our proprietary software tools. The list has grown and offers a seamless cross-sell and upsell for clients from one single briefing point – this will now include our new content creation capability.

Our product offering has been re-structured for a more expansive top and tail client solution. This now positions our offering just below that of the advertising agency's BIG IDEA, and just above third world offshore manufacturing.

The acquisition of Dreamwalk Interactive had already been factored into the higher end of our new business model, so that we could add Apps into our design and development arsenal.

It also meant an audit of our Knowledgewell software to determine which modules clients derived best value from and which modules required further development to improve their functionality or user compatibility.

Price means offering a competitive solution with the most efficient prices for clients without impacting our margin. And this became a critical strategy to arrest any decline in our manufacturing-type production.

To avert any such risk, and to offer an even better service delivery, we built the Centre of Excellence within our Wellcom Kuala Lumpur business.

It was a very timely business change as it has added longevity to some hubs where price pressures would have seen a loss of business, or possibly a loss of client.

This means that the manufacturing-type of Mac artwork can be sent to KL, and produced to the same exacting standards as would be produced at the originating Wellcom office.

A win for our clients in terms of cost – and a win for us through maintained margin and holding the incumbent business.

The net result is that we have shored up the manufacturing end of our business. We can offer clients an extremely competitive ratecard for template-style page creation, image management and retouching.

To put this into context our industry is going through exactly what the automotive industry is experiencing – and that is our local costs are too high to compete against the Asian market. For Ford, it means manufacturing offshore in their Thai and Korean plants – for us it means manufacturing in our offshore Wellcom Malaysian plant.

In terms of our competitors in our industry sending work offshore, our point of difference could not be clearer. Where they simply send work to an ‘Asian destination’ at their peril – we send work to a Wellcom business – an operation run to our standards – a business with our own trained staff working to our proven quality assured standards.

As a result of our last Executive Management Conference and on-going senior management discussions, we have developed six major strategies which we have begun work on.

Our first strategy is around our shift toward content creation.

We have identified the requirement for providing clients with an alternative content creation resource – one that sits outside of that offered by our client's advertising agencies.

The need is for a more integrated and cost effective creative content product. This is recognised as a niche offering and a growing future opportunity in online media that is being concurrently developed and implemented.

Our second strategy is to expand our Hubs offering to address a growing requirement for web-based smarter design and content creation by our Hub clients.

This resulted in a skills audit across our Hub personnel which culminated in the implementation of training programmes to broaden and compliment current employee skills.

Content creation will become the vanguard offering and as clients begin to appreciate and understand the power of such a resource within their office, we believe this will generate further organic growth.

The second part of our hubs strategy is to provide the option to clients of an alternative cost effective solution for manufacturing-type artwork through our 'Centre of Excellence' in Kuala Lumpur.

Our third strategy is to re-invigorate our Knowledgewell technology.

We have launched this strategy to ensure our software products are aligned with our Clients future requirements. A project team including our Technology experts, our Client facing Managers and our Marketing personnel has been assembled and planning has commenced to develop our Technology Roadmap for the future.

Our Knowledgewell modules will be further developed to deliver even greater opportunities for integration, become more user friendly, and with increased functionality while remaining competitively priced, flexible and rapidly deployable.

Knowledgewell will remain core to our product offering including our shift toward content creation.

Our fourth strategy was the deployment of a full-time Operations Manager into Kuala Lumpur.

Our expectation is that this move will drive the growth in capacity to

service the increased workload we expect to deploy from our Australian-based Hubs.

This of course also opens the possibility to service new clients in the Asian region.

Our fifth strategy was to develop a new business program.

We have subsequently brought on-board new business development personnel in Sydney and Melbourne with relevant backgrounds in content creation, on-line media and with strong client support skills.

Our new website is being designed to provide us with a pipeline of new business leads. Google Search is where most businesses begin their research to find a new solution provider... we need to ensure that we are very high on that search list

To further support our new business program we are preparing a marketing campaign that includes promotional and sales material that can be used for credentials pitches, sales pitches and general enquiries.

Our sixth strategy was to actively seek out appropriate acquisitions which Wayne discussed in his address.

These are exciting times for the Group and I am delighted to be heading up the implementation of these strategies, as well as reporting back to you on their progress.

In summing up I think it is also worth mentioning that a major focus in the previous financial year was to re-negotiate a large number of our major client contracts.

I am pleased to say that while under considerable pressure we generally held our margins through technology innovation and process management.

I am also pleased with how our management and staff have responded to the need to broaden their skill sets and engage in our training programmes.

I am delighted with the Knowledgewell updates of Promotional Manager and Market Central, and believe we will see some new licensing contracts for both of these modules in this current financial year.

Our technology and marketing strategies have been aligned to ensure Wellcom will continue to lead the industry with our breadth of solutions.

We have redefined our service delivery. We have and are still investing in our People, our Process, and our Technology.

We are addressing our Customer's needs now and for the future – and in turn setting Wellcom up for sustained success over the next 5 to 10 years.

Thank you.