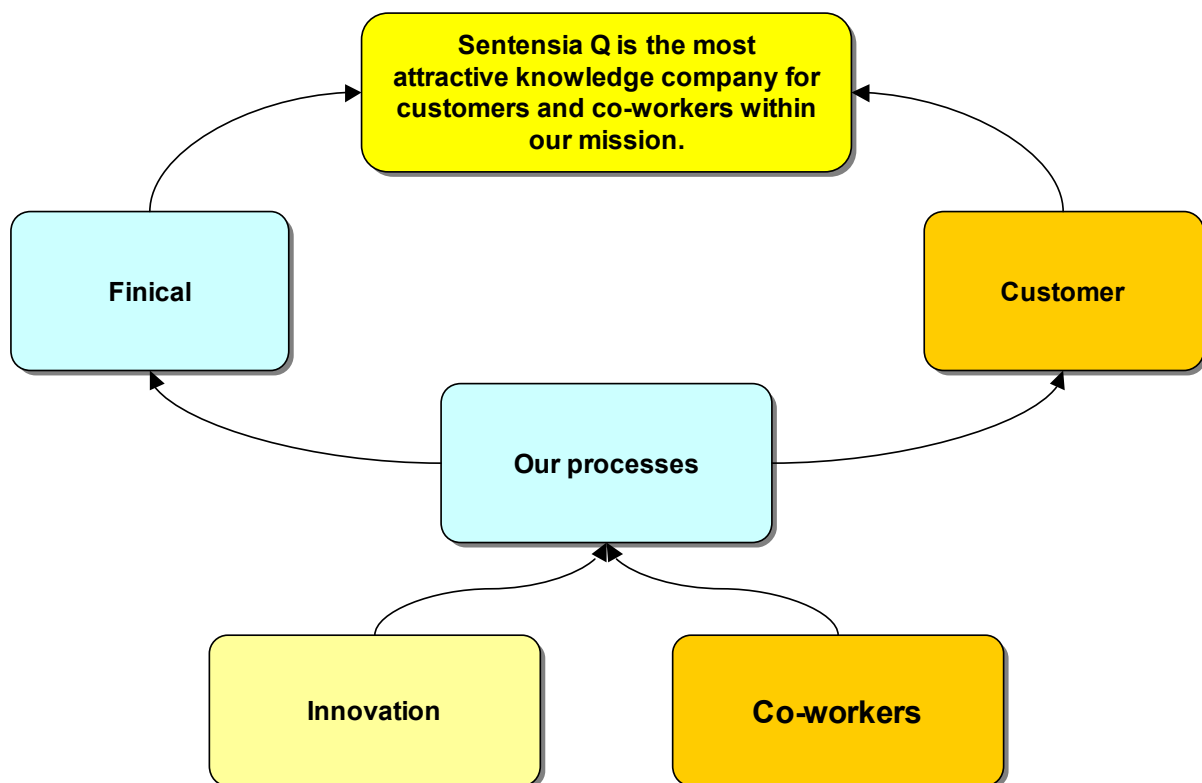




INTELLECTUAL CAPITAL REPORT 2004/2005 SENTENSIA Q AB

Managing director hereby gives the Sentensia Q AB IC report for the financial year 1/5 2004 – 30/4 2005.



Strategic model of Sentensia Q AB

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INTRODUCTION

This is the first intellectual capital report of Sentensia Q AB. The IC report is written as a part of the Nordic Innovations Center's project "Putting IC into Practice" (PIP). More information on the PIP project can be found at the web address <http://nhki.si.is/>.

The value of a company, except for the market expectations, can be divided into financial capital and the intellectual capital (IC). The IC can be divided into three main blocks of assets: human capital, structural capital and customer capital. Human capital is traditionally the part of the IC which leaves the company by the end of the day. The structural capital is the part of the IC that is embedded in internal systems, processes and information system as well as the marketing assets. The structural assets remain within the organisation after the daily closure and are available to new employees upon their arrival. The customer capital lies interactively above and within the human and the structural capital. Customer capital is divided into factors related to the market and to factors related to the internal organisation. Customer capital may also be called relational capital.

The IC is measured with indicators. All indicators must be evaluated on the merit of their contribution to the strategic vision of the company. The aim of the indicators is to draw attention to the company business case. Comparison of indicators over time will give an opportunity to detect changes and developments and to help management to act correctly.

The aim with an IC report is to give a holistic view of the company, based on well-defined indicators on the basis of the company vision, strategy, basic values and goals.

Since this is the first report of Sentensia Q, it is not complete in all parts due to lack of measurements. Future reports may be part of the yearly financial report and also contain financial perspective indicators. The management challenge, to align the strategic efforts with the value based efforts, may also be developed in future reports.

HISTORICAL OVERVIEW

Sentensia Q AB started in the fall of year 2000, just before the dramatic drop of the IT sector market. Despite the market drop, Sentensia Q has grown from 5 employees to 9 over the years. Every year since start, Sentensia Q has shown a positive financial result. The turnover for the financial year 2004/2005 will stop at 12 MSEK.

Over the years Sentensia Q has grown very strong in the public sector. Many frame agreements have been signed with large government authorities and with organisations within the health care sector. At the end of 2004 Sentensia Q signed a large frame agreement with authorities in the county of Stockholm.



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THE COMPANY

Sentensia Q offers the marketplace leading consultants within IT infrastructure, with focus on organization, security and communications.

We help our customers with analyses, problem solving and structuring of requirements and needs with the final goal of arriving at profitable customer-oriented solutions. We have extensive and well-founded experience from numerous customers in various branches of business and our level of competence is both broad and well documented. We describe ourselves mostly as a company of specialists with both technical and business-oriented competence. Our areas of work lie where technology and business goals both clash and cooperate.

In all of our services we strive to contribute to and to support business development by applying technology and knowledge to new solutions, by transforming their ideas, demands and needs of business into solutions and by keeping in view vital perspectives such as system dependencies and future management.

There are three qualities especially important to Sentensia Q:

- Development within our areas of focus
- The business potential and usefulness of technology
- Our professional performance and integrity

Important areas of competence for us:

- Methods and models for business and technology development
- Organization - maintenance and management of IT infrastructure
- Solutions for e-business collaboration
- Security - analysis, solutions and services
- Telecommunications - data/telephony/mobile networks, services and market areas
- Internet - solutions, technology and standards

We work with standards and guide lines as ISO 17799, ITIL, CC, BSC, ISO 9000, Cobit, etc. We have no software or products of our own, nor do we develop any. Neither do we depend on any interest or ownership, which might affect our work or our integrity as independent consultants.

The platform on which the company acts and develops services is “the company soul”. It consists of our mission, business concept, vision and strategy and goals for the company. The company soul is clarified in the figure below.



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Figure: Company soul of Sentensia Q AB

The basic values of the company are:

- **Consideration**
Consideration to customers, colleagues, employees and their families.
- **Involvement**
We are strongly involved in what we do and what we say we will do.
- **Quality**
Quality in everything we do, high quality must permeate both work and work result.
- **Customer focus**
Everything we do has customer focus, how it contributes to the customer development and the value we give our customer.

These basic values of Sentensia Q shall contribute to our ability to reach our strategic vision and goals.



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The company vision and strategy are built on balanced scorecard and is shown in the figure below.

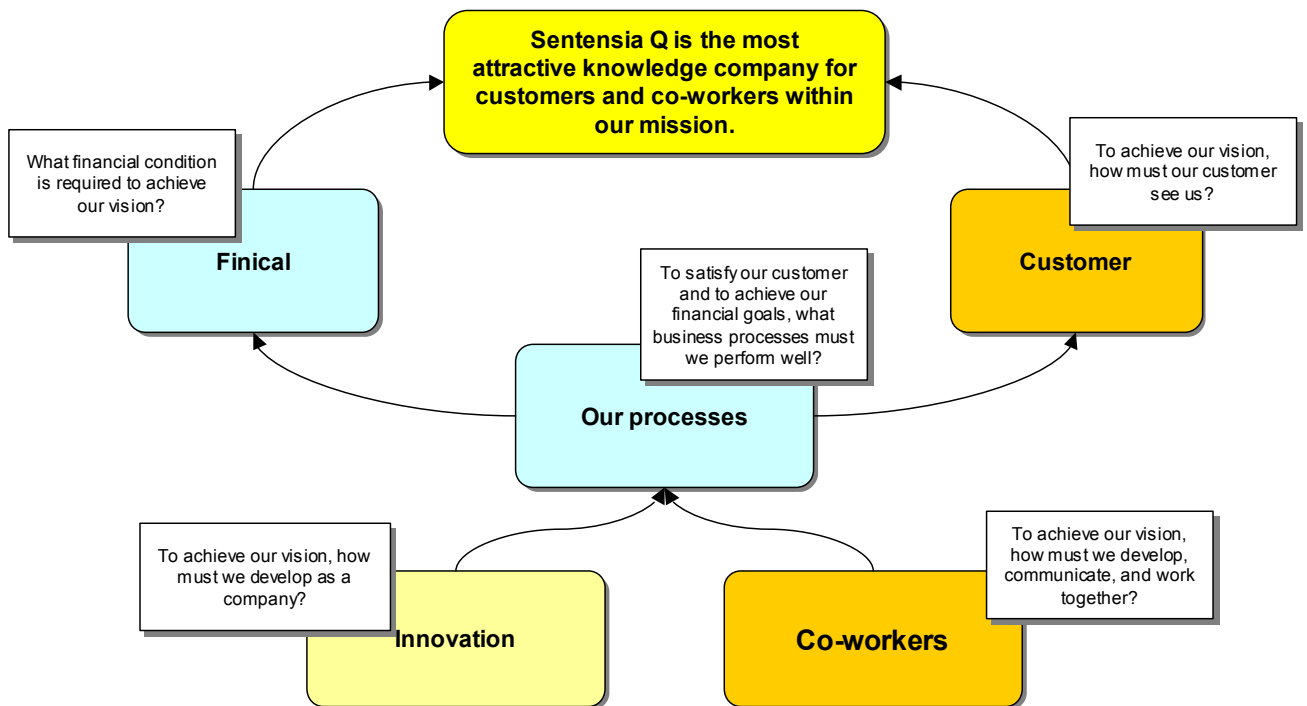


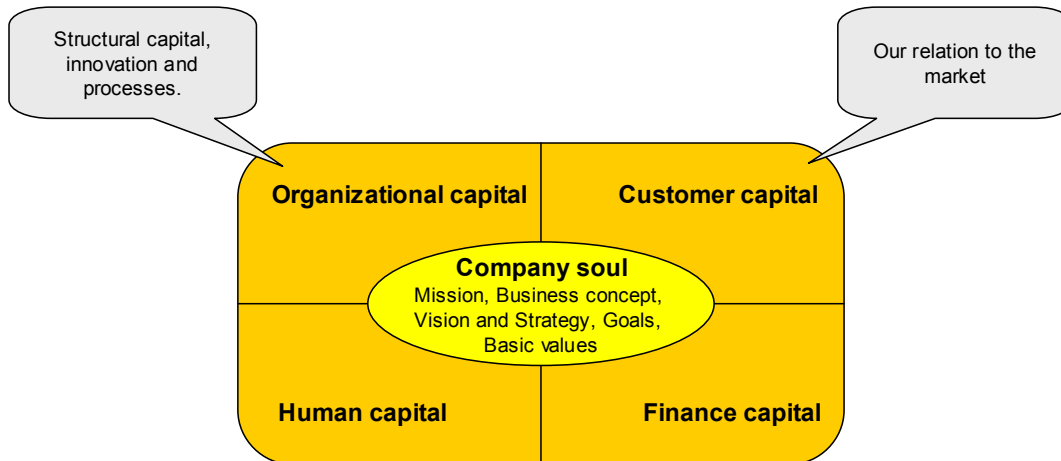
Figure: Strategic model of Sentensia Q AB

For each focus area of the strategic model, we have analysed and defined critical success factors.

The values, as shown in the figure below, are defined by the human capital, the organizational capital, the customer capital and of course the financial capital. The focus of this report is on the intellectual capital containing the human capital, the organizational capital and the customer capital.



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MANAGEMENT CHALLENGES

The management challenge for the company is to push the strategic issues and to increase the company value. Management must focus on the BSC critical success factors in combination with growth of intangible values. This follows below.

Human capital

Intangible values that are objects of growth are:

- Number of co-workers
- Age distribution
- Gender
- Knowledge sharing
- Executive competency

We are also always working with the satisfaction and attitude of co-workers.

Critical success factors of the co-worker perspective are:

- Development within interesting areas of knowledge, primarily with right customer commission.
- Be good at sharing knowledge and experience with co-workers.
- Continuous competence development.
- Stimulate and make use of good ideas.
- Good examples.
- Good tools.
- Have fun at work.
- Stimulating activities.
- Encourage and give credit.

Structural capital

Intangible values that are objects of growth are:

- Information captivation
- IT support of core operation
- Our processes

We are also always working with our quality system, our ability to share knowledge and to document our knowledge in our information structure.

Critical success factors for the innovation perspective are:

- Draw the right conclusions in what fields to focus by closely following market development.
- Develop ourselves together within our focused fields and thereby reach a wide and high range of knowledge.
- Right customers (right commission, long term, willingness to pay, many commissions, knowledge of the customer business, continuous follow up).
- Create and maintain an open environment without prestige.



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- Recruit right.
- Be presented at seminars, give talks and write article etc.

Critical success factors for the business process perspective are:

- Recruiting
- Marketing and sales
- Customer relations
- Competence development
- Follow up
- Write tenders and contracts
- Develop and maintain structural capital
- Invoicing
- Carry out customer commissions

Customer

Intangible values that are objects of growth are:

- Number of customers and the balance of customers in our prioritized sectors
- Our visibility of expertise at public presentations, lectures, articles etc

We are also always working with our ability to deliver in level with expectations to our customer.

Critical success factors for the customer perspective are:

- Best relation between competence/result and price and thereby being the first choice.
- The most confidence-inspiring consultant (precision, punctual, social ability, quality, effectiveness, reliability, ability to understand the commission, ability to write, integrity).
- The most competent group of consultant (within our business scope).
- Precision in delivery in all interfaces towards our customers - equal level in performance and quality.
- Good ability to make business with the customer.
- Good ability to stay in contact with customers over time.



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INDICATORS AND MEASUREMENTS

Human capital

Category	Indicator	Measure	Value	Trend	Notes
Employees	No of employees	No of employees by end of year	9	▼	
	Age distribution	Average age / no employees	50	▲	
		Average no of years in service / no employees	22	▲	
	Education	University	22%	▲	
		Masters / PhD	55%	▲	
Gender	No of female and no of male	1/8	▼		
Skills and competence	Comp. development	Training/educ. % of working hours / month	6,3%	▲	
	Sharing knowledge	No occasions / month / no of employees	1,8	-	
Employee satisfaction and attitude	Job satisfaction	Employee satisfaction index (average)	4,2	-	(max=5)
		% of commission within our focused fields	89%	-	
		Use and dev. of own competence (rating/m)	1,9	►	
	Team spirit	Atmosphere from survey	4,1		(max=5)
	Service attitude	Attitude from survey	4,0	▲	(max=5)
	Pioneering and innovation	Encouraging and open to innovation	3,6	▼	(max=5)
		Open to new ideas	3,6	▼	(max=5)
	Empowerment and innovativeness	Empowerment in action	3,6	▲	(max=5)
Attitude, support and encouragement		3,3	▼	(max=5)	
Executive competency	Employee attitude towards executives	Encouragement and feedback/rewards	-	-	no m

Structural capital (organizational capital)

Category	Indicator	Measure	Value	Trend	Notes
Information systems	Information captivation/distr.	Document management	2	►	(max=5)
		Customer relation management	3	▲	(max=5)
		Knowledge management	2	►	(max=5)
	How well IT supports core oper.	Employee survey	3,5	►	(max=5)
Process support		-	-	no m	
Quality management	Formal quality system	Existing Yes/No, (standard/own/non)	Yes (3)	►	?
		Process review	-	-	no m
		Internal review of quality system	Yes (3)	►	?
		Projects meeting requirements (expectations)	4,8	-	(max=5)
Innovative-ness	R&D costs	% of available time / employee	6,8%	▲	
	Innovation process	Feedback to new ideas	-	-	no m
	New/impr. products	Income of new products / fields	-	-	no m
Comp. dev.	Training	Training/education hours / employee	110	▲	
Working conditions	Physical conditions	Mobile conditions	4	►	(max=5)
		Satisfaction with IT resources from survey	-	-	no m
		Time due to trouble in IT/adm / employee	18	▲	
Governance	Org. structure	Internal structure description from survey	-	-	no m ?
	Communication and strategy	How often are strategy and goals reviewed	1/y	►	?
		Employees participation in review from survey	yes	►	?
Business processes	Maturity	Process maturity	-	-	no m
	Customer interface	Customer experience of process result	4,7	-	(max=5)



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Customer capital

Category	Indicator	Measure	Value	Trend	Notes	
Market and image	Customers loyalty	Average no of years	2,5	▲		
	Customers groups	Public / private sector	7/93	▼		
	Customers satisfaction	satisfied cust, satisfaction rate from survey		4,8	-	(max=5)
		% returning cust, > 1 commission / year		59%	▲	
		% customer who would recommend us		-	-	no m
	Customer loyalty	% commission as direct follow of commission		68%	-	
		Customer classified by duration		-	-	no m
		% of turnover due to long-term costumers		91%	▲	>2y
	Quality of prod/serv	Experienced quality in product/service from s.		4,8	-	(max=5)
	Trust and integrity	Is the company honest in business, from s.		-	-	no m
Innovation	Shows focused innov in comm., from survey				no m	
Visibility of expertise	Web site	Web site visits			to do	
	Public appearance	No of presentations, lectures, articles, / empl.	2,6	-		
Networks	Customers	Partners networks			no m	

Note:

“no m” = no measurements are available when the report was written.

? = indicator to discuss how to measure

Solna, Sweden the 27/5 2005

Sixten Björklund
Managing director