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Intellectual Capital Report for Studio 1-2



Value creation in focus

Studio 1-2 specialises in the development of exciting ideas and finding effective solutions through the media photography, video, television and multimedia.

The history starts with "Tornøe Reklamefoto", where a video group was founded in 1980. The video group specialised in making TV, image films, educational materials and TV commercials in broadcast quality.

The costumers include all Danish TV stations plus TV3.

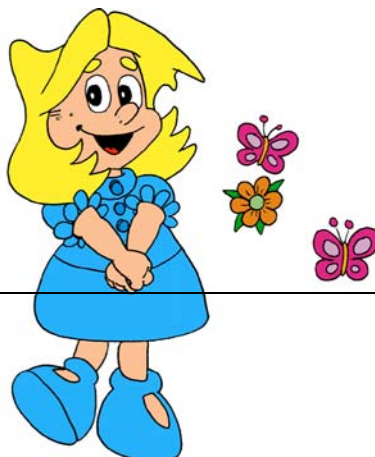
The multimedia group was founded in 1995 with the purpose of producing computer games for children. The multimedia group is behind the popular and accepted brand PIXELINE and have this day produced ten computer games with the popular girl as the main character. Furthermore the multimedia group offers more specific jobs such as company related games, company presentations, interactive sale catalos and world wide conference concepts where the conferences are made online.

The common features for all the activities is keywords such as creativity, inventiveness, quality and last but not least to transform the key message to be logic and understandable.

The challenge for Studio 1-2 is to create business settings, using the creative material, and transforming them into customer related cases, which can create value for the customer, employees and Studio 1-2.

Studio 1-2 has always made a profit and we will continue being a profit company with due consideration, knowing that a creative environment always will demand more time for development, to create better ideas to benefit our costumers. It is our job as a company to balance the extremities between business and creativity. To handle this process the consciousness-raising of the elements in our intellectual capital is important. It is important for our success, that we can value the processes, make the

measure and intellectual which altogether essence of our



business.

It is with these purposes, we have decided to create a management model, which over years can show us how we can create the best company in our area and make value in all cooperation platforms.

Herning Mai 2005

Jan Højsgaard
Jensen
CEO

Owner

Erik Ove Nielsen

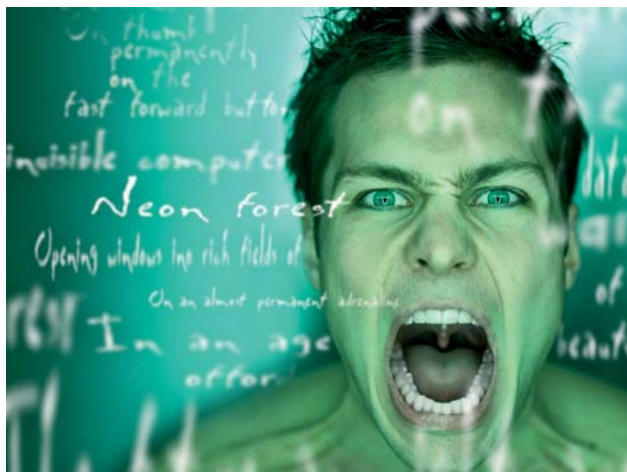
Owner

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Financial Overview

100.000 DKK	2000	2001	2002	2003	2004
Value add	13.421	12.995	18.930	19.824	22.231
Cost	9.853	11.690	17.478	18.720	19.733
EBT	3.350	1.088	1.182	1.272	1.695
Assets	13.149	15.477	15.538	15.584	16.326
Equity	7.185	6.941	7.363	8.261	8.419
Number of employee	23	27	38	38	42
Add value per employee	583	481	498	521	529
Cost per employee	428	433	459	492	439
Earning per employee	145	40	31	33	40



Employee capital

	2003	2004
General satisfaction with Studio 1-2 as place of work	76,40%	80,60%
Value add pr. year = contrubution/Cost disp./ (a. employee)	2,5	2,52
Value add per year= salary	1,85	1,91
Value add per year= Value add/ total cost	1,05	1,13
Employee turnover 1. new employee/ average number of employee	N.A	0,5
Employee turnover 2. outgoing employee/ average number of employee	N.A	0,38
Average age total. Age/ average number of employee	N.A	33,2
Average experience Years in the company/ average number of employee	N.A	4,2



Conclusion

We have now worked with this project for 1 ½ year. In this period we have defined some new focus areas. The focus areas help us to understand the mechanism in our company.

The most important results are:

1. We have completed two employee surveys. And we have a structured tool for appraisal interview and a measurement of important factors and focus areas for the operation of the company.
2. We have calculated IC indicators, which are important for understanding the facts of the company value creation. In this context we have noticed that a high staff turnover have a large importance for the bottom line. Because of that we have gain attention to find and hire the right employees, who have great interest in working for Studio 1-2 and also benefit the company. We have experienced that the company automatically moves towards a comfort zone if you run the company without focus and under expedition of financial lucrative orders. To bring the company into the development zone the management have to draw attention to creating enterprise. We have noticed that competence building not uncritical is to be made, but is connected with the strategy for the company and the long- and short-term planning. We have experienced that “good” employees often uses the self-service method and acquire education and competences even though the company possibly does not need education.
3. Regarding our relations to the surroundings; we have in the period made modern and fancy websites. We have developed “PIXELINES Club” where children can write to PIXELINE. We have build up a simple CRM system by Timelog, which our employees can reach through the Internet. For the future we wish to develop our consciousness-raising with more activities concerning “relation capital”
4. In the period we have introduced new information systems regarding ERP, Com-center, time registration, CRM (Time-log) and improved our document handling systems with better categorizing and finding tools. As a

result of that we have made great rationalization profit, which help us daily, but there is still space for improvements, and we will work towards that in the future.

5. Naturally we always work with process focus, but there is one area where we can make lots of improvements. We need to describe and work with our processes, so that the processes can become more effective in the daily work. We have a great job concerning culture persuasion of our creative employees. And thereby we can obtain better process quality and be aware of time consumption and financial disposal.
6. The last point, where we still have a lot to learn, concerns awareness of where our most important value building opportunities are. Process focus is one of the most important opportunities but it is also important to find the hidden values in the company. We have more than ten existing computer games for children, where PIXELINE is the main character. PIXELINE is the most well-known and accepted computer game for children in Denmark. That is an unexploited export opportunity. The games are produced in Danish, Norwegian, Swedish, German and English. And PIXELINE has been on nationwide television. There must be hidden value in this development.

We look forward to continue working with this project. We think that we have reached some interesting results and will continue the efforts. We have more to learn!

Herning, 11 May 2005

Erik Ove Nielsen

This is who we are...



This is who we will become....