Smart is...
... a better connected future now
The pace of technology is increasing exponentially. Digitalisation and the digital business are catalysts of change that are affecting the human-machine relationship.

Intelligent machines are the next wave of the 21st century’s accelerating technological revolution.

As businesses across multiple sectors rise to the challenge of realising the new opportunities presented by this Digital Industrial Revolution, IT leaders must optimise their human-machine relationships.

The Internet of Things is becoming The Internet of Everything. Open source hardware and software are blurring the distinction between the virtual and the real. Software engineers are adding human-centric characteristics to intelligent robots.

These collaborative enterprises are reshaping business models, revolutionising manufacturing, enhancing services and transforming lives.

Now that really is smart.
Machines are taking an increasingly active role in enhancing human endeavours because smart machines can sense their surroundings, analyse data and automate routine processes.

In Japan, extensive testing could lead to the development of robots that operate as telemarketers, selling products over the phone as well as solving problems and becoming the first line of customer services.

In Australia, the international mining firm Rio Tinto launched its Mine of the Future™ programme in 2008. Today, it has become the world’s largest owner and operator of autonomous haulage system trucks – moving completely to driverless trucks has cut driver numbers by 400.
Machines are more connected and smarter
Software designers are adding more human-centric designs to business and individual computing-based solutions. As computers gain more knowledge about the operation and interactions of our businesses, they are becoming smart enough to create business scenarios that might challenge human-designed ones.

Machines will supplement or even supplant human jobs
Gartner* predicts that by 2018 digital business will require 50% fewer business process workers and create 500% more key digital business jobs, compared with traditional models. This is affecting all industries, from mining to healthcare to legal services.

Wearable devices – health monitoring as a category of illness prevention
It is also predicted that by 2020, health-monitoring solutions will help increase life-expectancy in the developed world, postponing terminal illnesses. As people extend their lifespans, healthcare must respond to the demand for ever-greater efficiency, as well as more effective prevention, intervention and monitoring. Health monitors will be mobile, internet-connected, powered by the cloud, and linked to extensive information, sensor data and social context sources. All of these factors will help change unhealthy behaviour, attacking the root causes of conditions such as cardiovascular disease and diabetes.

In the US, the UCSF Medical Centre launched an automated, robotics-controlled pharmacy and barcode medication administration at two UCSF hospitals, in an effort to dramatically reduce medication errors.

A legal firm, Blackstone Discovery, removed an army of lawyers and paralegals from the document review process, replacing them with new software that can do the job in a fraction of the time for a fraction of the cost. The software helped analyse 1.5 million documents for less than $100,000. (New York Times, March 2011)

* Top 10 Strategic Predictions for 2015 and Beyond: Digital Business Is Driving Big Change, Gartner, October 2014.
** Uber is an American international transportation network company. It develops, markets and operates the mobile-app-based transportation network also called Uber. The Uber app allows consumers to submit a trip request, which is routed to crowd-sourced taxi drivers. It operates in over 200 cities around the world.
Airbnb is a website for people to rent out lodging. It has over 800,000 listings in 33,000 cities and 192 countries.
Alibaba is China’s biggest online commerce company. It is the most popular destination for online shopping, in the world’s fastest growing e-commerce market.
Smart knows your finances better than you.

The increased use of computing machines in decision making is extending into the realm of financial choices. So just think how many of the economic decisions we make will be supported by digital technologies.
**Mobile digital assistants**

Mobile phones have ushered in an era of sophisticated digital assistants. They combine machine learning technologies from the fields of speech, natural language processing, and document analysis to provide a new way to interact with our personal computing devices. The three most popular of these digital assistants come from the mobile operating system leaders: Google (Now), Apple (Siri), and Microsoft (Cortana). Each takes a different approach to interfacing with the end user – relying on various forms of predictive intelligence and personalisation.

We are just getting started with these intelligent personal assistants. The algorithms that power them will only get better. As we progress to wearable computing devices, these personal assistants will become more important – providing a simple interface through which to access ‘information on the go’.

**Smartphones and tablets can sift through increasing amounts of information**

The ever-increasing volume of digital information at our fingertips, and the expanding array of choices we face in our everyday lives will drive demand for automated help. Most of the digital assistants currently revolve around social, navigation, and search type applications. But what about applications related to productivity, relationships, shopping, or finance? In the future, we can imagine more specific modules built into these assistants for these various domains.

For instance, in the case of enterprise, there might be a ‘sales assistant’ that can tap into all of your relationships and interactions to help you accomplish your sales goals. Or a ‘money management assistant’ that is able to suggest investment opportunities you should be aware of and help manage your expenses.

**The ability to connect, gather, sort and process information better than people**

The reality is that machines are becoming better than humans at collating and sorting content. They can take account of people’s location, movement, identity and personal preferences, crunching those bits of data into digital processes that can enhance the human experience. Business to business (B2B) processes are being continually streamlined, with costs driven down as the number of redundant manual interventions falls. This is being accelerated by new technologies focused on providing more intelligent and predictive processes and linking them to the Internet of Things (IoT) to speed up and automate even skilled people-based processes.

**Organisations will need to take a fresh look at how this is going to impact their businesses**

Automation, robots and technology (sensors) will need to be embedded in business processes if the scale required to meet customer expectations is to be achieved. The availability of digital technologies means that the organisations of the near future will need half the human staffing currently required to manage the end-to-end process. In parallel, new technology competency roles will increase fivefold to support the highly digital business environment. These will require very different IT knowledge, skills and competencies – as well as non-IT skills generally lacking in traditional IT organisations, such as strategic thinking, collaboration, facilitation and organisational change management.

‘The ever-increasing volume of digital information at our fingertips, and the expanding array of choices we face in our everyday lives will drive demand for automated help.’
The consumer’s need to get faster, cheaper, better products and services in a mode that supports any time, any place, any channel is fuelling a digital business revolution – and this is predicated on speed. Consumers want responses (information, context, insights) regarding business transactions at the speed of digital transactions and this is displacing cost as the dominant evaluation criteria for buying services.

A 2014 global study of digital priorities by McKinsey found that engagement of customers, or the digital customer experience, ranks first in priority and spending – ahead of digital business model innovation.
Consumers are becoming savvier and more demanding about how they want to interact through technology

The consumer preference for using the internet and mobile services to drive business efficiencies and optimise time management, is driving every industry to improve customer experiences – by automating simpler, more intelligent end-to-end processes while minimising manual interventions and enabling consumers to self-serve.

The customer experience may be the most impactful area of innovation available to businesses today

Gartner’s 2014 CEP Survey identified revenue growth as the most pressing strategic focus in business today. The top priority for technology-related business capabilities, to support this growth agenda, was digital marketing – followed closely by customer experience.

For companies that want to provide superior customer experience in preference to offering the lowest prices, digital technologies are the best means of engaging with customers and providing them with a superior experience at affordable costs.

Delivery by drone

The rapid evolution of social media and mobile technologies is driving consumer behaviour, especially with Gen Z, which grew up expecting on-demand, speedy, but flexible services. Meeting this demand is driving an unprecedented proliferation of cloud services and the IoT, as intelligent products are increasingly designed to interface with corporate systems, generating large amounts of data for intelligent analysis. These behaviour trends and supporting technologies will significantly change how we go about our daily lives – for example, refrigerators will order groceries, robots will collect them and drones will deliver them to your door.

3D printing

Manufacturers are increasingly leveraging 3D Printing (3DP) technologies to enable new design possibilities. By 2018, Gartner expects that nearly 50% of manufacturers will use 3DP to produce parts for products they sell or service. The fact that 3DP machines now cost just a few hundred dollars is already having a profound impact, by enabling start-ups to reduce infrastructure costs compared with traditional manufacturing processes. Similarly, e-tailers can fulfill consumer demand for more control over product features and capabilities by moving from ‘configurable’ products to ‘personalised’ products – everything from freezers with different finishes, tailored eyewear and prosthetics and custom design helmets, boots and shoes, to ‘made-to-order’ customised toys and home furniture.
Logicalis helps its customers deliver a new mobile-centric organisation where users can access corporate resources, information, applications and colleagues securely from anywhere, at any time and from any device, enabling new ways of working and new ways of doing business. Smartphones and tablets have brought rich, digital content to the fingertips of consumers, and they are increasingly using their mobile devices for everything from browsing to comparing to buying products.

Orchestrating our clients’ IT ecosystems securely

Logicalis demonstrates its value through its ability to service the changing demands of its customers in embracing the new digitally driven world.

We support new user experiences from the latest technology or demands driven by increased use of consumer-driven mobility devices; transform communications and interactions through enterprise social media; provide new transformative business insights through the use of big data and business analytics, supported through the next-generation of internal IT platforms such as private cloud and emerging software-defined networks and data centres (SDNs, SDDCs).
The attributes most associated with cloud computing—rapid self-provisioning, automation, and capacity on-demand—offer something for both the business side and the IT side of an organisation. Logicalis is helping its customers explore and invest in the next generation of internal IT platforms such as private cloud and emerging software-defined networks and data centres (SDNs, SDDCs). Logicalis’ model enables customers to have a blend of internal and externally provided systems, solutions and services directly from Logicalis Managed Services or from its cloud platforms (currently located in 11 locations, across Asia Pacific, Europe, Latin America and North America).

Logicalis helps its customers to use existing information already inside their organisations to build faster insights and make more informed and better business decisions. Data which, properly analysed and used in time, can emerge as an unbeatable competitive advantage. Enterprises need to recognise the prospect analytics represent and should adapt their IT strategy to capture such opportunities.

With over one billion individuals logged on to various social networks, people are now using social media for advice on what products to buy, where to shop and even regarding what firms they want to work with. Logicalis helps its customers to understand how social media can augment not only their customer service function, but also how to use it in tandem with their sales and marketing functions, and, more effectively, service their larger pools of customers.
What our customers are saying

Survey: The changing role of the CIO

1. Balance of IT power continues to shift
   - Do you think line-of-business managers will gain more power in terms of IT decisions over the next 3-5 years?
   - No: 23%
   - Yes: 62%
   - Don’t know: 15%

2. We’ll buy it...
   - When line-of-business managers procure IT services directly (such as cloud), who is mainly responsible for managing the service and providing technical support?
     - IT: 66%
     - LOB: 23%
     - 3rd Party: 11%
     - ...you look after it

3. The CIO as Chief Services Officer
   - Do you consider the IT function in your organisation as:
     - Technically-focused: 24%
     - Service-focused: 76%

4. When recruiting IT staff, what skills are most important?
   - Technical: 34%
   - Communication: 28%
   - Business Analysis: 12%
   - IT Service Management: 15%

Expect to pay more (salary) for business IT professionals than traditional technical professionals: 65%
Helping organisations to quickly respond to ongoing business transformation is now the CIO’s top priority. We work with clients to provide complete enterprise platform lifecycle services with a full understanding of the IT estate and future business and technology revolution. We conducted a survey to access the changing role of the CIO and the IT department.

The findings confirm major shifting trends; companies are having to become more service defined and line-of-business managers are having more influence over IT spend. Business executives and line-of-business leadership now have new expectations of what their IT experience should deliver.

5 Infrastructure: The Services-Defined Enterprise

Almost half want the majority (50% or more) of their IT services to be provided or managed by external service providers, including cloud (IaaS/PaaS & SaaS).

The rise of SDx

- CIOs think that SDx will impact IT and service delivery in the next 36 months; over half of those stating it will be in the next 24 months.

6 Culture: The IT function

Almost half of CIOs agreed that the term ‘IT department’ is becoming out of date. Of the alternative names suggested, the majority referenced ‘business’ and ‘services’, while few referred to IT and technology:

7 A strategy and services focus?

- 73% of CIOs spend their time on day-to-day technology management
- 79% of CIOs dedicated 80% of their time or more on these low value activities
- 84% of CIOs have a desire to spend 50% or more time on strategic initiatives

8 Business Enabler

The specific business and technology areas on which CIOs would like to spend more time reflect a clear focus on ‘business enablement’ and ‘services’. The top three areas are:

- Cloud Services 24% (Today: 20%, 12 months ago: 12%)
- Mobile Enterprise Strategy 19% (Today: 16%, 12 months ago: 10%)
- Analytics 30% (Today: 30%, 12 months ago: 20%)
Our financial performance

“Under a new executive management team, Logicalis is focused on building a strong business through organic growth and acquisition.”

Jens Montanana
Chairman
Although this was a year of no revenue growth for Logicalis, the organisation is, however, in better shape with improved profitability, mostly due to increased sales of services, which we see continuing to grow. Services now account for a third of the revenue mix.

During the financial year, Logicalis completed two acquisitions. In January 2015, Logicalis acquired InforSacom, a German IT services and solutions provider. InforSacom is a provider of database, storage and infrastructure solutions and services with operations across the major economic centres of Germany. The acquisition has significantly enhanced Logicalis’ scale and capabilities in the German IT market.

In September 2014, Logicalis acquired a 51% shareholding in ituma, a specialist developer of spatial intelligence software and a disruptive enabler in vertical markets such as retail and education. Ituma helps to build new mobile centric experiences, pushing rich and relevant content directly to the consumer, and enables organisations to gather unique analytic insights from an individual’s movement and behaviour.

**Our markets**

The demand for IT infrastructure in the markets in which Logicalis operates was again mixed during the year. The market for networking technology products was generally positive, particularly in Latin America, UK, Germany and the US; whereas demand for servers and storage remained generally weak (as in FY2014). Demand from telecommunications operators and service providers in Latin America, an important customer segment for Logicalis in this region, held up, although it was not as robust as last year.

Under a new executive management team, Logicalis is focused on building a strong business through organic growth and acquisition, and has set out a clear strategy to realise this, with some new senior management in the European and US regions.

Revenues were US$1.54 billion (2014: US$1.55 billion), including US$21.9 million of revenue from acquisitions made during the year.

Revenue growth for the year was mixed across the regions with marginal increases in North and Latin America offset by Asia Pacific, which was adversely impacted by difficult trading conditions in Australia and a weakening in the macroeconomic environment. The Latin America region was the best performing region with revenues up 1% year-on-year although the reported results are held back by 10% by the further strengthening of the US dollar against the Brazilian real.

The gross margin was also up at 24.2% (2014: 23.3%). Overall service margins were down slightly but product margins were up with better transaction margins being achieved.

The increase in profitability for the year was driven primarily by a much improved performance in the Southern Cone region of Latin America. Despite the general market growth in demand for cloud solutions, this revenue segment is still a relatively small proportion of total revenues.

**Market outlook**

For IT infrastructure the outlook for growth is relatively subdued. Analysts are predicting stronger growth in IT investment across the Latin America market in 2015 compared to 2014, especially in the demand for networking equipment, driven by the ongoing investment by service providers. Elsewhere, the outlook for general IT spending remains mixed. Growth at the market level is expected to be low in the more developed economies.

Ongoing investment in communications networks, next-generation data centre virtualisation technologies, collaboration solutions, business mobility and cloud solutions are still expected to drive investment decisions, and Logicalis wants to build on some of the expertise it already has to move further into social, mobile, analytics and cloud (SMAC) related growth markets. Already in this new financial year (FY2016), Logicalis acquired Trovus, a business analytics solutions company to complement the existing business analytics and information management capabilities in their UK division.

**Jens Montanana**

Chairman

For further information visit www.logicalis.com
The company direction

“Our role is to be the strategic partner to our customers because we are a relevant and compelling partner to the CIO and we bring innovation that is relevant and compelling to the line-of-business executive.”

Mark Rogers
Chief Executive Officer
As we enter a new digital age, the confluence of emerging technologies is leading to new possibilities for consumers, enterprises and technology vendors. Multiple technology trends, including social media, mobility, analytics and cloud computing (SMAC) are fusing relationships between customers, boosting agility within the enterprise and in the market, and leading to increased collaboration among internal and external stakeholders.

Almost all industry verticals including retail, manufacturing, financial services, government, oil and gas, life sciences and healthcare are using innovative SMAC solutions to increase revenues, profits and operational efficiency. Moreover, client demand for SMAC solutions in most industries is gradually shifting from smaller pilot projects to deeper integration into enterprises’ IT environments.

Logicalis is witnessing the acceleration of the move towards the Internet of Things (IoT). While the growth and monetisation of ‘smarter resources’ (people, offices, streets, cities, factories, universities) is still in its infancy, this opening up of the power of technology is starting to drive demand for connectivity and capacity in a number of markets. Logicalis’ investment in itum, a provider of experiences to mobile users, and the collection of spatial intelligence and analytics for the service operator, is driving the first waves of upgrades to core IoT infrastructures such as Wi-Fi networks; to build networks able to provide location and motion intelligence rather than simple wireless access.

Logicalis sees a continuing desire among its CIO and line-of-business stakeholders to build true multi-source multi-service environments, bringing a single portfolio for the business from internal service, managed services, and the growing mix of IT as a Service (ItaaS) offerings.

Logicalis’ annual survey of CIOs of customers in 24 countries, found that 62% of CIOs believe their line-of-business colleagues will have more control of IT spending in the next three years, up from 44% in 2013. These trends continue to gradually shift the balance of strategy, product or service selection, and ultimately budget spend, from IT into the hands of functional business units, and this in turn is placing new demands on IT leadership to focus a greater part of its resources on business-outcome led engagements.

Our overall focus is helping our customers build a new relationship between IT and the business, where IT is able to offer the choice of services their organisation needs – whether those services are built and operated internally, they come from managed service partners, or they are consumed from the cloud, building a new IT portfolio and delivery capability that is fit for the demands of our new digitally driven world.

This is a world where line-of-business is starting to assume more control of IT spending and direction. We call this the emergence of the Service Defined Enterprise.

This places demands for the CIO to invest in next generation technologies, but is also shifting the focus of the CIO from being a technology guardian, to being their organisation’s service provider, with 76% of respondents in the annual CIO survey stating that their IT departments are now service, and not technology focused.

Given the need to align business demand and agile technology supply, Logicalis is helping its customers explore and invest in the next generation of internal IT platforms such as private cloud and emerging software-defined networks and data centres (SDNs, SDDCs).

Our role is to be the strategic partner to our customers because we are a relevant and compelling partner to the CIO and we bring innovation that is relevant and compelling to the line-of-business executive.

Vendor relationships

Our vendor partnerships are also key to us, both in terms of the technology that they individually bring, but most importantly how we bring their technologies together to bring increased value to our clients.

Logicalis maintains strong partnerships with technology leaders such as Cisco, HP, IBM, CA Technologies, NetApp, Microsoft, Oracle, VMware and ServiceNow on an international basis.

As well as our vendors individually and collectively bringing the technology innovation that we bring to our customers, our role is to act as the advocates for our customers into those vendors.

Our highest levels of accreditation and global relationships with these vendors mean we are a partner who can act strategically for our customers to maximise the value, service, and support they receive from their vendors.

And finally, I would like to express a huge thank you to all our employees for their efforts and commitment, and extend our thanks to our customers, partners and stakeholders for your continued support.

Mark Rogers
Chief Executive Officer

For further information visit www.logicalis.com
A start-up software company in the clinical research niche of the healthcare market, ClinGenuity of Cincinnati, has developed a software system that draws on artificial intelligence, natural language processing, and statistical modeling to process literally years’ worth of clinical data and analysis and generate detailed reports – formatted for the Food and Drug Administration (FDA) – in hours instead of months.

ClinGenuity estimates it can save up to four weeks per clinical study report. Considering there is an average of five studies included in a marketing application, this is a saving of 20 weeks or as much as $500 million in revenue. Logicalis helped ClinGenuity to develop a compute environment that was not only fast and reliable enough to handle the processing required, but also scalable enough to meet the expected demand for its unique service.

"I’m just like my customers. They want a black box solution. They don’t care how it happens. They just want me to get them what they need in the timeframe they need it... Logicalis did that for me."

Mick Kowitz
CTO and Co-Founder, ClinGenuity

One of the four biggest hospital groups in Taiwan, in partnership with Logicalis, implemented a virtual desktop infrastructure and unified communications solution for patients and medical staff. They had a requirement for more efficient patient and staff communication to reduce patient waiting time, reduce nursing staff workflow, improve productivity, and most importantly, improve the patient service and satisfaction.

The new system introduced access to a multimedia bedside terminal for patient entertainment, call assistance and smart meal ordering. A new wireless service allowed medical staff to be directly contacted, enabling faster response to patient requests, and to share real-time patient medical information with other medical staff.

Since its implementation, the hospital has already seen a significant reduction in waiting time for patient bedside care, as well as a measurable improvement in staff productivity.
One large electricity distributor in Brazil had an outdated measurement system for its energy distribution. Customer consumption data was received only once a month via meter readers, making it only possible to identify problems in the power supply if issues were communicated by consumers. There was also additional energy loss due to illegal practices of some customers, such as tampering of meters and illegal connections.

The company identified the need to change the measurement system, replacing the current meters with equipment to allow real-time energy distribution monitoring, helping to reduce losses and gaining agility and proactivity in customer service.

In order to develop a pilot to test a new smart metering model, the distributor hired PromonLogicalis, who together with Cisco, delivered an electric grid data transmission and radio frequency solution aligned with the Smart Grid concept, which includes technological advances in electric power systems engineering and IT infrastructure.

PromonLogicalis supplied the equipment needed to deploy smart meters with high availability, in a project that included 60,000 customers of the utility company, benefitting about 250,000 inhabitants.

The connected smart meters now send and receive data in real-time as well as integrate the operations centre to the distributor measuring centre. Customers no longer need to contact the call centre to report power outages and they can monitor their daily energy usage via the customer portal.

For further information visit www.uk.logicalis.com/knowledge-share/case-studies/

Cisco Connect Berlin 2014, with the help of Logicalis spatial intelligence, turned an empty railway station into a vibrant, connected and information rich showcase of the next generation of technology.

Today’s industry trade event is now dependent on Wi-Fi connectivity, with exhibitors and attendees wanting access to connectivity services. Hosting the world’s leading provider of Wi-Fi and mobility solutions meant that the underlying wireless service needed to be flawless.

Cisco Connect 2014 wanted to go further, and showcase how today’s event venues can provide visitors with a richer experience to access information of the venue, exhibitors, events and seminars, directly from their mobile device, and enable the organisers to use information from the Wi-Fi network to build powerful information insights into how their space and facilities were being used, and how exhibitors, and most importantly, visitors were interacting with each other.

“Data provided by the spatial intelligence platform from Logicalis provided added value to our planning and design of future Cisco events.”

Björn Riebel
Country Marketing Manager, Germany
Cisco Systems GmbH

For further information visit www.uk.logicalis.com/knowledge-share/case-studies/
Smart collaboration around the world

**Market presence**
Operates across more than 20 offices in the US.

**Supporting customers in North America**
Logicalis has over 20 offices in the US, together with four cloud data centres and two managed service centres.

We can provide services in all 50 US states, Canada and Central America.

With a strong heritage in managed and cloud services, Logicalis US was named third on a list of the top global managed service providers (MSPmentor 501 Global Edition, 2015).

**Market presence**
Present in Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Paraguay and Uruguay.

**Supporting customers in Latin America**
Logicalis operates in ten countries in Latin America, with over 1,400 people, and is recognised as one of the largest independent systems integrators and service providers in the region.

Logicalis Latin America is our centre of excellence for software development focusing on IT service management, vertically orientated software, software defined networks and operational support systems.
Managed Services Centres

North America
Cincinnati (US)
Detroit (US)

Latin America
São Paulo (Brazil)
Buenos Aires (Argentina)

Europe
Slough (UK)
Cardiff (UK)
Cologne (Germany)
Rijswijk (Netherlands)

Asia Pacific
Shanghai (China)
Cyberjaya (Malaysia)
Sydney (Australia)

Data Centres

North America
Cincinnati (US)
Phoenix (US)
Edison (US)
Dayton (US)

Europe
Slough (UK)
Bracknell (UK)
Guernsey (Channel Islands)

Latin America
São Paulo (Brazil)
Asia Pacific
Shanghai (China)
Cyberjaya (Malaysia)
Sydney (Australia)

Asia Pacific

Annual revenues
$120m

Employees
470

Market presence
Present in Australia, China, Hong Kong, Indonesia, Malaysia, Singapore and Taiwan.

Supporting customers in Asia Pacific
Our Asia Pacific region has expertise with dealing with Telcos on international operations – utilising an extensive partner network.

They have established specialist skills in wireless networks for campus environments and a Microsoft practice.

Europe

Annual revenues
$480m

Employees
1,350

Market presence
Present in Channel Islands, Germany, Ireland, Netherlands, Spain and the UK.

Supporting customers in Europe
Our European region is our second largest in terms of revenues and number of employees.

Operating with one of Europe’s leading IT service management (ITSM) consulting and solutions providers, Logicalis SMC (Netherlands), has established a centre of excellence in this important market segment.
How we create competitive advantage

Our vision
To be considered the best IT solutions and services company by our customers, partners and employees – achieved through innovation, quality and commitment to first-class service.

• Be relevant to our customers
• Be at the forefront of technology and service innovation
• Add value to our partners’ business through the quality of our customer relationships
• Employ the best people and recognise and reward their individual contributions
• Increase profitability each year and continue to invest in technology and service innovation

Our focus
Our main strength is bringing value to commercial and public sector mid-sized organisations, as well as large enterprises and service providers.

Our portfolio
Our customers tell us that doing business with us internationally provides them with consistent engagement processes, culture and support.

Integration and Professional Services
• Data Centre
• Networking
• Communications and Collaboration
• Mobility
• ITSM
• Data and Information Management
• SDx
• Professional Services

Lifecycle and Managed Services
• Managed Services
• Maintenance Services
• Assessment Services

Cloud Solutions
• Public Clouds
• Private Clouds
• Community Clouds
• Hybrid Clouds

Our strong partnerships
We build strong partnerships with the world’s leading IT vendors and understand their latest technology developments to enable us to deliver innovative technology platforms and transformative services and solutions to our customers.
Our markets
- Banking and Financial Services
- Education
- Energy and Utilities
- Healthcare
- Government
- Manufacturing and Distribution
- Professional Services
- Retail
- Telecom Service Providers

Our value proposition
We mitigate risk for our customers by integrating, managing and facilitating their technology consumption.

Logicalis Optimal Services bring business and technology together to work as one

Services that optimise business productivity
- Business Mobility Services
- Workspace Communications
- Workspace Collaboration
- Workspace Virtualisation

Services that optimise technology investments and IT operations
- Security
- IT Service Management
- Applications
- Communications
- Data Centre

Creating value
Latin America is the best performing region
Revenues were down 1% driven by weaker revenues in the UK and Asia Pacific, and the strengthening of the US dollar, but the group showed improved profitability overall during this financial year, mostly due to increased sales of services.

The Latin America region was the best performing region overall with revenues up 1% year-on-year.

Services is the fastest growing segment
Logicalis’ services continues to increase in the services-to-product mix, now representing 33% of total revenues. Services has been the fastest growing segment in Logicalis for over five years.

Revenue from total services grew by 8% overall; with professional services up 5% and annuity services up by 9%.
Other vendors gaining share of Logicalis sales

Sales of servers in the categories of Cisco, IBM and HP fell slightly during FY2015 in terms of US dollar value.

Other solutions such as security, storage and software grew during FY2015 from vendors such as Arbor, EMC and Oracle (the latter boosted by the acquisition in Germany).

Services continues to boost overall gross margins

There was improved gross margins in all regions except Asia Pacific. One significant factor of this improvement was the growth in services over product sales that improved gross margins.
Promoting a responsible culture

People
Logicalis recognises that its people are critical to the ongoing success of the business and, by striving to attract the best talent, develop and reward its people for great performance and engage effectively with them, Logicalis aims to optimise the performance of the business.

In Logicalis, the focus on advanced technologies requires a high level of technical expertise, and management works closely with its vendors to ensure that employees are trained appropriately and have the necessary accreditations. In the interests of the long term sustainability of the business, Logicalis will be launching a group-wide Leadership Development programme in 2016, aimed at developing our senior leaders of the future.

Logicalis has a culture of meritocracy where great performance is rewarded. The majority of employees at Logicalis have performance objectives which are linked to the strategy of the local business. Talent and succession management reviews of the leadership team in each business are held annually, to focus on the retention of top talent and effective succession management.

Logicalis aims to be an employer of choice within the technology industry, attracting, developing and retaining the best talent. To assess what our employees think of the business, Logicalis conducted its first group-wide employee engagement survey in 2014, and is now acting upon the feedback from employees in each operation.

Our human resource practices and policies ensure that all employees, wherever they work, whatever their role, are treated equally, fairly and respectfully at all times. Logicalis maintains consistent and transparent diversity policies across all its markets. All employees within Logicalis annually complete an online Code of Conduct training course to remind them of the importance of integrity to the success of the business.

Environment
As an early adopter of Green IT ideas and activities, Logicalis recognises that a responsible attitude to Green IT can lead to significant reductions in energy consumption and carbon emissions. As well as reducing greenhouse gases and operational costs, the technologies it promotes, such as remote working and video and teleconferencing, enable more flexible working, greater productivity and improved business continuity.

Logicalis promotes remote working and video conferencing across regional and home offices to minimise car or air transportation and reduce its carbon footprint. This is also supported through Logicalis’ schemes to encourage employees to use public transport.

Many of our local operations support initiatives for reducing power and water usage and monitoring waste reduction in our offices. These range from paper and plastic recycling to water filtration and office lighting efficiency systems.

Our data centres are designed to best practice standards to measure ‘power usage effectiveness’ (PUE) and save energy.

Community
During 2014, all our operating companies increased their activity in helping to improve the quality of life for their local communities. Here are just a few highlights.

During the 2014 holiday season, Logicalis US donated $55,000 to 61 charities in communities where its employees work and live, ranging from food banks and homeless shelters to healthcare research. In addition, Logicalis US encourages all employees to donate their time in their local community by allowing eight hours of paid time off annually.
Logicalis Singapore participated in a number of charity events, including the Singapore Airlines’ charity run to raise funds for the Community Chest of Singapore. It also took part in the National Kidney Foundation (NKF) ‘Walk of Love’ event.

Logicalis Hong Kong was one of the corporate sponsors for the ‘Cook for Love’ charity event organised by the Hong Kong Council of Early Childhood Education and Services (CECES). They also donated to CECES for its English workshops, which aim to help underprivileged students with their English language skills through MADD (Music, Art, Drama, and Dance).

Logicalis Channel Islands continues to provide support to the community; providing computers and IT support to the Guernsey Bereavement Centre and also domestic abuse charity Safer, and to other local sporting trusts or organisations that encourage youngsters to get active.

Logicalis Australia supported various organisations during 2014 including R U OK Day by hosting a morning tea to raise awareness for mental health, as well as the Peter MacCallum Centre, to end women’s cancer by supporting staff who participated in the 60 kilometre walk.

Logicalis Southern Cone made donations to ‘Juvenile Center Paso Joven’ and ‘Cruz Roja’, by their offices in Uruguay and Paraguay, respectively. In Argentina, Logicalis supports the ‘Fundación Equidad’, which develops several training programmes for students in disadvantaged communities. Throughout the region, there is great support for Junior Achievement ONG projects, which seek to awake the entrepreneur spirit in young students and stimulate their personal development through educational programmes.

In Brazil, PromonLogicalis supported projects in non-governmental organisations – such as Ação Comunitária, Casa do Zezinho, Mozarteum Brasileiro and Associação Sociedade Cultura Artística – and their employees got involved in the Volunteer Program, participating in Junior Achievement ONG projects, seeking to prepare young people for the labour market and reduce school evasion. The company has started to also support the ‘English for all’ programme, teaching English to children and young adults.

Logicalis Ireland supported a number of chosen charities including the National Children’s Hospital Christmas Appeal with the sponsorship of a star on the hospital Christmas tree, and the Simon Community’s Christmas fundraising event, a charity supporting the homeless and those at risk.

Logicalis SMC in the Netherlands supported several charities by getting involved in community and sport events to raise awareness and money. They sponsored the ALS (Amyotrophic Lateral Sclerosis) Foundation, the Dutch KWF Cancer Foundation and the Movember Foundation against prostate cancer.

Logicalis UK set up a programme to support the local communities and has been working with a local Community Partnership to provide voluntary support to help the young, elderly, people with learning difficulties and charity organisations. They also held their annual Christmas party in aid of Cancer Research and raised over £10,000 from a charity auction, raffle, and sponsorship for the event.

Logicalis Ireland shaking buckets for the Simon Community charity

‘Cook for Love’ charity event – Hong Kong

Logicalis Ireland shaking buckets for the Simon Community charity

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A smart team
<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>Position</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Jens Montanana</td>
<td>Chairman</td>
<td>Jens is the founder and chief architect behind Datatec, which he established in 1986. Between 1989 and 1993, Jens served as Managing Director and Vice-President of US Robotics (UK) operations, a wholly owned subsidiary of US Robotics Inc. which was acquired by 3Com. In 1993 he co-founded US start up Xedia Corporation in Boston, Massachusetts, an early pioneer of network switching and one of the market leaders in IP bandwidth management, which was subsequently sold to Lucent Corporation in 1999. In 1994, Jens became Chairman and Chief Executive Officer (CEO) of Datatec which listed on the Johannesburg Stock Exchange in November 1994 and on the Alternative Investment Market of the London Stock Exchange in 2006. Jens is also Chairman of the 100% owned subsidiary company Logicalis, a role he assumed in March 2007. He has previously served on the boards and subcommittees of various public companies, and currently serves as Chairman of Corero plc, an AIM-listed network security business.</td>
</tr>
<tr>
<td>02</td>
<td>Mark Rogers</td>
<td>Chief Executive Officer</td>
<td>Mark joined Logicalis in 2003 as Finance Director for Logicalis UK, and in 2004 he became Chief Financial Officer, European Operations. In March 2007, he became Chief Operating Officer for Logicalis Group and in March 2014, Mark was appointed President and COO of Logicalis Group. Mark became CEO for Logicalis Group with effect from 1 March 2015. Mark has extensive experience in the technology and service sectors both in the UK and internationally. He spent 20 years at Racal Electronics/Thales of which 13 years were at Finance Director level within divisions providing Managed Network Services, Telecoms and Survey &amp; Positioning Services. Whilst at Thales he was also Chairman of Citylink Telecommunications, a joint venture company which had secured a £1.2 billion, 20 year PFI contract with London Underground. Also, he has significant M&amp;A experience including the sale of Racal Telecom to Global Crossing for £1 billion as well as experience in the acquisition and integration of other various sized businesses. He started his career with Revlon where he qualified as a Chartered Management Accountant.</td>
</tr>
<tr>
<td>03</td>
<td>Rob Evans</td>
<td>Chief Operating Officer</td>
<td>Rob was appointed COO of Logicalis with effect from 1 March 2015, having in recent years served as Datatec’s Group Operations Director and Chief Financial Officer. He originally worked for Datatec between 1996 and 2000 as the UK Finance Director and then Group Mergers and Acquisitions Director, where he was involved in more than 20 global acquisitions. He re-joined the Group in 2008 serving as COO of Westcon AIME (Africa India Middle East). Since 2010 Rob has been head of Datatec’s Consulting Services division and is Chairman of Analysys Mason and Mason Advisory and a non-executive director of Via Group. He qualified as a UK Chartered Accountant with KPMG, where he worked in London and Melbourne, and has also held senior operational and commercial positions with divisions of other listed groups including Proudfoot and Data Translation. Rob has been a Director of Logicalis since 1 June 2012.</td>
</tr>
<tr>
<td></td>
<td>Ian Cook</td>
<td>Non-Executive Director</td>
<td>Ian joined Logicalis as CEO, European Operations in 2003 and became CEO of Logicalis Group in March 2007, transforming the organisation to become an international brand and a respected partner of the major technology vendors. In March 2014, Ian stepped down to become Executive Chairman of Logicalis Group after seven years of leadership, and since March 2015, Ian became a Non-Executive Director on the Logicalis Board. Ian has extensive experience in the technology industry spanning more than 30 years. He joined Logicalis from Damovo where he had extensive involvement in its international operations as COO. Prior to Damovo, in 1990 Ian led the Board of Cablestream which became Siemens Network Systems Ltd (SNSL), one of the UK’s leading network integrators. Over a ten-year period at SNSL he rose to Group Managing Director responsible for operations across Europe.</td>
</tr>
<tr>
<td></td>
<td>Felipe Lima</td>
<td>Non-Executive Director</td>
<td>Felipe has been President and CEO of Promon Engenharia S.A. since August 2013. Felipe is also a Member of the Executive Committee of Group Promon, as well as a Non-Executive Director of the Logicalis Board. Felipe has been Executive Director and CFO of Group Promon, as well as CFO and Board Member for Votorantim Cement North America (VCNA). He was with Citigroup, as a Vice President of its Latin America High Yield Capital Markets Group in New York and the Capital Markets desk in Brazil. Prior to Citigroup he served in various roles at Unibanco, Promon Engenharia, Schlumberger and Caterpillar. Felipe Lima has a B.S. in Mechanical Engineering from Universidade Estadual de Campinas.</td>
</tr>
<tr>
<td></td>
<td>Stephen Davidson</td>
<td>Non-Executive Director</td>
<td>Stephen is Chairman of Actual Experience plc and a non-executive director of Inmarsat plc, EBT Mobile China Limited and Jaywing plc and is also a board member of Restore plc. He was previously Vice Chairman Investment Banking at WestLB Panmure and Chief Executive and Finance Director of Telewest Communications plc. He has a 1st class honours degree in Mathematics and Statistics from the University of Aberdeen.</td>
</tr>
<tr>
<td></td>
<td>Jurgens Myburgh</td>
<td>Non-Executive Director</td>
<td>Jurgens was appointed CFO of Datatec with effect from 1 June 2014, having joined Datatec from Standard Bank, where he was Executive Vice-President and Head of Mergers and Acquisitions. He has extensive experience in finance, management, listed company corporate actions and mergers and acquisitions. Jurgens qualified as a Chartered Accountant at KPMG in 2000.</td>
</tr>
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</table>
## Financial results

### Income statement – unaudited

<table>
<thead>
<tr>
<th></th>
<th>2015 US$m</th>
<th>2014 US$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,535.1</td>
<td>1,551.8</td>
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<tr>
<td>Cost of sales</td>
<td>(1,163.5)</td>
<td>(1,190.8)</td>
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<tr>
<td><strong>Gross profit</strong></td>
<td>371.6</td>
<td>360.9</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(274.6)</td>
<td>(270.6)</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>97.0</td>
<td>90.3</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>(16.9)</td>
<td>(15.7)</td>
</tr>
<tr>
<td>Amortisation of intangible fixed assets</td>
<td>(6.0)</td>
<td>(7.1)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>74.2</td>
<td>67.5</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(1.3)</td>
<td>(6.4)</td>
</tr>
<tr>
<td>Datatec management fees</td>
<td>(6.3)</td>
<td>(4.9)</td>
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<tr>
<td><strong>Profit before tax</strong></td>
<td>66.5</td>
<td>56.2</td>
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<tr>
<td>Tax on profit on ordinary activities</td>
<td>(24.0)</td>
<td>(21.4)</td>
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<tr>
<td><strong>Profit for the year</strong></td>
<td>42.5</td>
<td>34.8</td>
</tr>
</tbody>
</table>

### Balance sheet – unaudited

<table>
<thead>
<tr>
<th></th>
<th>2015 US$m</th>
<th>2014 US$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill and other intangible assets</td>
<td>198.1</td>
<td>190.8</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>48.0</td>
<td>45.6</td>
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<tr>
<td>Deferred tax asset</td>
<td>27.1</td>
<td>24.0</td>
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<tr>
<td><strong>Total non-current assets</strong></td>
<td>273.2</td>
<td>260.4</td>
</tr>
<tr>
<td>Inventories</td>
<td>45.0</td>
<td>52.7</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>474.4</td>
<td>414.3</td>
</tr>
<tr>
<td>Foreign corporation tax recoverable</td>
<td>3.5</td>
<td>2.3</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>122.0</td>
<td>151.7</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>644.9</td>
<td>621.1</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>918.1</td>
<td>881.5</td>
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<tr>
<td>Trade and other payables</td>
<td>(555.2)</td>
<td>(498.3)</td>
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<tr>
<td>Bank overdrafts and loans</td>
<td>(39.6)</td>
<td>(47.0)</td>
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<tr>
<td>Current tax liabilities</td>
<td>(4.5)</td>
<td>(2.1)</td>
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<tr>
<td>Obligations under finance leases</td>
<td>(2.1)</td>
<td>(2.7)</td>
</tr>
<tr>
<td>Provisions</td>
<td>(0.0)</td>
<td>(0.1)</td>
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<tr>
<td>Liability for share-based payments</td>
<td>(3.7)</td>
<td>(5.6)</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td>(605.1)</td>
<td>(555.8)</td>
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<tr>
<td><strong>Net current assets</strong></td>
<td>39.8</td>
<td>65.2</td>
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<tr>
<td>Amounts owed to holding company and fellow subsidiaries</td>
<td>(37.3)</td>
<td>(39.4)</td>
</tr>
<tr>
<td>Obligations under finance leases</td>
<td>(1.5)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Liability for share-based payments</td>
<td>(5.0)</td>
<td>(3.5)</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(36.4)</td>
<td>(28.7)</td>
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<tr>
<td>Other long term liabilities</td>
<td>(3.2)</td>
<td>(3.7)</td>
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<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>(83.4)</td>
<td>(77.2)</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>(688.4)</td>
<td>(633.0)</td>
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<tr>
<td><strong>Net assets</strong></td>
<td>229.7</td>
<td>248.5</td>
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<tr>
<td>Share capital and share premium</td>
<td>130.2</td>
<td>130.2</td>
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<tr>
<td>Foreign currency exchange and other non-distributable reserves</td>
<td>(69.8)</td>
<td>(41.3)</td>
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<tr>
<td>Retained earnings</td>
<td>137.2</td>
<td>116.0</td>
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<tr>
<td><strong>Attributable to equity holders of the parent</strong></td>
<td>197.6</td>
<td>204.9</td>
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<tr>
<td>Non-controlling interest</td>
<td>32.0</td>
<td>43.6</td>
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<tr>
<td><strong>Total equity</strong></td>
<td>229.7</td>
<td>248.5</td>
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</table>
## Our subsidiaries

<table>
<thead>
<tr>
<th>Statutory name</th>
<th>Country of incorporation</th>
<th>Percentage held 2015</th>
<th>Percentage held 2014</th>
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<tbody>
<tr>
<td><strong>Holding Company</strong></td>
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<tr>
<td>Logicalis Group Limited</td>
<td>England and Wales</td>
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<tr>
<td><strong>Subsidiaries of Logicalis Group Limited</strong></td>
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<tr>
<td>Logicalis Group Services Limited</td>
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<td>Logicalis UK Limited</td>
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<td>100%</td>
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<td>Promon-Logicalis Latin America Limited</td>
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<td>60%</td>
</tr>
<tr>
<td>Direct Visual Group Limited * (dormant)</td>
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<td>100%</td>
<td>100%</td>
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<tr>
<td>Direct Visual Limited * (dormant)</td>
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<td>100%</td>
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<tr>
<td>Inca Software Limited * (dormant)</td>
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<td>Logical Group Limited (dormant)</td>
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<tr>
<td>Logicalis Limited (dormant)</td>
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<tr>
<td>Logicalis Deutschland GmbH</td>
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<tr>
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<td>Infosyscom Informationssysteme GmbH*</td>
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<td>ITUMA GmbH*</td>
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<tr>
<td>Logicalis Guernsey Limited *</td>
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<td>Logicalis Finance Ireland Limited (dormant)</td>
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<td>Logicalis Ireland Limited</td>
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<tr>
<td>Logicalis Solutions Limited *</td>
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<td>Logicalis Technical Services Limited *</td>
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<td>Logicalis SMC Group BV *</td>
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<td>Logicalis Spain, S.L.</td>
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<tr>
<td>Logicalis Argentina S.A. *</td>
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<td>60%</td>
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<tr>
<td>Logicalis Andina Bolivia LAB, Ltda.*</td>
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<tr>
<td>Logicalis Brasil Servicos de Assessoria Tecnica Limitada *</td>
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</tr>
<tr>
<td>PromonLogicalis Tecnologia e Participações Limitada *</td>
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<tr>
<td>PTLS Servícos de Tecnologia e Assessoria Tecnica Limitada.*</td>
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<tr>
<td>Logicalis Chile S.A. *</td>
<td>Chile</td>
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<td>60%</td>
</tr>
<tr>
<td>Logicalis Colombia S.A.S.*</td>
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<td>65%</td>
<td>60%</td>
</tr>
<tr>
<td>Logicalis Ecuador S.A.*</td>
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<tr>
<td>Logicalis Mexico, S.de R.L. de C.V.*</td>
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<td>60%</td>
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<tr>
<td>Logicalis Paraguay S.A.*</td>
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<tr>
<td>Logicalis Andina S.A.C.*</td>
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<tr>
<td>Logicalis Uruguay S.A.*</td>
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<tr>
<td>Logicalis Inc. S.A.*</td>
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<tr>
<td>Logicalis South America, Inc.*</td>
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<tr>
<td>PLLAL International LLC.*</td>
<td>USA</td>
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<td>Logicalis US Holdings, Inc.</td>
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<tr>
<td>Logicalis, Inc.*</td>
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<tr>
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<tr>
<td>Corpnet (Australia) Pty Limited * (dormant)</td>
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</tr>
<tr>
<td>NetStar Group Holding Limited</td>
<td>British Virgin Islands</td>
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</tr>
<tr>
<td>Logicalis Shanghai Limited *</td>
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</tr>
<tr>
<td>Logicalis Pte Limited (Xiamen) *</td>
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<tr>
<td>Logicalis Hong Kong Limited *</td>
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<td>Logicalis Asia Pacific MSC Sdn Bhd *</td>
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<tr>
<td>Logicalis Singapore Pte Limited *</td>
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<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Indicates a subsidiary which is owned indirectly via an intermediate holding company.