*Business Review 2008*

*2008*

Aldata
**100% Retail-Wholesale**

# Contents

*"With clients in virtually every continent in the world, Aldata might be the most global supermarket software provider around."*

Paula Rosenblum, Managing Partner RSR
(Retail Systems Research LLC)
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# *Aldata in brief*

*Aldata is a global leader in the supply of integrated business solutions for organizations that serve the retail consumer and wholesale logistics markets.*

At Aldata, 100% of our business is dedicated to improving retail and wholesale business. For over twenty two years, we have provided our customers with modern, flexible, integrated solutions specifically designed to increase productivity, performance and profitability in their retail and wholesale operations.

*100% of our customers serve the retail or wholesale markets*
*100% of our technology is designed for retail and wholesale*
*100% of our resources are committed to retail and wholesale*

Aldata's modular product design delivers rapid returns on software investment, easy integration across and within business processes, excellent scalability, and long-term business gains. Our people are experts in retail and wholesale best practice with the knowledge, experience, and skills to provide the best solution for each and every Aldata customer.

With many thousands of successful store solutions, from convenience to hypermarket, hundreds of warehouses, and customers with from five to five thousand outlets across fifty countries, Aldata consistently delivers the goods in retail and wholesale business improvement.

### Customer Approach

Aldata customers include some of the world's largest retail, food, and consumer goods companies operating across multiple countries and continents. They also include specialist and family businesses that operate in specific market sectors or geographical regions. All have one thing in common, the desire to improve their retailing and logistics performance by reducing costs, time, and waste while increasing their revenues, margins, and profitability.

Aldata is organized to meet the requirements of our different customers by providing dedicated sales, services, and support organizations that can deliver the right solution at the right time and at the right cost, to each customer. This can vary from single store start-up businesses needing rapid standardized implementations, to larger chains wanting specific best practices to fit their business models, or very large organizations that require the high volume, high speed operations and real-time business insights that Aldata can uniquely provide.

This "one step at a time" methodology, based on a single integrated retail and wholesale business process architecture, enables Aldata customers to achieve incremental business improvement as part of fulfilling their longer term strategic business plans.

### Values

Aldata's values are based on our passion for retail and wholesale business improvement achieved via open dialogue, mutual respect, and informed opinion to reach the best solutions with our customers, suppliers, partners, and people. Aldata operates in a sustainable manner that meets the ethical, legal, commercial, and public expectations that society sets for business. Aldata is a public company quoted on the Helsinki Stock Exchange with the identifier ALD1V.

# 2008 Highlights

*Profitable results throughout the year
Increase in sales revenues (excluding hardware)
Acquisition of two retail software companies
Strategic alliances with IBM and Oracle
Investment in product quality*

### 2008 Strong Performance in a Year of Economic Change

The changes made to Aldata's business in 2007 bore fruit in 2008.

In 2008, Aldata returned four consecutive profitable quarters and a profit for the full year, in a period that ended with a severe global economic downturn. In the retail and wholesale sector, the downturn was most severe in the discretionary purchases category. Aldata's targeted focus on the non-discretionary food, grocery, and packaged goods segments has proven its value in 2008, and provides a strong foundation for 2009 business.

Compared to 2007, sales revenues (excluding hardware) increased with more than twenty new competitive wins. Significant new customers chose Aldata in the Americas, Middle East and Eastern Europe, as well as in Western Europe. In addition, Aldata services operations delivered over thirty successful customer go-lives during the year including multiple hypermarket, supermarket, and warehouse roll-outs across the world.

Two acquisitions were completed in 2008 that will contribute to the business in 2009. Terra-ventum, a loyalty and e-marketing specialist software company joined Aldata in November 2008 and Apollo, a world leader in retail space optimization and automation, joined in December. Both companies add strategic functionality to Aldata's product set and will contribute to both top and bottom line performance in the years to come.

Aldata also continued to invest in its major product lines during 2008 to support our customers in their business developments.

The G.O.L.D. Retail Vision and three-year product roadmap were shared with our customers at their annual User Association gathering in London. Many customers also contributed to the new cooperative management process for future product versions. More resources were trained and added to the offshore Quality Assurance centre in Mumbai, India, and their skills will be used in both standard and customer-specific software development in 2009.

Both the Instore and Megadisc business units contributed strongly to the bottom line performance in 2008 with notable new business within the Nordic region and new opportunity developments in specialist retail sectors. Integration with the incoming loyalty and e-marketing solutions is creating further retail specialist segment opportunities.

Investments in strategic partner relationships also bore fruit in 2008 with the signing of major alliance agreements with IBM and Oracle. These agreements are based on rigorous technical validation of Aldata software performance and conformance with IBM and Oracle middleware. The result is increased connectivity options for customers and additional channels to market via joint marketing, sales, and services cooperation.

*"11 of the world's top 30 retailers use Aldata"*

*"Price Chopper selected Aldata G.O.L.D. as a long term strategic technology investment based on the functional capabilities of the application and the knowledge of Aldata's staff of the grocery business and its practices,"*
Greg Zeh, Vice President of Enterprise Business Systems for Price Chopper, part of the Golub Corporation.

# *From Bertrand Sciard*

In our 2007 Annual Report, we described a year of change for Aldata, and how the changes made in the last quarter of 2007 would benefit the business in 2008. I am pleased to say that the decisions made have served us well, even with the challenges of the economic turmoil at the end of 2008. Our focus and success in the food, grocery, and drug, retail and wholesale sectors, is a great strength in these times.

Aldata is now well-positioned to help customers who will be operating in tougher market conditions in 2009. They need even greater efficiency from their supply chain, improved merchandising to keep sales flowing, and new ways to retain and grow their customers. Our investments in continuous functional enhancement, the quality of our products, new optimization technologies, plus loyalty and e-marketing, will help them achieve these goals.

In today's market, pragmatic, short-term, returns on projects are the rule. Our ability to provide just what each customer needs, without the heavy time and cost burdens of traditional ERP installations, set us apart from our competitors. Aldata can deliver these returns quickly to meet our customers' objectives, with the underlying benefit of a single, integrated, software architecture, to provide long-term strategic support.

As part of our business growth strategy in 2008, I warmly welcomed the teams from Terraventum and Apollo. They bring new skills and experience along with proven software products. Terraventum's loyalty and e-marketing solutions provide existing Aldata customers with innovative ways to win and retain consumers. They will also open new retail markets for us in the hospitality and leisure segments.

Apollo's world-leading space optimization and automation products will add substantial value to existing Aldata customers' businesses. They will also help us attract new customers with the benefits of optimizing their supply chain and space planning to achieve increased revenue per store.

Fundamental to our future growth are the strategic alliance agreements we signed in 2008 with IBM and Oracle. As one of the few software companies achieving these relationship levels, we send a strong message to the market. They demonstrate our commitment to industry standards, our use of the latest technologies, and our position as a recognized global supplier to the retail and wholesale industries.

I would like to thank the Board for supporting our plans in 2008, my colleagues in the executive team for their dedication, and all of the Aldata staff who have contributed to our 2008 success. I would also extend my thanks to our customers and partners around the globe who continue to invest in Aldata.

Helsinki/Paris, February 2009
Bertrand Sciard, President and CEO

*Mike Griswold, AMR Research, comments on Aldata's Apollo acquisition:*
*We expect this transaction to be very successful. Here are three reasons retailers should pay attention to this deal:*
*1. Apollo's space planning and execution functionality fills a gap within Aldata's G.O.L.D. suite and provides a compelling product for a retailer's merchandising business unit.*
*2. With approximately 75% of Apollo's revenue based in the United States, Aldata can tap into a significant U.S. customer base, a necessity to support Aldata's U.S. expansion goals.*
*3. The acquisition ensures not only support, but enhancements to a mature space management application within a well-defined supply chain planning and merchandise execution framework.*
Mike Griswold, AMR Research, "Aldata Now in Space Race with Apollo Acquisition", December 18, 2008
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# Business Overview

Aldata is 100% dedicated to supporting the retail industry and its infrastructure of suppliers, wholesalers, logistics, store operations and consumers. Aldata software and services improve the business performance of organizations that serve the retail market from supplying finished goods all the way through to accepting the consumer's payment.

These organizations include global, national, regional and specialist, retailers; wholesale distributors; logistics and wholesale operations; suppliers that collaborate with retailers and wholesalers, and companies that provide loyalty and marketing services.

Aldata customers come from all sectors of the retail and wholesale industry. The majority are involved in food, beverage and grocery products, reflecting the size of this sector in the global economy. Others include drugs, electronics, furniture, and home improvement companies, and specialists such as hospitality, leisure and health care.

The size of customers' operations varies from small specialist chains to some of the world's largest retail and consumer goods companies. In each case the same software architecture delivers the results. It's just the time, cost, and breadth of implementation that changes. The size of Aldata's customer base doubled at the end of 2008, following the Apollo acquisition, to over six hundred companies with a demographic spread as shown below:

### Aldata Customers by Geography
Europe 40%
North America 30%
Asia and Australasia 15%
South and Central America 10%
Africa and the Middle East 5%

In addition to customers gained from acquisitions in 2008, over twenty new customers chose to invest in Aldata's solutions. These new customers varied in size, geography, and retail industry sectors. A cross section is shown below:

**Price Chopper** – an American supermarket chain with over 100 stores
**Medecins Sans Frontieres** – an international humanitarian aid agency
**Alshaya** – a Middle Eastern retailer with 1,400 stores across 16 countries
**Nelt** - a Serbian health care and medical supplies wholesaler
**Systeme U** – a French retail cooperative with over 800 stores
**Nash Finch** – an American, Fortune 1000, food wholesaler
**Midlands Coop** – a British retail chain with over 400 outlets
**Hemtex** – a Swedish fashion retailer with 200 boutiques

### Outlook
The downturn in the global economy at the end of 2008 caused some hesitation due to general market uncertainty. It's now clear that the food, grocery, and drugs sectors have been less affected than others. Retailers are however competing harder than ever for business because consumers want more for less. This requires short-term improvements in efficiency, lower costs, and innovative marketing. Aldata is well-positioned to provide these solutions to our present and future customers in 2009.

*"Alshaya selected Aldata G.O.L.D. for our Dean & Deluca rollout because of its rich functionality, superior technology and for Aldata's impressive track record supporting retailers especially in the grocery sector,"*
K. R. Narayanan, director solutions, Alshaya Group in Kuwait

*"Using Aldata G.O.L.D., we have successfully improved our supply chain operations through optimized costs, quality of service delivered, and by tracking key information in warehouse operations,"*
Zoran Orlić, Supply Chain Manager for Nelt in Serbia.

*"G.O.L.D. Mine gives us an affordable and effective means of gaining a deeper understanding of what is happening in our business,"*
Mark Ruttley, Head of IT at Midlands Cooperative in the UK.

*Aldata Receives Frost & Sullivan Award*
*"Aldata received the 2008 Frost & Sullivan Product Line Strategy Award in the Retail Software Market for the Aldata G.O.L.D retail enterprise software suite. "Aldata's flagship solution, G.O.L.D., caters to the entire retail spectrum, right from in-store and consumer centric solutions to logistics, distribution and other headquarter solutions and enables seamless transition between the various applications"*

*Aldata Wins European Software Award*
*"Aldata's G.O.L.D Vocal PDA won best solution in the communications and mobility category, at IT Europa's 2008 European IT excellence awards. The company beat off competition from 80 organizations in 13 countries to be crowned winner"*

# Aldata Solutions

Aldata solutions are built on modern, industry leading, technology platforms and support multiple retail sizes, formats, and channels. They have the functionality to meet all major retail business requirements, and the flexibility to adapt to retail's ever changing needs.

*Five key reasons why the world's best retailers choose Aldata:*
1. A single integrated retail information backbone
2. The ability to implement customer-specific solutions in relevant stages
3. Comprehensive applications for all major retail business processes
4. Scalable, high volume performance with real-time visibility and control
5. Excellent customer references across the industry with proven results and returns
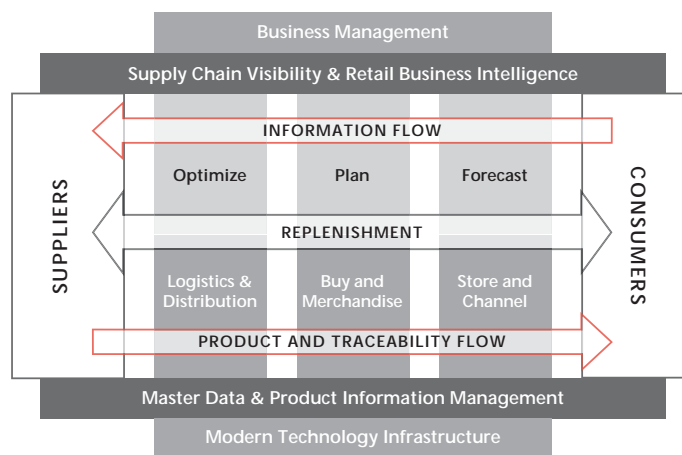


## Retail Business Improvement

Aldata's four-level retail business improvement model is applied to specific areas of the business in planned stages. Results are clearly visible from initial objectives to planned changes, through execution in operations, and with real-time measurement and returns.

*Médecins Sans Frontières, will use Aldata G.O.L.D. Stock, to manage the delivery of its emergency supplies throughout the world and to improve traceability in line with European healthcare traceability legislation. Pierre-Paul Lamotte, Logistics & Operations Director for MSF Supply, said, "G.O.L.D Stock will enable our humanitarian center to respond to the exacting legislative requirements we face."*

*"The Aldata G.O.L.D. Vocal PDA is delivering both business and IT benefits to the Système U warehouse operations," said François Lesieur, IS director for Système U, a French retailer cooperative with over 885 independent members and 2007 revenues of more than €16.76 billion.*
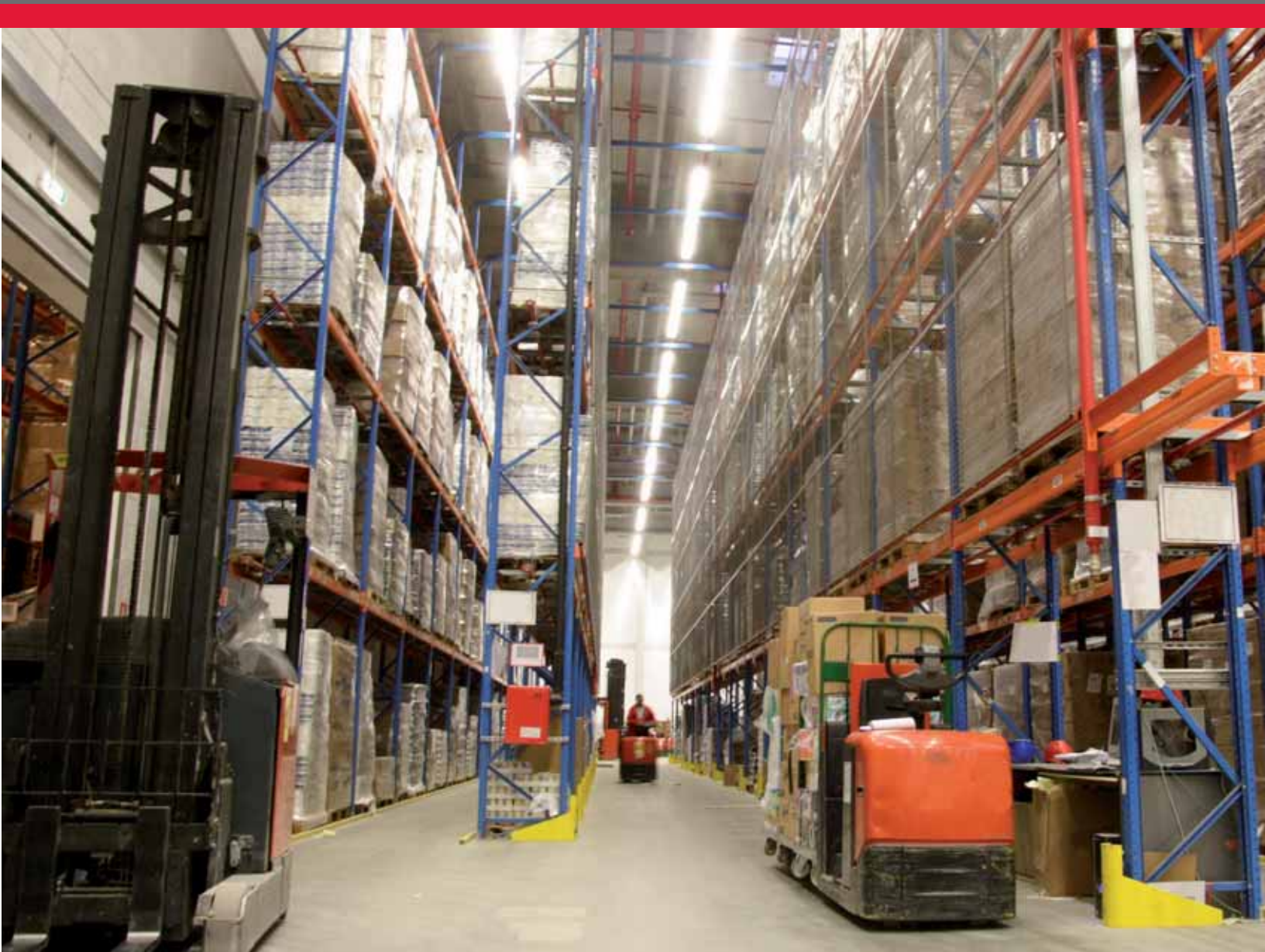
# *Aldata Services*

Specific services skills in retailing, wholesale, and logistics make a major contribution to the benefit that customers derive from Aldata. Dedicated expertise ensures that each customer gets the best fit possible to their processes and business models.

Aldata Professional Services and Aldata Service Partners provide the whole range of service requirements, from single store implementations and specific process improvements to strategic consultancy and global systems roll-outs.

The critical factor here is dedication. Aldata services teams are dedicated only to the retail and wholesale industries and cover all aspects of its operations. These include supply, logistics, store, and central control, with specific centers of excellence in replenishment, merchandising, traceability, loyalty, and space optimization. They spend all of their time working with retailers and suppliers, sharing information and delivering uniquely qualified advice, support, and implementations.

Aldata Service Partners are industry specialists who have the same level of commitment to retail business improvement that is core to the Aldata vision. They include the retail specific practices of some of the largest professional services organizations in the world, and companies who provide specialist or local services.

Aldata implementations deliver results in the short, medium, and long-term.

### Fast
Customers who require rapid implementations can achieve live operations in stores and ware-houses in months rather than years. Best practice models are used to get critical parts of the business up and running quickly along proven lines. Other operations and specialist requirements can then be added as and when justified by the business.

### Secure
For the longer term each individual project investment is secure. This is because all short-term projects are built on the same Aldata software architecture. Applications are already pre-connected into a consistent information backbone that provides a single version of the truth across all business processes and scalability for the future.

### Proven
In 2008, over thirty companies completed live implementations of Aldata solutions across Europe, North America, South America, Africa and Asia. The highlights include:

**Hypermarkets** – over 100 live for a single customer
**Supermarkets** – from single stores to chains of 100+
**Convenience** – both centrally owned and franchises
**Specialists** – fully up and running within the year
**Warehouses** – 20 for one customer within 12 months

These customers can testify to the difference that Aldata Professional Services and Aldata Services Partners made to their businesses in 2008.

# Aldata People

Aldata people are the major asset of the company. Their unique mix of skills and experience in retail business practices differentiates Aldata from general business software providers.
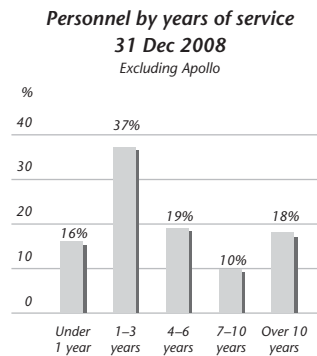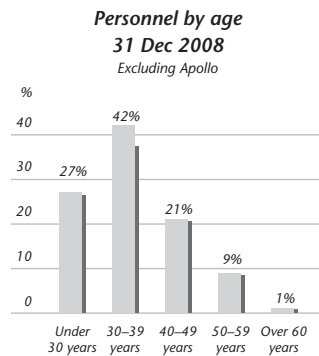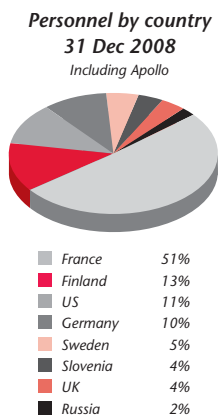
Those skills encompass retail requirements analysis, design, development, support, consultancy, implementation, marketing, and sales. Aldata customers make it very clear that the quality, dedication, and retail understanding of Aldata people is a major reason for choosing Aldata as their software supplier.

Today Aldata is a multinational and multicultural business with employees and partner personnel spread across six continents and from over thirty countries. All share in a common passion for the retail and wholesale sector, and in values of achieving business improvement and success through open dialogue, mutual respect and informed opinion.

Over twenty percent of Aldata people are dedicated to developing and supporting Aldata software. This includes functional enhancements for existing products, building new products, and ensuring global performance and quality standards. These teams are located in Finland, France, Sweden, the USA and India. Specialist teams work on Store, Logistics, Replenishment, Optimization, Mobile, Voice, BI, POS, and Loyalty application areas. Cross functional teams focus on standards, technology and quality, plus collaboration with our technology, platform, and services providers.
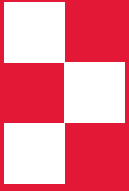
Aldata's global support team provides multilevel and multiformat support services to customers, partners and subsidiaries worldwide. From distributing regular product updates, through on-demand problem solving, to full 24/7/365 support provision, they keep the wheels of customers' retail operations turning all year round.

At the end of 2008, Aldata employed a total of 570 people. The acquisitions of Terraventum and Apollo brought in a total of 44 new people into Aldata.

**Personnel by country**
**31 Dec 2008**
*Including Apollo*

| | |
|---|---|
| France | 51% |
| Finland | 13% |
| US | 11% |
| Germany | 10% |
| Sweden | 5% |
| Slovenia | 4% |
| UK | 4% |
| Russia | 2% |

**Personnel by age**
**31 Dec 2008**
*Excluding Apollo*

| Under 30 years | 30–39 years | 40–49 years | 50–59 years | Over 60 years |
|---|---|---|---|---|
| 27% | 42% | 21% | 9% | 1% |

**Personnel by years of service**
**31 Dec 2008**
*Excluding Apollo*

| Under 1 year | 1–3 years | 4–6 years | 7–10 years | Over 10 years |
|---|---|---|---|---|
| 16% | 37% | 19% | 10% | 18% |

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