

# CAPABILITY STATEMENT

## Information and Communication Technology



### INDUSTRY SUMMARY

Australia's information and communication technology (ICT) industry is worth approximately \$100 billion and employs around 300,000 people. The ICT industry is the fourth largest market in the Asia Pacific and the fourteenth largest industry in the world.



Over the past few decades, Australia has gained a reputation for a highly skilled and experienced ICT workforce and solutions-driven customers with an appetite for new technology. This has made Australia a strategic location for a range of ICT activities and a recognised country for the development and testing of new products and services.

Australia is known internationally for a diverse range of specialities including:

- telecommunications
- e-commerce and e-learning
- intelligent transport systems
- software development
- creative digital industries, including gaming and work in the film industry
- venture capital investment into ICT
- research and development funding into the ICT sector

## OUR EXPERTISE

Taylor Woodings has developed ICT expertise through a series of informal and formal appointments over the past decade. Our team offers a range of specific services including:

- **formal appointments**
- **strategic recovery advice**
- **workout and restructuring assistance**
- **pre-lending reviews**
- **investigating accountants reports**
- **forensic services**

Taylor Woodings has worked with national and regional retail banks, investment banks and small to medium sized enterprises to provide a full range of insolvency and corporate recovery services. Clients benefit from a team with first-hand experience in the ICT industry, including experts who held financial, operational and technical positions in the industry before joining Taylor Woodings.

If required, we can draw on our extensive network of external ICT consultants to complement the Taylor Woodings team.

## WHAT TAYLOR WOODINGS OFFERS

### INDUSTRY KNOWLEDGE

Through our experience, Taylor Woodings understands the financial and operational challenges ICT companies face and the core business drivers of the industry to add value during engagements. For example, we understand the reasons for high 'cash burn' and the costs associated with the commercialisation of software and hardware. We appreciate how short term operational issues (especially resourcing and client communication) can impact on longer term profitability. Clients benefit from our dedicated technical team who continually monitor industry trends and developments to ensure we provide accurate, timely and relevant advice.

### FINANCIAL ANALYSIS

Taylor Woodings is familiar with the industry reporting standards and benchmarks. We have strong financial modelling skills to accurately interrogate and dissect statutory and management reports to allow immediate financing decisions for a business. Together with our understanding of the key drivers of ICT businesses, we can effectively analyse working capital and ongoing cashflow needs.

### PROJECT MANAGEMENT

Taylor Woodings understands that project managing a restructuring requires quick, decisive and firm decisions in an ever-changing industry. Conversely, underpinning a successful ICT workout requires a carefully structured strategic management workout plan. Our specialist industry knowledge ensures our team understands the key drivers for workout plans and ensures they are comprehensive and able to achieve a successful restructure.

### RISK MANAGEMENT

ICT businesses have the potential to be high-risk enterprises, particularly during project implementations and new project rollouts. Risks could include overspending, project delivery delays, system implementation failures, disputes regarding deliverables and 'project creep'. Our industry knowledge, complemented by our insolvency experience, allows Taylor Woodings to carefully identify, quantify and manage these risks in order to achieve the most cost effective outcome.

# CASE STUDIES

## Today Corp Group of Companies, Nationally

# 01

Taylor Woodings was appointed as Voluntary Administrator of the Today Corp Group of Companies, a national e-learning business with more than 100 employees. After acquiring two government-accredited training organisations and completing a significant head office fit-out, the business incurred substantial losses.

During our appointment we worked with management to turn the Company around and restructured via a Deed of Company Arrangement (DOCA).

Taylor Woodings divested the accredited training organisations and negotiated a significant equity investment from a 'white knight', cornerstone investor.

## Intellect Holdings Ltd, Melbourne VIC

# 02

Taylor Woodings was appointed as Voluntary Administrator for Intellect Holdings Ltd (now known as Ellect Holdings Ltd), an ASX listed Melbourne-based company specialising in point-of-sale devices and supporting software with historical operations in Australia and worldwide. Trading was predominantly conducted via a Belgium subsidiary at the time of Taylor Woodings' appointment.

The board of directors resolved to suspend the Company's securities from the ASX with the stated intention to restructure and recapitalise as the Company had a history of trading losses and losing the support of major investors and financiers. The directors determined that the Company either had to formally restructure its asset and equity position or liquidate.

Taylor Woodings assisted and negotiated a DOCA with the directors and secured creditors, which provided a superior return for creditors and shareholders via a debt for equity swap. The DOCA proposal was subsequently accepted by the creditors and, as a result, the creditors have since received a distribution of shares under the DOCA.

## Sibercom Ltd, Sydney NSW

# 03

Taylor Woodings was appointed by the secured creditor of Sibercom Ltd, a corporate distributor of telecommunications, electrical and internet products to conduct a review of the company's financial position. Before our appointment, the Company had implemented an aggressive, but ultimately unsuccessful, national and international growth strategy through the purchase of ICT businesses and undertaking a series of product development projects.

After examining the Company's records and liaising with management, we identified that the Company was in extreme financial difficulty and was insolvent.

After issuing our report, the secured creditor appointed us as Voluntary Administrator, and during that appointment, we formed the opinion that it was not possible to recapitalise the Company and we sought expressions of interest for the Company's business. The Company business and assets were sold.

## Sentinel Content Pty Ltd, Sydney NSW

# 04

Taylor Woodings was appointed by note holders to review business operations and the financial position of Sentinel Content Pty Ltd, a company that provided real-time traffic data and broadcast services. The Company issued \$2.5 million worth of convertible notes to two state-based motoring organisations. The wholesaler intended to sell its data to mobile telephony and GPS providers and had already entered into arrangements with two major service providers.

The Company's cash requirements significantly exceeded initial forecasts and the motoring organisations held concerns as to whether the Company would be profitable.

Through our appointment, we met with the Company's management to review business operations and issued a comprehensive report to the motoring organisations. Following this, the note holders concluded that the prospect of future profitability was too remote and consequently ceased funding the Company.

This resulted in the Company appointing Taylor Woodings as Voluntary Administrator. After a limited marketing campaign, we achieved a successful trade sale of the Company's business operations to a United States-based multinational company.

## OUR TEAM



### Quentin Olde

Partner in Charge, Sydney – Team Leader  
+61 2 8247 8000  
quentin.olde@twcs.com.au

Quentin has a wealth of experience in the complex and highly technical ICT industry through his previous senior role as Corporate Treasurer - Asia Pacific for Unisys, a major United States-based IT company. He has a detailed understanding of the key drivers, issues and challenges that impact the industry, as well as a broad base of industry contacts. Quentin's experience spans software companies, IT hardware and software resellers, a mobile phone reseller, phone card sellers, software development companies, technology-based recruitment companies, gaming machine producers and related businesses.



### Ian Francis

Partner in Charge, Perth  
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Ian was appointed a Director and Company Secretary of an unlisted public inflight entertainment company registered in Australia with operations in the United States. During his appointment, Ian assisted the Company raise funding from existing shareholders to fund its growth and commercialise its technology.



### Andrew Schwarz

Partner, Melbourne  
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andrew.schwarz@twcs.com.au

Andrew has experience in the ICT industry and understands the link between information technology and accounting. He has advised business owners on information technology system implementation, conducted cost benefit analysis and assisted clients with budgeting for system upgrades and implementations. In 2003, Andrew managed the administration of the publicly listed Swish Group, which provided information kiosks, data storage and website development. This involved trading the business for a period of time, the sale of some divisions and the re-capitalisation and re-listing of the web development side of the business.



### Simon Skelton

Associate Director, Sydney  
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simon.skelton@twcs.com.au

Simon commenced his career working in the ICT industry more than 20 years ago. He subsequently trained as a solicitor and represented a variety of ICT companies involved in a broad range of commercial and insolvency related disputes. In 2008, Simon joined Taylor Woodings as an insolvency practitioner and is using his commercial and legal experience to assist with the restructuring of companies in the ICT industry.

## ABOUT US

Taylor Woodings is an independent, national Chartered Accounting firm providing clients specialist services in Restructuring, Corporate Recovery, Advisory and Transaction Services and Forensic Accounting. With offices in Sydney, Perth, Melbourne and Brisbane, we offer our clients a truly national service.

Taylor Woodings is committed to delivering timely, relevant and innovative strategies to meet our individual clients' needs. With our *one-firm, one-focus* philosophy, we share resources, technical staff and specialist knowledge to ensure clients receive a full-service offering regardless of their geographic location.

Our experience extends across Australia's key industries of agriculture, manufacturing, health, mining and property. We work with all types of organisations within Australia and overseas, from small family businesses to publicly listed ASX and multinational companies, on both complex and straightforward assignments.

Taylor Woodings has established working relationships, essential to delivering successful outcomes for clients, with national and regional retail banks, investment banks, corporate advisory firms, law firms, accounting firms and specialist consultants.

Taylor Woodings is a national partnership that is supported by a dedicated and expert team of advisers. We maintain an efficient internal structure and allocate the most appropriate resource to assignments. This approach provides clients with direct access to senior, specialist advice and cost effective solutions that place our clients' objectives first.

We have an affiliation with TW Gerry Rea Partners, a specialist insolvency and litigation support firm in New Zealand. We also have a joint venture arrangement with Allen Capital, an independent corporate advisory and private equity investment firm. Taylor Woodings is a member of the international insolvency network, hww Insolvency Co-operation Partners, which is represented in 21 countries around the world.

RESTRUCTURING | CORPORATE RECOVERY | ADVISORY AND TRANSACTION SERVICES | FORENSIC ACCOUNTING

SYDNEY PERTH MELBOURNE BRISBANE

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