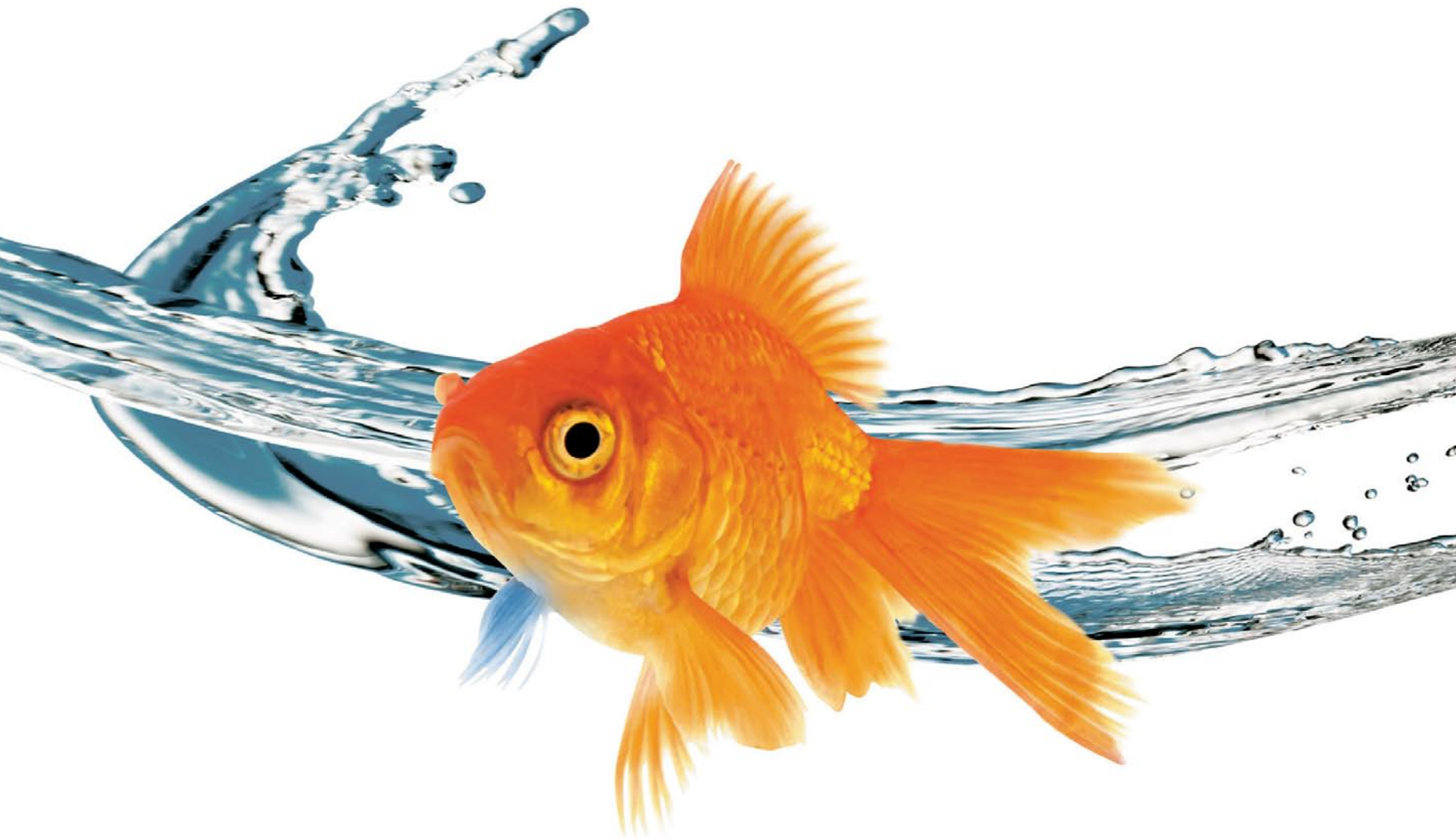


delivering
**business
transformation**



At PA Consulting Group, we **transform** the performance of organisations.

We put together teams from many disciplines and backgrounds to tackle the most complex problems facing our clients, working with leaders and their staff to turn around organisations in the private and public sectors. Clients call on us when they want:

an **innovative** solution: counter-intuitive thinking and groundbreaking solutions

a highly **responsive** approach: we listen, and then we act decisively and quickly

delivery of hard results: we get the job done, often trouble-shooting where previous initiatives have failed.

We are an independent, employee-owned, global firm of 3,000 talented individuals, operating from offices across the world, in Europe, North America, Latin America, Asia, and Oceania. We have won numerous awards for delivering complex and highly innovative assignments, run one of the most successful venture programmes in our industry, have technology development capability that few firms can match, deep expertise across key industries and government, and a unique breadth of skills from strategy to IT to HR to applied technology.

• defence • energy • financial services • government and public services • international development
• life sciences and healthcare • manufacturing • postal services • retail • telecommunications • transportation

strategic management • innovation and technology • IT • operational improvement • human resources
• complex programme delivery

Delivering business transformation

“It is not the strongest of the species who survive, not the most intelligent, but those who are the most adaptive to change.”

Charles Darwin

PA Consulting Group designs and delivers significant change for major organisations around the world.

We have delivered online banking systems, revolutionised energy markets, helped prepare companies for stock exchange launch, developed innovative new crime-busting technology, transformed manufacturing operations, streamlined customer services, and supported the delivery of multi-billion dollar defence projects. Our contribution often breaks new ground, and we have won numerous awards for our work. We are a global firm, working from Washington to Copenhagen, Sydney to Baku, and all points in-between.

Our ability to deliver profound change is based on three qualities that characterise our firm: our unyielding focus on delivery, our strength in innovation, and our responsiveness to our clients' needs.

Delivery

At PA, delivering client value is ingrained in our culture. We focus on the detail and complexity of implementation, often troubleshooting on projects where clients or incumbent consultants have failed to make headway.

Responsiveness

Our solutions are carefully tailored to the specific circumstances of our clients and draw on the deep industry insight of our people. Our relationships with our clients are characterised by respect, flexibility and collaboration, and we pride ourselves on the speed of our response and the dedication of our people.

Innovation

We prize innovation and have an innovation track record that is second to none, from developing a virtual model of the human heart to a groundbreaking anti-counterfeiting solution for the pharmaceutical industry. We innovate whatever the challenge, from the high-tech (wireless communications) to the simply critical (development work that is helping alleviate poverty and boost the economies of developing countries).

We are a different kind of consultancy:

We offer objective advice

As an employee-owned organisation – with no audit arm and no exclusive alliances – we are answerable to ourselves and our clients only. This means the advice we give, and the work we deliver, are based only on what is best for our clients.

We invest in technology and innovation

We deliver more than great thinking – we have proven, hands-on experience of actually bringing innovative ideas and technology successfully to market. We invest private equity in ground-breaking ideas and run one of the most successful venture programmes in our industry.

We have strong ethics and values

Our success as a firm is founded on a set of core ethics and values that underpin how we behave with clients and with each other. Our relationships with clients are based on trust and mutual respect, and we are passionate about delivering client value.

These unique attributes, and the expertise and quality of our people, allow PA to deliver change that represents a transformation in performance.

Welcome to the transformation company...

Industry expertise

PA believes that strong strategies must be based on deep understanding of industries, and that when it comes to implementation, one solution or approach does not fit all. Our in-depth industry understanding is a decisive factor in designing the best strategies and solutions, with many of our consultants having direct industry management experience at senior levels.



pages 1-12

Functional expertise

PA possesses a breadth of expertise that allows us to tackle our clients' most complex business issues. Our combination of strong management consulting capability, ranging from strategy to performance improvement to human resources and IT – together with our renowned systems development expertise and technology base – set us apart from any other consulting firm.



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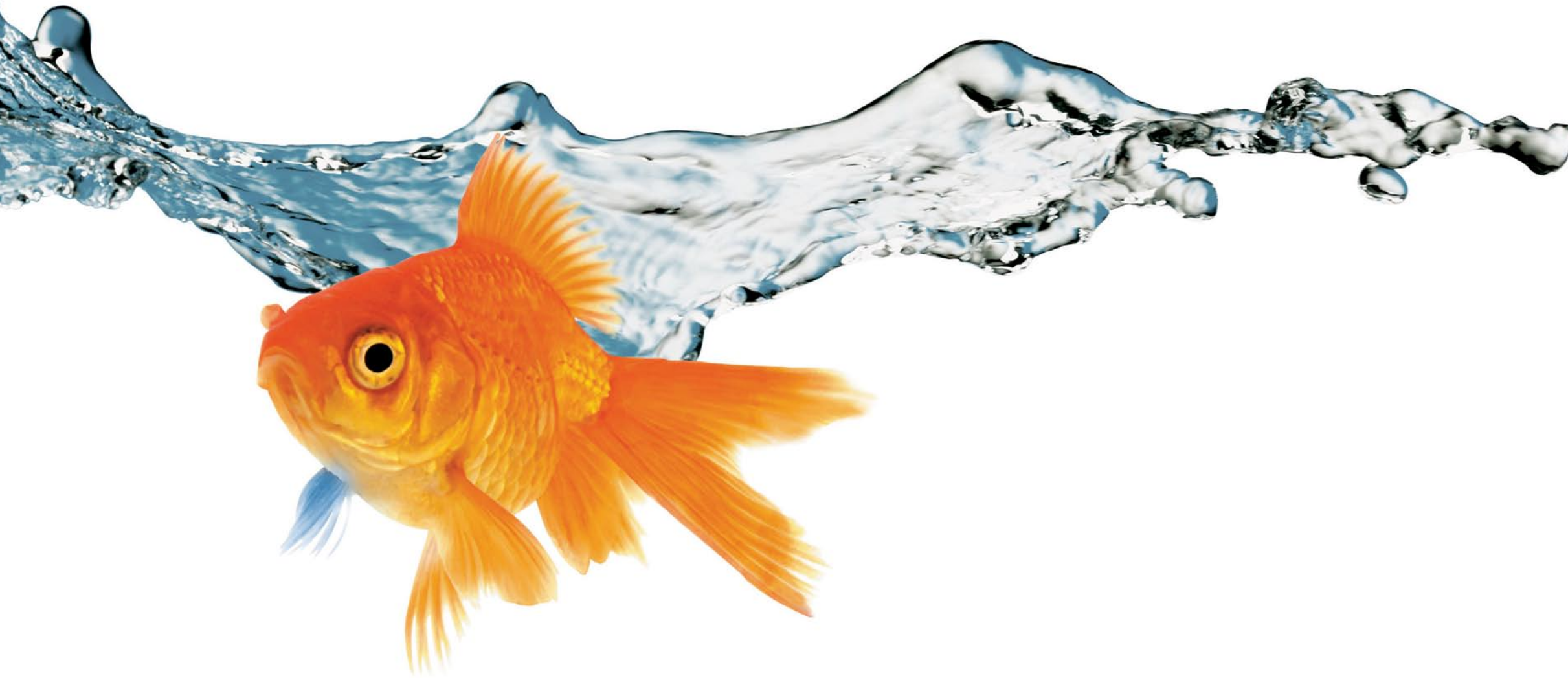
Ventures

PA invests its own seed capital in setting up businesses that harness the best of PA's own know-how, new technologies, and also PA's management talent. Our ventures provide opportunities for our staff and are also evidence of our determination to channel our marketplace success directly back into building an even better offering for our clients.



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Industry expertise



Working with the defence community since 1943 in key areas of policy and strategy

Since 1943, PA has worked with the defence community in many key areas of policy, strategy, and the implementation of change. Our clients value our ability to consistently deliver successful change, working in partnership with them, their staff, and the supply chain. PA's capabilities span many of the key challenges in the sector, from improving acquisition performance to delivering complex equipment and capability programmes and helping to drive the agenda in NEC/NCW.

We help our clients in delivering large and complex transformation programmes and managing relationships between industry and government.

The PA defence team spans Europe, the US, and Australia. Our consultants bring experience and expertise from industry, government, the armed forces and, importantly, a variety of non-defence backgrounds.

track record

Our recent work demonstrates our competence and expertise in the sector globally. We are supporting a defence ministry in the development and delivery of its defence industrial strategy; advising on the programme management for a complex strike fighter programme; and supporting a major international prime contractor to develop a strategy for responding to the move to through-life capability based procurements. PA is also facilitating the change associated with the implementation of new partnering style relationships between the armed forces and its support service contractors.

Working with energy institutions to evaluate risk and capitalise on opportunities

Flow of capital into energy assets and markets increasingly follows financial opportunity rather than government priorities. Asset-based energy companies have to manage complex and vital production and logistical systems, and large commodity portfolios, in markets that are volatile and driven by the short-term perceptions of passive investors and speculators.

The current environment has confounded some market participants to the point of watchful withdrawal, while others have moved in pursuit of perceived new opportunities. We work with international energy companies, major lending

institutions, regional energy transporters and distributors, large energy consumers, and governments across the world to help them evaluate risk and capitalise on opportunities.

Our expertise covers asset and portfolio valuation and due diligence, market design and regulation, business and regulatory strategies, trading and risk management strategies, litigation support, regulated utility performance improvement, network reliability management, and environmental compliance strategies.



track record

PA has provided due diligence and transition management support to most of the major lending institutions holding underperforming energy asset loan portfolios, a result of the market impact of surplus North American generating capacity. PA due diligence teams assume a broad set of responsibilities in their role as strategic advisers. From portfolio valuation to operating support for assets in receivership, PA provides lenders with an unparalleled suite of services built on industry insight and hands-on experience.

Providing strategic advice and insight-driven implementation to the financial sector



Our clients are currently asking a number of key questions, such as: is offshoring or second-generation outsourcing the right thing to do strategically; how can compliance and regulatory requirements be turned into business opportunities; how can better sales potential be realised through the various channels to market; how can major investment programmes be funded without harming our IT capability; where are the next initiatives coming from that will improve the bottom line?

Market consolidation and volatility, competitive pressures and new legislation are giving rise to some difficult decisions for financial services sector leaders. As the industry moves to capture efficiencies in product delivery and development, and to boost share-of-wallet for its customers, there is increased focus on risk management and cost effectiveness. Against this backdrop, PA provides strategic advice and insight-driven execution – rapid delivery of benefits across the spectrum of change. Specifically, we are recognised internationally as leaders in capital/risk management, payments, retail distribution, post-merger integration, and sourcing strategies.

track record

For a leading international bank, PA has acted as a key adviser on strategy, operational efficiency and risk management. Over a several-year period, PA has provided specialist end-to-end consulting expertise in Basel compliance preparation, IT architecture and reliability, behavioural scoring and credit grading, innovative channels to market, and due diligence, which have proved vital to the client's market position and performance.

Helping government and the public sector develop and improve services

Governments have to develop and improve public services as well as deliver existing commitments – and balance this with giving the taxpayer value for money. For 60 years, PA has provided practical support to governments in delivering all this at a local and national level – often contributing to the policy thinking from the beginning.

Our work covers advising on and implementing new government policy, improving existing government services, outsourcing, modernising government projects, e-government, developing IT systems to deliver government service

targets, managing large-scale, complex programmes, and developing government people and their leadership capability to deliver.

Our consultants bring experience and expertise from industry, government, the armed services, and a variety of other backgrounds, such as accountancy, law, medicine and teaching. They work with client staff at all levels, from the front line to Ministers, knowing what will work and how to make it happen.

track record

We helped set up one of the biggest local authority outsourcing deals ever, transforming customer service and making estimated savings of over £80 million over 15 years; supported a government department as it modernised the benefits and pensions for 13 million people, to save the public a projected £500 million per annum; supported important healthcare reforms around patient choice; and helped deliver key government targets in the criminal justice sector.

PA has helped improve the lives of millions of people in more than 100 countries

PA is working worldwide to help reduce the proportion of people living in extreme poverty through good governance, economic and social restructuring, and reforming and strengthening public and private sector organisations.

Operating in more than 100 countries, PA has helped improve the lives of millions of people by improving critical services, including electricity, water supply, sanitation, healthcare, telecommunications, banking, transportation, and access to justice. At the government level, PA supports evidence-based policy-making, restructuring and regulatory reform, efficient and accountable public institutions, and improvements in justice and the rule of law.

At the enterprise level, PA offers management consulting, organisational and HR development, technology-based solutions, and operational improvements. We work across social and economic sectors that include energy, health and the fight against HIV/AIDS, justice, agriculture and natural resources, tourism, financial services, real estate development, and manufacturing.

track record

For more than 20 years, PA has delivered programmes for the world's bi-lateral aid agencies, multi-lateral development banks and infrastructure utilities. In Central America, we have improved the competitiveness and efficiency of the electric power sector.

In Romania, PA has organised farmers into economic water-user associations to allocate and price irrigation water supply. In Egypt and across the Caribbean, we have helped coastal tourism destinations become more sustainable economically, environmentally and socially. In Georgia and Armenia, PA has helped restore and deliver reliable, affordable electricity to those most in need.

PA helps the life sciences and healthcare sector to innovate

PA supports clients' drugs discovery, development, manufacture and commercialisation activities from strategy to successful implementation. Our organisation is unique in that we invest heavily in our two technology centres in the US and UK. With over 200 scientists and engineers from the life sciences industry, we design, develop and deliver pharmaceutical products, drug-delivery devices, and novel scientific instruments. This expertise, combined with PA's broader people, change management and delivery capabilities, ensure that we can deliver rapid and beneficial change.

Our expertise in healthcare policy development and execution allows our

clients to understand and respond to trends in regulatory and payer concerns. We have undertaken many technology and commercial due diligence exercises, leading to successful company launches, and we have significant experience of all aspects of drug commercialisation strategies – typically generating hundreds of millions of dollars' additional value.

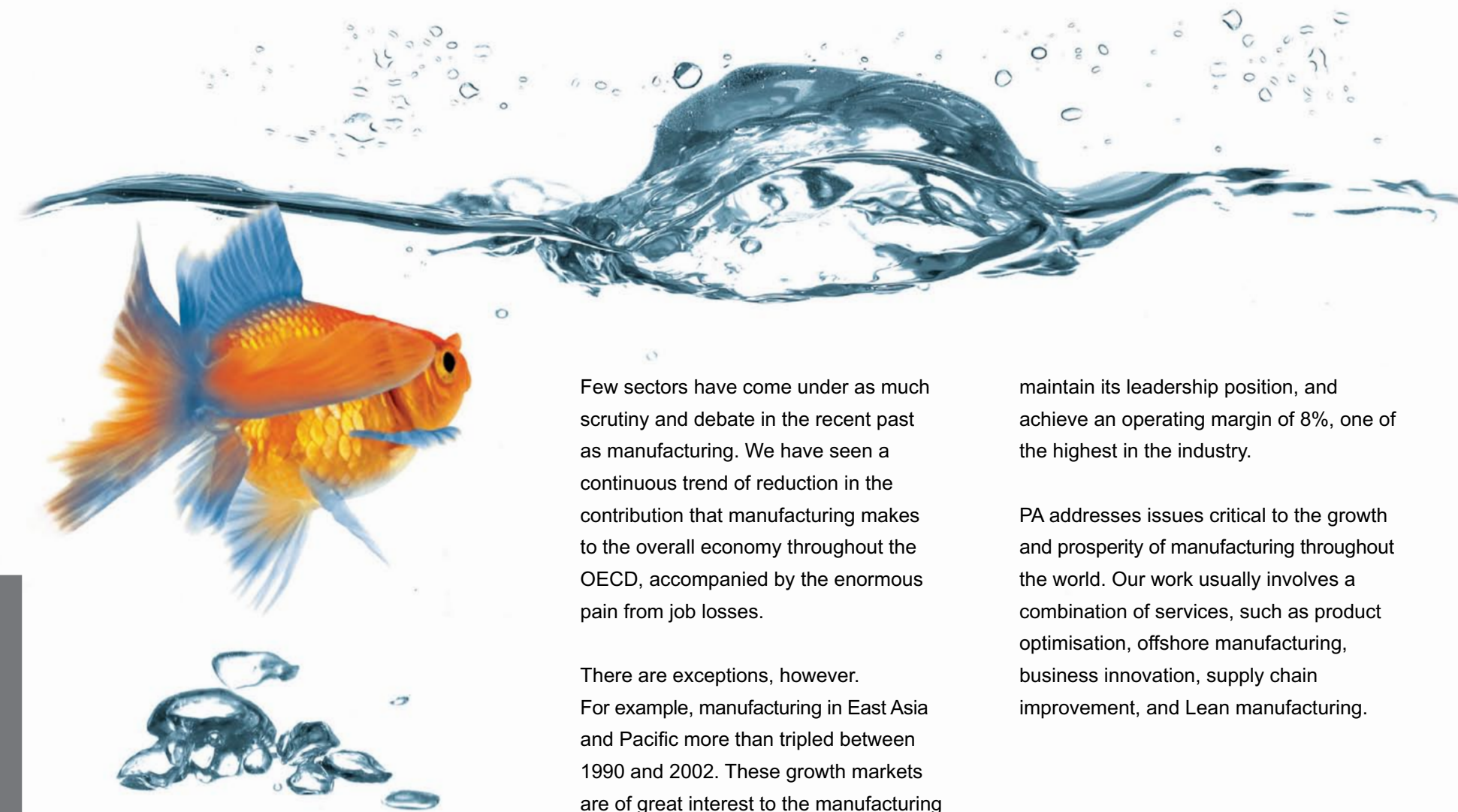
Our willingness to invest in IP has led to unique propositions in improved patient safety through Product Authentication at the Point of Dispensing™, addressing the growing concern over counterfeiting. We have also developed patented technologies to radically improve discovery planning and execution.

track record

PA is working with the defence sector to develop a radical new way of planning and executing R&D in the face of the growing threat of bio terrorism. This approach supports rapid decisions on promising counter-measures and helps planners find the ultimate limits for R&D acceleration. The implications for commercial R&D are equally profound.

PA was asked by one of the largest pharmaceutical companies in the world to develop a technology strategy that would meet the emerging needs of its sales force. PA assessed the current state and performance of sales technology, developed a strategy that aligned technology to sales force strategy and which reduced overall cost of ownership, and established a vision of the future for technology in the sales organisation. Benefits from the introduction of PA's recommendations were estimated to be in excess of \$25 million in annual savings, which could be applied to the delivery of revenue-generating solutions for the sales forces.

PA addresses issues critical to the growth and prosperity of manufacturing throughout the world



Few sectors have come under as much scrutiny and debate in the recent past as manufacturing. We have seen a continuous trend of reduction in the contribution that manufacturing makes to the overall economy throughout the OECD, accompanied by the enormous pain from job losses.

There are exceptions, however. For example, manufacturing in East Asia and Pacific more than tripled between 1990 and 2002. These growth markets are of great interest to the manufacturing industry in the OECD as well as offering opportunities for product cost reduction. A few manufacturers have taken advantage of new opportunities and flourished. One example is BMW, which has been able to grow profitably, strengthen its brand,

maintain its leadership position, and achieve an operating margin of 8%, one of the highest in the industry.

PA addresses issues critical to the growth and prosperity of manufacturing throughout the world. Our work usually involves a combination of services, such as product optimisation, offshore manufacturing, business innovation, supply chain improvement, and Lean manufacturing.

track record

PA has worked for one of the largest automotive groups in Europe, supporting the turnaround of the passenger car business. A full-scale cost reduction programme – covering technical, commercial, and supply chain areas – identified saving potential of over 400 million euros, of which over 100 million euros was delivered within the first year.

PA is also partnering with a UK regional development agency to run its manufacturing advisory service. Our fresh approach – developed with our client and the local manufacturing community – has increased service levels to the highest since its launch over three years ago, improving the operational effectiveness of more manufacturers and adding significant economic value in the region.

Working with the postal services industry to address unprecedented change

The global postal industry is facing unprecedented change. The combined effects of increasing commercialisation and competing communications technologies are redefining business models and customer expectations. The future for postal services is uncertain. Many predict a future of decline, but at PA we believe the future can still be full of opportunities.

Through our dedicated postal group, we are investing in developing a future vision for this industry, meeting the needs of our clients who are established operators and aspiring challengers. PA has deep industry expertise and broad service capabilities, and by bringing these together we are helping our clients improve their existing business and develop the business model of the future. Whether you are a postal service provider, a regulator, an investor or a corporate user of postal services, PA can add value to your business.

track record

PA has worked with some of the largest players in the postal industry. Over the past two years, we have been working with a European postal operator, supporting our client in the transformation of its business. Through the use of simulation tools, we have allowed the client to understand the constraints and inefficiencies in its operational network, to develop a network design for the future, and to develop and implement a plan to improve the quality of its customer service. The client now has a clear understanding of what it needs to do to drive up performance and improve its competitive position.

Our expertise covers retail strategy and operations, with a strong track record in performance management across the value chain

The retail industry continues to consolidate and seamless integration of acquisitions is a priority for many. Large retailers are expanding their reach across categories, territory and formats, introducing a new level of complexity and increasing the need for disciplined process management. Convenience is growing in importance, in the high street and in multi-channel retailing; the fashion segment continues to explore innovative supply chain and branding combinations; and the leisure sector is looking for economies of scale and new ways of doing business in a still-turbulent and uncertain market.

Technology continues to drive change, with system implementation taking up a large slice of retailer spend. RFID, multi-channel integration, enhanced communications with stores, and wireless applications are all high on the implementation agenda. Our expertise covers retail strategy and operations, with a strong track record in performance management across the value chain and in building a compelling customer experience across all channels. We deliver projects ranging from organisation design to system implementation, combining retail knowledge, functional expertise, and project management skills.

track record

PA helped a leading retailer minimise its headquarters' costs while designing a business that could better deliver its future strategy. PA rapidly assessed the current organisation in the light of the strategy and the market, benchmarked leading practice, and designed a business that will meet future needs. People costs at the company's headquarters were halved and a more effective headquarters structure implemented.

Making far-reaching strategic choices in telecommunications

As the new century unfolds, telecommunications service providers and vendors are faced with taking far-reaching strategic choices if their businesses are to maintain profitable growth in this fast-changing market.

Market leaders will have the agility and speed to exploit new technologies and services, drive performance improvement, deliver high-quality customer service, and make sound financial and outsourcing decisions. But, technical developments come thick and fast, customers are fickle, and deriving value is challenging at the

best of times – and all this is in the face of a shifting regulatory landscape. PA's proven telecommunications expertise spans all of these key business areas and more.

Our experts have a history of helping clients transform their businesses by offering unique solutions, from insight to implementation.

We have a broad experience of working with the full range of players in the global market – operators, equipment manufacturers, regulators, and financiers. We are highly respected in the telecommunications market for our innovation, responsiveness, and delivery.

track record

PA has worked closely with a leading brand mobile communications operator from its early beginnings through international expansion to maturity and subsequent profitability and performance improvement initiatives. PA's IT expertise was used to plan and migrate to new scaleable architecture with modular functionality and reduced time-to-market for new services. We helped to improve customer growth and reduce churn through customer billing and service initiatives and to automate subscriber registration. We also developed practical programmes to improve the operational performance of existing teams and prepare the organisation for 3G.



PA is one of the leading business, systems, and technology consultancies active in the transport area

Transport is a sector that impacts on the life of us all. It has a critical impact on the commercial competitiveness of industry, enables us as individuals to work, and is key to social inclusion. It is a sector that continues to see substantial growth in demand for passenger and freight movement, is subject to consolidation and privatisation, and is under increasing pressure to reduce its environmental impact.

PA is one of the leading business, systems, and technology consultancies active in the transport area, working across the government and commercial sectors. We have substantial experience and deep insight based on our work with clients across the UK, Europe, the Americas, and Asia Pacific.

Our experience and insight cover all modes of transport as well as integrated transport. PA brings particular expertise in developing and evaluating policy initiatives, exploiting technology to deliver government and business objectives, delivering successful

business change, improving operational performance and delivery, strengthening programme and project delivery, and managing and modelling information for business advantage.

track record

We have worked with major global airlines, helping them to shape their passenger, ticketing, ground handling and cargo operations; been at the forefront of exploiting smartcard ticketing technologies; advised government and suppliers on the use of road charging systems and technologies; are working to consolidate and integrate air traffic services across Europe; advised train operating companies on the transition to franchise operations; helped a leading shipping and logistics company to manage a period of substantial growth; and worked with a major highways operator to transform it from an asset manager to an organisation focused on reducing congestion and incident levels.

Functional expertise



Strategic management – long-term profitable growth and managing for shareholder value

The pressures facing senior executives are intense: globalisation, market volatility, lacklustre company performance, ever-more intense scrutiny of corporate governance. Many companies have responded to this difficult environment by cutting costs and avoiding new investment, but this approach has significant limitations.

Lack of innovation leads to commoditisation and a continuation of the downward pressure on prices. It is equally clear that the 'just-do-it' mentality of the late 1990s – where sound economics were sometimes abandoned in favour of supposed 'new business models,' such as many of the dot.coms – is discredited.

Many businesses are now struggling with how to return to profitable growth. PA offers a practical solution. We help clients create the optimum strategy to reposition their business to increase long-term shareholder value, based on rigorous market and competitor analysis, an understanding of value, and the facts. We then relentlessly drive implementation. Our extensive research base means that we understand how the world's most successful businesses manage their biggest challenges and what management processes they use to do so. We can help our clients achieve similar levels of performance.

track record

With the management team of one of the world's leading packaging organisations, PA turned around a chronic under-performer. Our work showed that even though almost the entire product range was making a contribution to accounting profit, almost 75% of products were actually destroying shareholder value.

We demonstrated that existing management processes were compounding the problem. Sales people were rewarded on the basis of contribution: many of those earning the biggest bonuses were the ones destroying most value. The supply chain was expanding capacity to deal with value-destroying product ranges.

We helped the client to re-align the measures and incentives in the business, identify a new strategy based on service differentiation and a radically new approach to pricing, and then helped the management team to drive through the changes. Profit rose by over 50% in the first year of the new strategy, which is projected to deliver \$29 million in additional shareholder value. At the same time as growing profitability, the business has increased market share.

Accelerating business growth through innovation and technology

Technological innovation and pioneering products and services drive growth and long-term profitability. To sustain innovation success, companies need to set up and exploit networks of innovation partnerships in order to innovate for the future, while delivering the 'here and now.'

PA can help companies access the right parts of the network at the right time in the right way. PA has a unique combination of industry expertise and engineering

capability, delivering solutions from concept right through to launch, and drawing on the work of our dedicated technology centres.

PA develops award-winning products, automation and manufacturing processes, and creates step-change innovation initiatives resulting in reduced time-to-market. We have an understanding of innovation and a delivery capability that will transform the contribution that technology makes to the business.

track record

PA developed an innovative medical device from initial concept to clinical trial units in twelve months. A start-up workshop agreed the scope and requirements and initial development focused on understanding each function of the device. Risk to the programme was minimised through early prototype testing and regular design reviews.

The design of the verification tests and packaging were completed in parallel with the device development and the set up of a custom manufacturing facility at one of PA's technology centres. While production equipment, process and procedures were created and approved, training and testing continued so that trials could begin immediately. Disciplined compliant control of the project delivered a full Design History File and devices ready for clinical trials within one year.

Delivering innovative and effective IT to improve business performance

Information Technology is an integral and ever-changing part of business. It is an enabler for performance improvement, for the introduction of new processes, and for organisational change. As a result, organisations are constantly redesigning their systems, their IT infrastructure, and the way IT is deployed to support their business.

PA has a reputation for achieving innovation and change through IT. With significant capability in IT strategy, technical infrastructure, systems design and systems integration, we work in partnership with

senior decision makers, providing trusted management advice to help them achieve tangible results.

Additionally, we provide truly independent advice on – and help to implement – IT sourcing options and the most effective way for IT functions to be organised and managed. By combining a deep technical expertise with our experience in business process improvement and enterprise change management, we create business solutions that really do improve business performance.

track record

PA has a breadth of experience working closely with organisations across all key industry sectors. For a global energy company, PA helped to put in place protection from cyber attack for its mission- and safety-critical industrial process control and automation systems. This put the company at least two years ahead of the rest of the industry.

For a utility company, PA delivered a front-end customer call centre system within 24 weeks – less than a third of the normal time. Through its success it became a strategic initiative to overhaul the operating model for every customer contact.

For a medicines regulatory body, PA helped to set up a highly innovative strategic outsourcing contract that allowed for variation in planned expenditure and which shared risk between client and outsourcer. This arrangement delivered a 20% reduction in operating costs in the first year.



Companies deliver success through world-class operations

Great companies deliver their strategies through world-class operations. However, operations is often the most neglected part of a business. At PA we recognise the central role of operations, while also acknowledging its complexity. Operations is a highly complex area and many organisations struggle with a diverse range of issues. Should we outsource parts of our business? How do we get value from technology? How do we balance service with lower costs?

PA can help by focusing on four areas:

- Operations architecture* – in other words, the big operations decision. Where will we operate? How many people do we need? Should we outsource or introduce shared services? What must we be good at?
- Process transformation* – delivering world-class ways of working through functional transformation projects and captured in best-practice process models.
- Efficient operations* – better productivity and quality through Lean and performance management.
- Sourcing* – optimise the sourcing mix, designing and implementing shared and outsourced solutions to transform efficiency.

track record

For a major metropolitan transport provider, PA helped the organisation implement its shared service strategy for Finance and HR. We helped to define the operational architecture, redesigned processes and supported implementation. The benefits delivered to the client include significant savings of up to 35%, as well as improved service levels. For a leading retail bank, PA supported the post-acquisition integration of a rival. A PA team helped to merge two business units by helping develop a new operating model, designing a single detailed process model, managing the conversion of ten million customer accounts to new IT platforms, and designing and delivering an implementation strategy for the programme. For a major government department, PA helped deliver substantial improvements in service quality and productivity by using performance improvement tools based on Lean. Managers and staff were shown how to use new ways of working to reduce waste by simplifying and standardising processes and to improve quality through team-based problem-solving.



Mobilising human resources is critical to success

The organisation, capability and motivation of a company's workforce are crucial to business success or failure. To succeed, an organisation needs to ensure its people are focused and able, with an effective business and human resource model in place to support them in delivering their best efforts. We work with business managers and HR professionals to build that capability.

For individuals, this means developing the energy and skills to sustain high performance, from vision and values to

culture change. For the organisation, this involves creating a robust design that will take the business forward, introducing new operating processes, working practices, and technologies.

For HR, this means establishing a people management strategy and service that is driven by the needs of the business, from redefining HR measurement to rationalising non-core HR processes.

track record

For a major retail bank, PA helped to overhaul its decentralised HR operation by introducing a groundbreaking in-house HR shared service centre. This single source of HR advice and service reduced costs by 50%, and substantially improved the delivery of HR across the bank's 75,000 employees.

For a global energy company, PA developed a new capability management system for over 3,000 IT employees. Having redefined the people capability required to drive the business forward, PA developed a manageable structure of roles and competencies supported by tools for strategic workforce planning and assessment. This led to significant improvements in internal mobility, a greater transparency of career paths and skills requirements, and a reduction in the organisation's reliance on contractors. The client was later identified by *IT Weekly* as being the best place to work in IT.

We help organisations succeed with their portfolio of projects and programmes

Delivering projects and programmes is essential to successful business today. However, many organisations suffer from initiative overload, are unable to prioritise and focus on the initiatives that will deliver the most value, and persistently fail to deliver the results expected. This will be visible through dissatisfied customers, huge sums of wasted money, and erosion of shareholder value.

We help organisations succeed with their portfolio of projects and programmes. Firstly, we help link what needs to be done with what is actually happening. Being clear about ambition and developing realistic

options for delivery requires investment of effort but makes the critical difference when setting up to succeed.

Secondly, we help develop the capability to deliver projects themselves. We show organisations how to deliver measurable performance improvement, by fixing local issues that are limiting the results they can achieve. And thirdly, when businesses need to deliver out-of-the-ordinary projects, where success is critical but in-house delivery capability is exceeded, we bring the experience, skills, techniques, and leadership to ensure the outcomes are achieved.

track record

For a major state-owned metropolitan transport provider – a \$1.5 billion per annum business – PA helped prepare the organisation to attract \$11 billion investment from the private sector. A joint client-PA team designed, created and launched three new companies to take responsibility for provision and maintenance of engineering infrastructure for the transport service in partnership with the private sector.

This significant initiative included definition of strategy, processes, systems and organisation structures, and migration of 6,000 people to the new companies.

The transition was managed successfully, with no negative effects on customers, safety or commercial success, and the new companies commenced trading on the target date. They have now delivered significant improvements in efficiency and service, with expectations of yet more.



Ventures

PA ventures are businesses that have been incubated by PA, and which exploit our intellectual capital, technology and know-how. Our venture programme is one of the most successful in the industry, with former PA ventures, UbiNetics and Meridica, realising over \$257 million when sold.

PA venture UbiNetics was founded in 1999, and in just six years became a world leader in 3G test and measurement products. In May 2005 the Test and Measurement division of UbiNetics was sold to Aeroflex Incorporated for \$84.5 million, and in July 2005 PA agreed to sell the other half of the venture – Volume Product Technology – to CSR Plc for \$48 million.

Meridica is a former PA venture company developing and licensing drug delivery devices and products for the pharmaceutical industry. It was established in May 2001. Following a licensing and equity deal with Pfizer Inc. for Meridica's Dry Powder Inhaler, Xcelovair™, PA subsequently sold the remainder of the shares in this successful

venture for \$125 million to Pfizer in November 2004, in order to help Pfizer accelerate the development of allergy and respiratory drug candidates in its development pipeline.

On these pages we profile a selection of our current ventures.



Aegate, the pharmaceutical authentication company, provides a distinct patient safety communications network between pharmacists, professional bodies and pharmaceutical companies. As medicines are dispensed by the pharmacist, the Aegate system provides real-time product authentication, as well as displaying to the pharmacist any relevant product safety information on the specific pack. Therefore, this ensures increased patient safety.

This innovative solution enables critical operations, such as product recalls, identification of counterfeit and stolen medicines, and communication of safety messages to dispensaries to be managed more effectively. The improved level and quality of information pharmacists have available at the time of dispensing brings efficiency and an additional safeguard to the dispensing process.

Aegate's award-winning service improves confidence in the security of pharmaceutical brands in the market place and addresses the need to protect against a real threat to the health and safety of consumers.

ProcServe

ProcServe was launched by PA in 2006. ProcServe has been established to provide clients with a suite of technical solutions and professional services that enables them to transform their procurement functions. This fundamental transformation allows organisations to realise substantial buying efficiencies and ultimately see real cost savings. ProcServe achieves this by embedding process change and enabling full electronic connectivity with all suppliers.

ProcServe utilises proven e-Procurement technology solutions and professional services to enable procurement transformation for its public and private sector clients. At the heart of procurement is the need for organisations to leverage management information in order to target and achieve genuine cost savings through their entire supply chain. ProcServe addresses the key procurement challenges facing organisations around managing their spend and reducing overall costs in ever more competitive markets. In order to deliver procurement transformation, ProcServe analyses and manages change within four core areas of an organisation: Products, Technology, Process, and People.

ProcServe's suite of e-Procurement tools provides the platform for enabling clients to implement fully electronic purchase-to-pay capability. This is accompanied by full e-Invoicing with all their suppliers and access to an electronic marketplace of suppliers. Spend intelligence and management information is collected and supplied to clients to enable effective decision-making and more buying power. ProcServe provides clients with hosted and non-hosted solutions, including the capability to take on and manage outsourced procurement functions on behalf of clients.

The key technologies and services provided by ProcServe are already being used in the United Kingdom and will very quickly be offered on a global level during 2007. One of our flagship projects is the world-leading UK Zanzibar project – the revolutionary national e-Marketplace solution for the UK public sector: www.zanzibaronline.gov.uk



Cubiks is an international HR consultancy that combines first-class consulting expertise with an integrated portfolio of online psychometric products and HR services. It was set up as a PA venture operation in 2000 and completed a partial management buy-out in 2004. PA has retained a significant stake in Cubiks and the two organisations enjoy a very close working relationship.

With offices throughout Europe, and an established international network of licensed distributor operations, Cubiks delivers competency-driven solutions to employers across the globe.

Over 1,000 organisations use its multi-language products and services, including many of the biggest public and private sector employers operating today. Cubiks' multi-disciplinary team of occupational psychologists, HR consultants, and IT professionals helps businesses to select the right people for roles and teams, align individual competencies with strategic objectives, and develop managerial and leadership capabilities. By working with Cubiks, organisations can improve the quality of selection decisions, enhance individual competence and, ultimately, create smarter, more effective workforces.



Aditon is a PA venture company created to build a business delivering personalised advertising to mobile phones. The idea was developed by PA's Wireless Technology Group and is now being launched as a venture start-up.

Advertising drives commercial TV, commercial radio, the internet, and we believe it will – in some form – drive mobile. At the same time, the price of mobile telephony is falling, causing mobile operators around the world to look for new sources of revenue. Aditon acts as the middleman between advertisers and mobile operators, providing the platform, the enabling technology, and the product itself.

The Aditon product is a carousel of content, including advertisements, which gets downloaded each night onto the mobile phone user's handset. It is released four times a day for around five minutes and appears on the idle screen of the phone.

The user pays nothing, and does nothing unless they are interested in an item on the screen, in which case they can interact to view the personalised content or advertisement in more detail. For example, they can view a video, click through to send

an SMS, or be sent an SMS with more information, or click through to a Web/WAPsite, call centre, or to be called back. The carousel also contains some interactive content to increase involvement and interest from the user.

Aditon's system brings benefits for advertisers and operators. For advertisers, the system will be able to record all the user's actions, and feed the click stream into a personalisation engine that allows advertisers to target content. For operators, usage will increase their ARPU – Average Revenue Per User.

Aditon draws on PA's global technology and consulting expertise while also harnessing our track record in technology start-ups.



I cannot say whether things will get better if we change; what I can say is they must change if they are to get better.

Georg Christoph Lichtenberg
physics professor and scientist
1742 – 1799

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