

# ANNUAL REPORT



2020 / 2021

# WELCOME

Established in 2003, we're proud to have grown into one of the UK's leading independent providers of essential business technology.

Specialising in IT, telecoms, and connectivity, we provide an extensive range of cost-effective services including business phone systems, managed IT, data, cyber security, mobile, IaaS, SaaS and utilities.

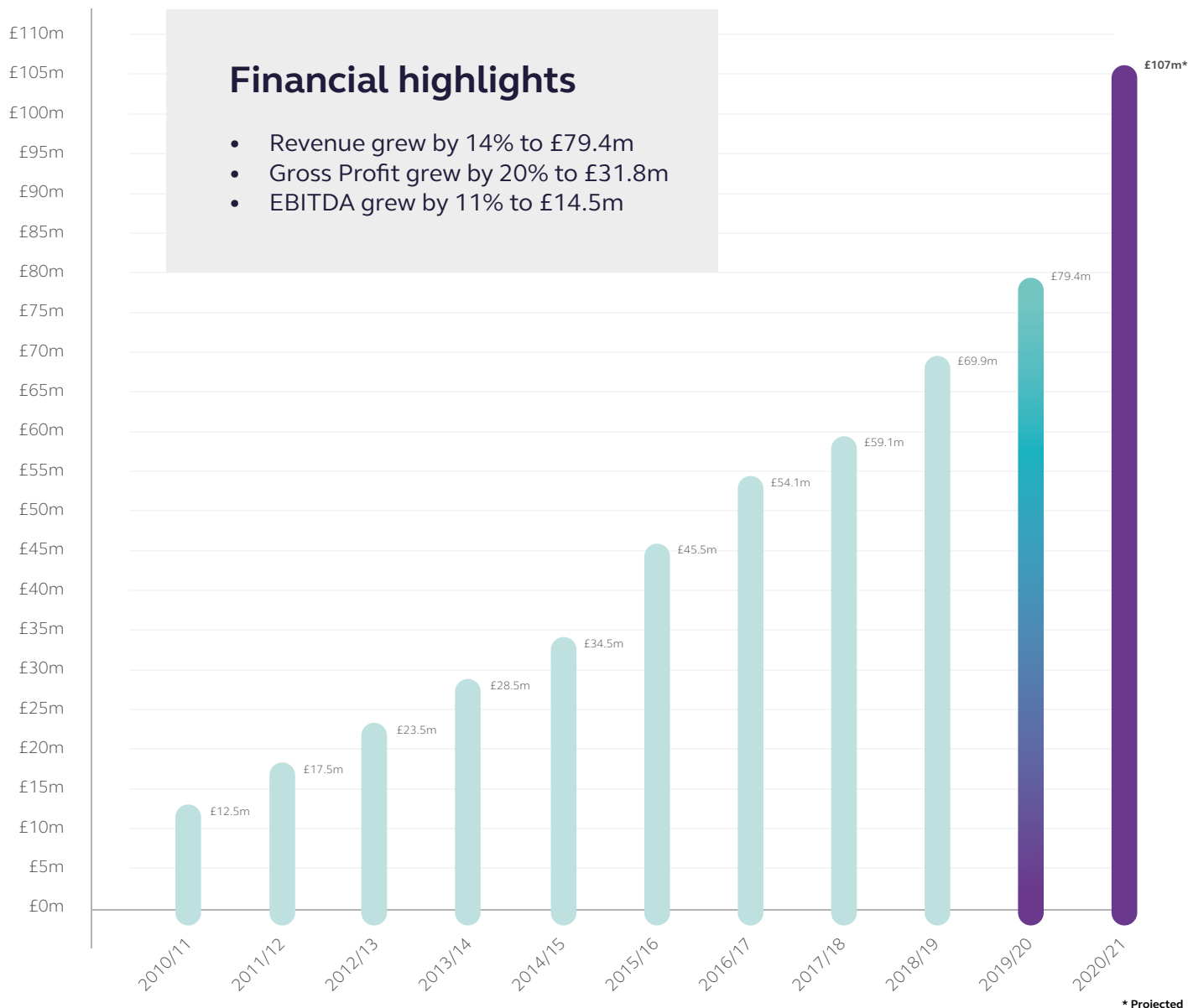
SME or global enterprise business; public sector, private sector, or charity... whatever the business size, shape or service, our team take the time to get to know our customers and deliver the right technology to fit the bill. At the right price.

The expertise of our team also means we're at the forefront of the latest business technologies. Delivering innovative solutions to ensure businesses are future-proof and one step ahead of the competition. A focused team of experts, committed to helping our customers grow their businesses.

Our independence and success to date, means we have built a powerful network of partnerships and wide-spread industry recognition. As a Group, we hold the following awards and accreditations:

- Cisco Elite Partner
- Microsoft Gold Partner
- Microsoft Gold Cloud Solution Provider
- SonicWall Gold Partner
- Mimecast Gold Partner (MSP)
- Gamma: Horizon Partner of the Year
- Gamma: Connectivity Reseller of the Year
- Vodafone: Business Challenger Partner for the Year
- Ericsson LG: Overall Reseller of the Year
- Virtual 1: Cloud MSP Award
- Digital Wholesale Solutions: Connectivity Award
- Zest4: Partner of the Year
- Comms Business Awards: Enterprise Reseller of the Year
- Channel Champions Team of the Year





## Trading summary

The financial year to 30 November 2020 was a successful but challenging one for Focus Group.

In March 2020 we were successful in securing investment from Bowmark Capital, who acquired a minority holding, ensuring that the underlying Focus culture and ethos remains in place. At the same time, we secured an M&A facility of £168m.

No sooner was the ink dry on the Bowmark transaction, we found ourselves amid a global pandemic. Despite the impact of COVID-19 and the associated lockdowns, revenue grew by 13.6% to £79.4m in 2020. This was driven by organic growth and acquisitions.

Gross profit grew by 20% despite the impact of the various lockdowns, which negatively impacted gross profit generated from calls (-14%) and one-off projects (-3%). The growth came as a result of an increase in the sale of higher margin cloud-based products including hosted telephony and cloud-based IT services, caused in part by the macro-economic trends created by the pandemic.

The slight fall in EBITDA % reflects the decision to invest in staff and operational capability, despite the COVID disruption, with staff numbers increasing from 273 to 401 (including acquisitions). We also saw the full-year impact of the costs associated with the move of our new headquarters in June 2019.



## M&A Activity

During 2020 we completed numerous acquisitions. We entered the Cyber Security market through the acquisition of Infosec Cloud Limited, strengthened our regional reach through the purchase of Resource Telecom in Scotland, and added scale through the acquisition of Citytalk Communications Limited and Welcome Telecom. We also took a 50% interest in Online Systems Limited. The acquisitions were funded by operating cashflows and the company's debt facilities.

Since the start of our new financial year (2020-21) we have also acquired swcomms in Exeter, Highnet in Scotland, and Taurus Clearer Communications in Exeter, bringing further scale, geographical expansion and network capability.



Chris Goodman and Ralph Gilbert  
with Brian Lodge, MD of swcomms.

## Our KPI's

Scalability and Sustainability are key considerations when we determine the KPIs on which we measure the business. We managed to keep customer churn to under 5% of revenue, widely viewed as market leading and more than offset by new customer wins

Contracted GP grew by over 10% organically with hosted telephony growing 26%, boosted by customers renewing their trust in Focus and transitioning to next-gen solutions through COVID-19

Organic growth is underpinned by a continued appreciation in our quality of earnings, with share of contracted GP + calls growing from 72% last year to 76% while total recurring GP flat at 84%

## Risk & Resilience

The Group's exposure to the impact of wider economic changes is limited by the essential nature of the services it supplies. 84% of GP is recurring. Customer risk is diversified, with no single customer accounting for more than 5% of group turnover.

Whilst the advent of hosted telephony has represented a risk to traditional call revenue, a corresponding increase in contracted hosted telephony, data and ICT connectivity has allowed the group to increase product penetration, quality of earnings and attract new customers from providers of traditional call-only services.

The group continuously reviews and monitors its product portfolio in the context of wider technological and commercial developments in the telecoms, ICT and data markets and considers both threats and opportunities continuously.



# The impact of COVID-19

Despite operating in a resilient market, with high proportions of contracted recurring revenues, COVID-19 had a notable impact:

- Fixed & mobile call revenues fell as businesses switched to using web-based platforms such as Teams & Zoom for calls (during full national lockdowns, call volumes dropped c.40%), and international travel came to a halt.
- Many businesses were forced to mothball until restrictions were lifted. This saw businesses downsizing and reducing services in order to reduce OPEX.
- Bad debts increased as a result of business failures caused by COVID-19, although not to the levels initially feared.
- New orders became hard to fulfil due to an inability to visit customer sites, third party supplier delays and supply-chain issues globally.

However, on the positive side, COVID-19 has highlighted the essential nature of ICT for businesses in the 21st century, particularly given the need for businesses to adapt to home working – consequently the speed at which our customers have transitioned to cloud-based solutions, both in Voice, IT & Data, has increased exponentially.

COVID-19 also had an unexpected but very welcome side-effect. The Focus Group community spirit really shone through...more on that later!

## Our Focus Community

The annual Focus 10k couldn't go ahead due to COVID restrictions, so we worked with Chailey Heritage Foundation to run the #Focus10Stay campaign, encouraging people to remain active during lockdown. We also ran a Virtual 10K which generated fundraising of £32,000.

With staff working from home, we repurposed our HQ canteen to make meals for NHS workers at our local hospital, providing over 5000 meals, VE Day ration packs, 750 meals for local vulnerable people, grocery drops and Christmas gift hampers for those in need.

The impact of COVID-19 also brought the wellbeing of our staff sharply into focus, with the potential of significant impact on the team's physical and mental health. Communication was key as we didn't want people to feel isolated working from home. We held online PT classes to give people a workout in the morning and Learning Lunches on meditation to help people relax and learn some important skills to help them unwind. We also worked hard to recreate the fun we have in the office, virtually. Our annual awards were live-streamed, hosted by none other than David Brent from 'The Office' (or someone who looked just like him!), and we channelled our Christmas spirit into a huge Santa-drop with all staff receiving hampers brimming with goodies. We organised a magic show, online quizzes, bingo nights and drinks at the virtual 'Focus Arms' pub every Friday – we even ran colouring competitions for employees' children.



# Our Vision & Values

## Our Vision

Connecting our customers, our people and our communities

## Our Mission

To be Better Connected: delivering technology to our customers, creating opportunities for our people and developing trusted relationships in our communities

## Our Values

### Respect

Treat colleagues and customers with respect

### Teamwork

Engage and Collaborate with colleagues and partners

### Ambition

Determination to be the best that we can be

### Integrity

Uphold the highest standard of honesty and fairness



## Our People Strategy

To create opportunities for our people to deliver their best performance whilst creating an environment where people choose to continue their careers with us.

In order to achieve this, we commit to the following;

**Attract:** We will be an employer of choice that attracts high calibre candidates to enhance capability.

**Perform:** We will continue to focus on employee engagement whilst developing our high performing culture. We will commit to further training, development and growth of our employees.

**Retain:** We will create a loyal workforce that is proud to work at Focus Group, that maintain our core values, that will choose to stay and develop their careers with us.



Let's connect. Let's grow.  
0330 024 2000



Focus House  
Ham Road  
Shoreham-by-Sea  
BN43 6PA

