ANNUAL REPORT PHILIS



FLOURISHING IN **SCHUBERG** UNPRECEDENTED TIMES **PHILIS**

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Wholehearted. That word comes to mind when thinking about how our company's model held up so robustly in 2021. Times and technology have changed, but Schuberg Philis's wholehearted commitment to making IT at the heart of business hasn't changed at all.

Just as when we first began two decades ago, we worked as self-steering multidisciplinary teams in close collaboration with our customers – it just so happened that last year our collaboration was often by video and phone rather than elbow to elbow.

Indeed, 2021 was a "year of recovery" and "a new mixture of working from home, coming together at the office and being on-site," as we predicted in last year's annual report. Recovering and reconvening took longer than many of us expected, but it came in waves, which themselves ebbed and flowed, depending on lockdowns, school closures, and our personal needs. But still, we were reminded that even when physically apart, we're bonded by the strength of our relationships and our shared goals.

This observation equally applies to our long-time customers, whose resilience and flexibility shone throughout the year. We're grateful for their ongoing trust in us and loyalty. Last year, we also welcomed new customers, including the Netherlands' largest supermarket chain, a Dutch railway operator, and several major Dutch banks.

2021 also saw the creation of our new ultimate parent, PPG Holding B.V. Established within the group, the new holding company causes no change in ownership.



In 2021, Schuberg Philis continued to deliver growth in both revenue and profit. Our revenue in 2021 was \notin 90.2 million, which was 5.6% higher than 2020's \notin 85 million. Our net profit was \notin 7.3 million, which was equal to previous years, while our net margin went down to 8.0%, compared to 2020's 8.5%. At the end of 2021, our future contracted revenue was \notin 60.5 million.

Our cash position was € 11.1 million, compared to 2020's € 10.3 million. Solvency was 44.5%, compared to 2020's 44.3%.

The company considers its current capital structure as conservative, which is a foundation for a financially sound business. We do not use any financial instruments. Our price, credit, liquidity, and cashflow risks are considered to be limited. The company has a low risk appetite. To be able to absorb financial risks, the company has an overdraft facility, the funds of which have not been withdrawn as per the end of 2021.

Our financial means enables us to invest in highly qualified colleagues for the long term in anticipation of future opportunities as well as sustainable innovation for our customers. In a rapidly changing business and IT environment, investing in talented people and innovation are key to long-term growth and profitability. To help attract new colleagues, we have a dedicated recruitment team in place. With an open eye for diversity and representative ratio of women and men, we as a company actively promote the number of women within Schuberg Philis. In accordance with this, we strive for the legal suggested minimal ratio.

Recharging the homefront

Last year, however, was not only about recovery. Decisively, it was a year for recharging connections. With most of us travelling less for work or pleasure, we enjoyed this extraordinarily gained time to watch over one other, ensuring we stayed energized and empowered. We thank all our colleagues for being so patient and precise in the care they extended to their teammates, their customers, their families and, last but not least, themselves.

Staying closer to the homefront let us focus on recharging a number of major in-house projects too. In 2021, our ongoing commitment to pursuing new, experimental, and emerging IT solutions kept Lab271 busy and buzzing. We saw how our in-house program devoted to innovation can achieve even more now that our accelerator teams are incorporated in the lab. Together, these teams are trailblazing innovative, sustainable, and value-generating solutions in data, cloud, software, consulting, and digital trust.

With many of our customers now demanding hybrid cloud solutions, we totally revamped our private cloud to ensure ideal compatibility with the public hyperscalers. Set for an official launch in spring 2022, sbp.cloud succeeds what we long called MCC. Our new and expanded onpremises platform is a highly secure, auditable, and easyto-integrate cloud located in our datacenter. Being on Dutch soil, sbp.cloud is ideal for customers who need to stay synchronized with the ever-changing regulations governing organizations in the Netherlands and/or Europe. Having our own private and autonomous cloud gives us the independence to provide customers with control, resilience, and flexibility no matter what geopolitical event or legislation impacts the public clouds and their associated global locations. Several of our major communication tools were recharged, too. The first was our corporate narrative, published as a hardbound book. "Who do we think we are?" the title asks. While many of us could readily answer this question, with so much of our history and present-day preoccupations and passions now in print, we can easily share our story with the outside world. That said, we can always add to it. As the narrative itself acknowledges, our story is hardly complete, but rather being written day by day, byte by byte.

And in long need of a rebuild and redesign, our new website now serves as more than a company calling card. Rather, schubergphilis.com is an inviting, intuitive-to-navigate digital dossier of our latest news and views, job openings, special events, and ever-expanding descriptions about what we do and how we work.

New forms of driving business growth

Recharging, revamping, redesigning: there was a lot of re-ing in 2021, but we also enjoyed the freedom to pursue new projects and ways of working to drive business growth.

For starters, demand for our cloud services reached new heights. Besides assisting organizations with their migrations, we observed that the more we used databacked analysis to inform data-driven decision-making, the more flexible and resilient our solutions proved to be. Time and again, we saw the benefit of keeping data free and accessible to all parties involved in a project.

Relatedly, we observed a dramatic increase in the pressure put on organizations to deliver instant value from their data and digital transformation strategies. To support our customers as expeditiously as possible, we developed a new data and digital platform in combination with a 16-week approach, as we call it, enabling organizations to create new digital services without having to revamp



their entire IT architecture. To achieve this, we determine – within just four swift months – whether our experts can form a winning team with our customer's experts and, in doing so, deliver a first use case that gets tested with the real-life end users. The 16-week approach emphasizes training our customers to generate value from digital technology while, at the same time, building a sustainable foundation to facilitate long-term value delivery. In other words, we guide organizations to manage their digital business – and the people who use it – in the spirit of a tech company. This means treating technology not as a focal point, but rather as what enables focus on the real business at stake.

And perhaps most visibly of all, in 2021 we decided to expand our offices. Opening in spring 2022, our new location in Rotterdam places us closer to a number of our customers and gives us the chance to attract new, diverse talent from another region of the country. We hope that less time spent in transit will give way to more time for

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"Some like to refer to this era as 'the new normal.' We're more inclined to label it 'the next normal' because we expect the world to continue experiencing rapid fluctuations."

> more meaningful activities and that the Rotterdam venue will inspire intimate collaboration among its occupants, customers, and the local community.

The next normal

While 2020 was marked by many of us operating in our own little bubbles, 2021 was about, insofar as possible, safely fusing bubbles. Indeed, we realized how important it was to interact with the ecosystem, feeding off each other's energy and aligning with other members to together contribute fresh, valuable resources to a better world. And no doubt the ecosystem was put to test when at yearend the Log4J vulnerability threatened to unleash cybersecurity chaos globally. Neither Schuberg Philis nor any of our customers encountered issues related to the vulnerability, though we had multiple teams devoting most of December to identifying, upgrading, patching, scanning, and standing by in the event of any Log4Jrelated problems. Stressful though it was, this was yet another global crisis that reaffirmed the feeling of having a home base reinforced less by a sense of place and more by the people.

Now, writing this in the second quarter of 2022, we know it's not time to bring out the other kind of bubbles toasting to the end of an onslaught of crises. Perhaps in trying to reframe all the losses we have experienced, some like to refer to this era as "the new normal." We're more inclined to label it "the next normal" because we expect the world to continue experiencing rapid fluctuations and thus many quickly evolving states of our perception of normalcy. In fact, we'd prefer to think less in terms of norms and, being engineers at heart, more in terms of iterations.

Meanwhile, we expect 2022 to be a year of greater growth for Schuberg Philis. We'll continue to invest in innovative projects and our people. That means we will also hire new colleagues and up those efforts to populate our Rotterdam office. But there will be more growing beyond profits and personnel. Through a more concerted effort to include different types of people and perspectives in our organization as well as to create an environment that, physically and psychologically, feels safe for everyone, we will encourage ourselves to grow. One of the virtues we're most proud of is that at Schuberg Philis, people can become who they are. That's another way of looking at growing: shedding inauthentic ideas of who someone is or ought to be and expanding one's own mind. We won't call this a growth mindset, because it might be better if no mind were ever set. Even if certain events give us a bedeviling sense of déjà vu, we would do well to keep our minds open, curious, and fully charged for the next iteration.

Up the stack and true to the core

Indeed, if the pandemic's onset took up attention that might have gone to recognizing our company's 20 years of existence, 2021 gave us more chance to reflect. And we realized how at this point in history, many of our customers are already digitally transformed. That means that Schuberg Philis is steadily moving up the stack, too. Our own evolution is reflected in the solutions we

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create and the services we offer. In addition to missioncritical IT and cloud, our expertise now entails software development, data engineering and science, and resilience and security.

Sometimes the early movers might come to us, realizing that their quest to go-digital has distracted them from their core business. In these cases, we guide customers to return to what really impacts their value creation. Or, among more traditional, cautiously moving organizations, some customers know that digitization is no longer a matter of choice though don't quite know how to find their path. For them, we provide execution power while showing that digital transformation can come without disturbing the core business.

But anyway, disruption for disruption's sake has never been our interest. We remain interested in the business question at the heart of any and all IT questions. This requires acknowledging that business-impacting changes are not one-off events, but rather will be constant and consistent, including in being consistently inconsistent and unpredictable. A new world of perpetual change therefore requires organizations to keep in perpetual motion. How and where we move and the digital transformations that enable that motion aren't actually all that relevant. What matters is that we stay wholehearted in our commitment to our customers, our colleagues, and ourselves.

On behalf of the Board and the Managing Directors,

Pim Berger

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Profit and loss statement (in € 1,000s)	2021
Total revenues	90,228
Net profit	7,258

Balance sheet (in € 1,000s)	31-12-2021
Tangible fixed assets	6,628
Working capital (including cash)	8,189
Cash	11,055
Debt	0
Equity	14,161

Ratios (in € 1,000s)	Calculated as	31-12-2021
Net profit margin	Net profit/net revenue	8%
Current ratio	Current assets/current liabilities	1.48
Solvency	Total equity/total liabilities and equity	45%
Contracted revenue (in \in	1,000s) Calculated as	31-12-2021
Contracted future revenue	n/a	60,500

Pim Berger is the sole director on the Board of Directors.

Transforming paradoxes into opportunities: our consulting approach Over the last two years, we witnessed the resilience of companies that thrived during the pandemic. Those that flourished, reaping the opportunities of digitization, share something in common: rather than expecting themselves to make binary decisions or, for that matter, to live with binary outcomes, they embrace paradoxes.

They operate in a way that is unshackled by "the tyranny of the OR," as named by business management author Jim Collins; instead, these organizations profit from "the genius of the AND." That is to say: even though it may be easier, quicker, and less confrontational to think in eitheror terms, non-binary thinking and inclusionary decisionmaking enable organizations not just to survive but to thrive.

This attitude, which we at Schuberg Philis refer to as 100%, is what guides our consulting approach. And it is the very spirit that led to the establishment of Schuberg Philis 20 years ago. In co-creating a different species of IT outsourcing, our company started with its founders asking themselves: "What if we started doing things how we actually want to?" And before long, they realized that doing things just as they wanted would simplify their own business goals. Where competitors typically get caught up in strict SLAs, legal terms, preconditions, and conditions, the founders discovered that only one KPI matters: 100% customer satisfaction.

The unconditionality behind 100%

The unique Schuberg Philis spirit inspired Harvard Business School to conduct a case study exactly a decade ago and categorized us under the industry of "business consulting services." Published on March 26, 2012, it quoted our own company statement as follows:







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Laurens Eversmann

"In a world rife with opportunism and promising more than it can deliver, 100% is hard to believe. Because it is unconditional. Full commitment, without concessions or restrictions. 100% is binding... "

Today, it's obvious that our "100%" was another way of expressing "the genius of AND." Our founders were weary from their former jobs in impersonal, bureaucratic IT companies, where engineers and salespeople did not work in tandem, much less sit at the same table in consultations with customers. So, in their own organization, they knew they didn't want tradeoffs between what would be good for their customers' technology and what would be good for their business and employees. And within those domains, they didn't want customers to have to choose between crucial virtues or values.

Too often we hear companies reveal that their organizations are still working in silos, saddled by binaries. Their managers make proclamations such as: you can have security *or* flexibility; you can maintain control via central IT *or* decentralized autonomous DevOps teams; you can operate with agility *or* structure; you can maintain high quality *or* low costs; you can invert the business *or* rejuvenate the core; you can progress by pursuing a predefined process *or* seize opportunities as they present.

Alternatively, when customers turn to us, we propose solutions that replace each of those instances of *or* with *and*. We promote the pursuit of qualities that might seem like binary choices, but actually aren't. Then we deliver on these promises and, in doing so, raise the bar for both business and IT.

The foggy forest of digital complexity

Mission-critical engineering is our core business, but combining the people, tools, and cultural values and

practices of different disciplines has always come naturally to us. Schuberg Philis was one of the first organizations in the Netherlands to embody a DevOps way of working. In fact, we've expounded on the portmanteau to call our approach BizDevOps. The Biz prefix reflects our belief that the digital quest for our customers is never solely technological. All our engagements touch upon business strategy – and we happen to use digital means to execute our strategy. The lines between IT and business are blurred anyway.

Indeed, many of our colleagues also feel at home hovering in each other's disciplinary domains. Our data scientists find themselves on factory floors to figure out how to improve the production line of a beverage company or maximize the *fit-for-human* consumption output of a commodity crop. Our engineers are as used to sitting around a table with a bank's C-suite to discuss secure network architecture as they are walking the halls of a senior citizens' facility, hearing what kind of digital tracking support nurses need to prevent falls among residents.

And still, even though our IT solutions guarantee the 100% uptime of mission-critical activities – and Schuberg Philis has year after year received the highest industry ranking testifying to our reliability – technology and business solutions are complex. They have become even more so in "the exponential age," to quote a book title by entrepreneur Azeem Azhar.

> "Mission-critical engineering is our core business, but combining the people, tools, and cultural values and practices of different disciplines has always come naturally to us."

"To perpetually rise to the occasion of being a 100%-reliable partner to our customers 100% of the time, we invest in learning new skills while also constantly improving our existing expertise."

> By nature, we help our customers navigate the foggy forest of digital complexity. Organizations have no choice but to become digital. They themselves know it's becoming more urgent, and there is less room for uncoordinated experimentation or unlimited trial and error. Secondly, since most organizations are usually five, if not 10, years into digital operations, we recognize that customers' needs are ever-changing.

A 100%-reliable partner 100% of the time

So, after recognizing what organizations need, what do we do concretely? We typically help companies act fast, make unregrettable moves, and keep focused. By encouraging them to move away from binary thinking, they internalize what appear prima facie to be polarities. This enables our customers not just to entertain paradox, but to embrace it.

To perpetually rise to the occasion of being a 100%reliable partner to our customers 100% of the time, we invest in learning new skills while also constantly improving our existing expertise. Our teams keep accelerating their capabilities in mission-critical engineering, software development, data engineering and science, cloud transformation, and resilience (security included). We can now offer technology, including fast-moving technology, as a service across all layers of digital enterprise. What's more, we combine engineering capabilities with business and technology consulting. All three fields are fueled by our in-depth industry knowledge and are reflected in our methodology and vision on consulting.

The consulting skills, methodologies, and frameworks we use let us navigate through complexities. Along the way, we seek and find ways to successfully transform paradoxes into opportunities. Consultancy nowadays is an accompaniment to the services provided by our customer teams, not a standalone engagement model. With unwavering consistency, we therefore make it a point to:

- Keep the AND in mind: we embark on a project from the customer's quest, not our own or anyone else's, because this is how we accurately assess the complexity of apparent paradoxes.
- Emphasize business value over technology: we look to what the business needs because its stakeholders are the individuals who will experience the daily benefits – or not – from the IT.
- Bring the whole system in the room: we put experts in the lead to conduct workshops about application architecture, IT governance, business strategy, or any other theme because we want to help our customers become self-sufficient experts in their own business.
- Steer toward action: we develop actionable use cases to create proofs of value because transforming paradoxes into opportunities requires to mitigating risk while engineering a digital journey.

Jorrit Molkenboer



Ambidexterity and incremental gains

Although Schuberg Philis is a technology company, our consultancy departs from our customer's business challenges. Indeed, we create IT solutions, but we're always seeking to answer business-driven questions. For example: How can you shorten time to market? How do you avoid security incidents that will impact the business continuity of your company? If the goal is to improve portfolio management, how do you implement data governance? If rejuvenating the core is important, which of your company processes need to be automated?

However, we don't just seek to address the most pressing challenge at hand. Our outlook is long-term. We design projects to make sure that from the get-go, they can scale, stay flexible, and remain secure. This requires equipping our customers with the ability to persist in the face of paradox and, crucially, to do so on simultaneous timelines. Companies then have, as Collins also wrote, "the ability to embrace both extremes of a number of dimensions at the same time, while executing strategy. Instead of choosing between A, B, or C, they figure out a way to have both A, B, and C." Or as another Harvard Business Review article, on ambidextrous organizations, noted: we need to "allow executives to pioneer radical or disruptive innovations while also pursuing incremental gains."

The success of our solutions

In other words, we design, deliver, and manage solutions that quench immediate thirst while also committing to project-long satiety. It's why for one manufacturing customer, our data solution let a production line predict stoppages while also increasing the factory's overall performance. And for another, we provided a solution that would optimize the utilization of a commodity crop for fast food while also minimizing its longer-term impact on agricultural sustainability. In a healthcare industry case, our solution exploited the inexpensive, highly available public cloud to process the most sensitive of medical images without jeopardizing the privacy of patients involved. For another customer, our robotic process automation solution liberated staff from doing rote, repetitive tasks while letting the company plan for a massive post-pandemic reorganization. Or in another solution still, we revitalized the IT landscape of a financial institution and modernized access to cash, even though the demand for cash itself is dying.

As these examples show, binary thinking would have prevented the organizations from generating both short- and long-term value. It would have threatened their resilience. The success of our solutions is contingent on the ability to add on, not to trade off. This capacity – and we've experienced how consultancy assists in executing the capacity – reframes paradox as unconditionality. Our unconditional commitment is to our customer's unconditional satisfaction in a world with ever-changing, unpredictable conditions. It's our unconditional welcoming of all the *ANDs* our customer needs, wants, and aspires to.

Digital resilience: a mindset and a matter of practice

Once upon a time, we built physical datacenters. That was back in the day, when uttering the word "cloud" usually signaled to take an umbrella or, for the more meteorologically interested, might spark a conversation about the fluff of a *cumulus* versus the mist of a *stratus*.

We would build our platforms from scratch, using racks and cabinets, placed in cages with doors and locks. Readying platforms to go newly live, we always sought the assurance that if something went amiss, we would be prepared. And to be prepared, we would physically visit our datacenters, get our hands in the racks, and start pulling plugs. Then, plug by plug, we watched what would happen. Would the platform prove resilient? If so, entirely or in part? If there were issues, would the system selfheal? Or would it fail, and if it failed, did it fail nicely and recoverably? This ritual affirmed that neither time, nor dust, nor any other physical-world issue would jeopardize the platform, its uptime, or reliability.

Two decades later, we're still doing the same thing for our customers. It remains just as important – arguably even more so now that IT environments are more interlinked than ever and increasingly rely on third-party services to ensure their systems are running optimally, stably, and securely no matter what local or global disruptions occur. In short, it remains just as important to increase digital resilience. Only nowadays, we're rarely pulling plugs. Instead, we're practicing good digital hygiene, actively working to identify and address security vulnerabilities, and constantly finding ways to better our customers' business using fit-for-purpose IT solutions. In other words: digital resilience is something we actually practice. And we do so daily with the understanding that practice doesn't make perfect; it simply supports security and predictability, therefore preparing us for what might come.

Rethinking resilience

All organizations welcome digital resilience. All missioncritical organizations need it; without it, their missions can fail, leaving end users in the cold. That cold could be literal for, say, a utility company, while other system freezes could result in any number of incidents, such as compromised financials, infringed privacy, disrupted deliveries, grounded transportation, a damaged reputation, or eroded trust. As such, few organizations must be convinced anymore of the importance of the need for great resilience.

In 2021 alone, a proliferation of threats underscored this reality. Some made the whole world vulnerable, such as COVID-19. Others affected many people through knock-on effects, such as the *Ever Given* container ship blocking the Suez Canal. And still others targeted specific interests but nevertheless caused general anxiety that the untargeted would become collateral damage. In the last category we would file recent cyberattacks, from the Colonial Pipeline ransomware takedown that led to gas shortages along the East Coast of the US to Log4Shell, which revealed overnight how a large number of systems worldwide were vulnerable.

Any way you slice it, attacks in the digital world are rising and, while at it, wreaking havoc in the physical world. Some have been on the brink of causing physical harm to society. Many are no longer purely financially motivated, as are ransomware attacks, but rather meant to destroy and/or get intel for the ultimate purpose of destruction by a hacker or their underwriters. Cyberattacks, and the fear thereof, have also become part of political brinkmanship, which we're witnessing as we write this in early 2022 and war in Ukraine persists. In this light, digital resilience becomes about protecting not just infrastructure or IT environments, but humanity at large.

So, if everyone agrees that digital resilience is worth having, why is it hard to have and, even more so, hold onto? Organizations that struggle to stay resilient – or whose resilience buckles under the pressure of crises – are probably not thinking of resilience in the most constructive way. Resilience is not a commodity that you can buy or trade. Neither is security.

"Security is not our end goal, nor should it be our customers' end goal. Security is a vehicle for resilience; its driver is trust."

Sometimes people think of both as an item that can be stockpiled. With this mindset, they're under the impression that the more you have of it, the more secure and/or resilient you are. While in the 1990s, one lock might have thwarted an intruder, that's not the case in 2022. Whether they are a script kiddle or a professional hacker belonging to a transnational syndicate, a malicious actor needs but one weapon to commit a cyberattack: a computer.

Prevention and passion

To increase resilience for our customers, we increase prevention. This requires having multiple mitigating measures in a layered defense and regularly running security checks on them. It entails monitoring, patching, upgrading, and applying mitigation measures, as well as checking that all of these steps have been taken by any third-party service providers to our customers. Verifying backups and ensuring their restorability is second nature. These processes can be mundane and tedious, but as we've noted before at Schuberg Philis, vigilance requires diligence.

By running drills on a regular basis, we not only check the system's technology and technical processes, but we practice our protocols and psychological responses to crises. We also stay aware that despite the discipline of drills, every incident is a new incident. If events unfolded just as they did in a practice, we wouldn't even classify them as an incident, but as an occurrence. Frank Breedijk



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Marcel van Ruijven

Still, having run through drills means that we can trace universal experiences across incidents and be prepared for, say, 80% of what they throw at us. Having trained for most of it means we have sufficient mental capacity to deal with the 20% that makes an incident unique.

We apply the same rigor of checking and drilling within our company to ensure our customer teams are accessible, prepared, and all on the same page. Practically speaking, this means having teams populated by members who are passionate about their work, quick to respond, ready to take on responsibility, and deeply trusting of each other. Our colleagues can reach each other at any time of day or night, and we provide the same *interrupt-our-sleep* availability to our customers.

To bolster resilience, we encourage change and continuous evolution. Our revision of the old adage is: if it ain't broke, it will be! Some might say we approach adapting platforms like a sport because we're constantly seeking ways to predict our performance, build up our teams, and, whenever possible, beat our own personal records. Our projects are usually done at a rapid albeit controlled pace, with our eyes on the finish line. These virtues apply not only to our IT solutions, but also to the people who create and use them. We encourage our customer teams and our customers to keep changing and evolving too.

Minding our customers' business

Although security has been built into all our solutions since we began as a company, over time, we've also evolved our security expertise. From a more traditional perspective, we recognize the apparent contradiction of a paradigm in which secure internal systems are run externally on a public system – that is, a hyperscaler's cloud. But we're able to execute solutions that enable the right level of security not despite, but rather, in harmony with the right level of accessibility. We can help our customers determine these sometimes very nuanced parameters with efficacy and efficiency because we know – and very much mind – their business. As our slogan summarizes: we make IT at the heart of business; by implication, we secure the core valuegenerating operations of a company. A solution is something we evaluate in terms of technology, and, more crucially, in terms of business impact. Relatedly, we acknowledge that security always comes at a cost, impacted by the law of diminishing returns. Security is excessive if it gets in the way of business.

Anyway, security is not our end goal, nor should it be our customers' end goal. Security is a vehicle for resilience; its driver is trust. Security in itself doesn't accelerate resilience; the feelings of confidence and assuredness it brings about accelerate it. This is why we call our accelerator team a trust accelerator, not a security accelerator. This is why we call our framework a digital trust framework, not a digital security framework. If we were chefs, security software and hardware components would merely be our kitchen appliances. What we serve our diners would be a warm, freshly cooked dish of trust. Ideally, the serving would be bottomless, kept perpetually refilled by our prevention methods and passionate attention.

Unsurprisingly, this past year, there was more demand for our expertise in security as well as compliance and auditability, two other traits in the holy trinity of trust. Our solutions objectively led to fewer P1 incidents. This gave our customers *the good night's rest* we so often promise. And though sometimes it meant our own sleep was interrupted, we were prepared for those interruptions. Since the days of pulling plugs at datacenters, we've had a lot of practice at testing digital resilience and know exactly what actions and attitudes our customers needed to enjoy even more of it in 2021 and beyond.

Thijs van Leeuwen



Our enterprising customers: boldy manufacturing and innovating at the same time We thank all our customers for the inspiration to write this article and especially, for his valuable input, Michiel Maagd, manager of the Connected Brewery Global Portfolio at HEINEKEN.

It's not for nothing that the Star Trek starship was named the *Enterprise*. Most plainly, the word means a "project" or "undertaking," but it also conjures up adventure-seeking and the intrepid curiosity that guides us to and through unknown territories. And it's not for nothing that we've long referred to many of our commercial customers as "enterprises." Looking back on the past couple years, we find that label, with all its cosmic Trekkie connotations, especially fitting: our manufacturing customers have been tasked to boldly go where no one has gone before.

In 2021, manufacturers the world over were still dealing with COVID's effects on supply chain disruptions, on-location working, and hospitality and retail closures that dented consumer and B2B demands. Globally, we all slogged through a second pandemic year, dealt with a host of cyberattacks or threats thereof, and had to process tremendous geopolitical turmoil, all of which exacerbated public health, social violence, and the climate crisis. Locally, the Netherlands lived through a collapsed government, flooding, and persisting housing shortages. Indeed, these have been unprecedented times, with unprecedented effects on business.

But again and again, our customers have shown remarkable resilience. In the face of crises, the manufacturers we partner with have harnessed their actual entrepreneurialism as well as their entrepreneurial spirit. While we've seen how some organizations focus on simply keeping up and running or, by contrast, to just keep on innovating in hopes of getting ahead of competition, our customers are in fact simultaneously committed to doing both. Upkeep and innovation are not diametrically opposed. In fact, the IT solutions that we co-create enable the passionate pursuit of both.

Michiel Maagd HEINEKEN



Optimizing production, prioritizing operators

While the shutdowns of 2020 spurred austerity cuts and shrunk budgets for production and development, by 2021, many of our customers could return to steady production thanks in part to our mission-critical IT. This was clear as day for one manufacturer using a data solution that we created together and implemented pre-pandemic. Incorporated in their factory line, our self-service dashboard was already yielding analytics for predicting and, ultimately, preventing stoppages. What's more, this solution could be scaled up and executed at other factories around the world within a couple of hours and without an engineer ever having to board a plane or get on a train. By the end of 2021, 27 sites were using this solution to successfully increase operational efficiency - thanks to an IoT kit that we could send to the various locations and close, even if remote, cooperation within our teams.

Last year, moreover, this same technology helped the company cope with the pandemic's effects on business. The same data solution provided insights into the effects of shutting down entire factories – a scenario never rehearsed in an emergency preparedness drill. This was particularly relevant for a company with markets in different regions of the world, each with its own pandemic timeline and consequences for shutdowns. So, while our customers have long known that having the best, *fit-for-purpose* IT generates value, 2021 proved that a sound solution during *business-as-usual* can also serve to blunt the blows from *business-as-never-before*.

Throughout it all, our customers teams have emphasized that in manufacturing, true transformation works from the bottom up. Or in less hierarchical terms, change proves effective when the shop floor's priorities are taken as the starting point for a solution. If the actual operators of the technology show enthusiasm, the chance for

"In manufacturing, true transformation works from the bottom up."

success is high. In-person visits to the shop floor are thus extremely informative. Walking along actual production lines and watching their processes lets us understand links between the mission-critical activities at work, the data being gathered, the insights processed therefrom, and how those insights can be fed back into real-world processes to make life easier for operators.

Data is power

Large-scale data analyses also proved helpful as pandemic-related restrictions and geopolitical rockiness have complicated travel to shop floors, notably across international borders. In this context, customers all the more relied on the lighthouse model. This model entails implementing an innovative, potentially disruptive solution at a single site and then assessing its results. If successful, implementation can follow at another location, then another, and so on. When – rather than if – the next crisis hits and impacts production, lighthouse data factory can be pulled up and compared with non-lighthouse data for sound decision-making.

Indeed, in all our optimization cases, we witnessed the power of data. Each case exploits the agility, scalability, and interconnectability of industry 4.0 in one way or another, but all feed on data. Such solutions permit decisions to be made according to facts and figures, rather than best guesses, speculations, or aspirations – many of which float around during times of social unrest and economic instability. Data generates practical, enterprising customers

productive discussions about performance because, as one of our customers recently put it, the data itself serves as a performance report.

Data is also the lynchpin to a new method that gained a lot of momentum in 2021 at Schuberg Philis. The 16-week approach, as we call it, responds to our customers' urgent desire to verify the value of their digital transformation strategies. In applying this approach, we enable our customers to test an innovative digital solution without having to disturb or dismantle their entire IT landscape. This allows the company to continue on its merry way maintaining the status quo, while simultaneously working with our team to create a proof of value for a new potentially disruptive - and profitable - solution. Starting with a small experiment instead of committing to a longterm program is as pragmatic as it is elegant. Four months allows plenty of time for issues to surface, failures to occur, and stakeholders to assess. If deemed successful and worthwhile, we scale up. If not, we apply what we've learned during this veritable crash course on value to improve ongoing work and innovations down the line.

Going against the grain

Proving the 100% functionality of a new solution requires effort. However, leading a digital transformation, whether big or small, often comes with an even greater challenge: going against the grain of otherwise deeply engrained habits and attitudes in corporate cultures. For many employees, newbies and veterans alike, we've observed how uncomfortable a process this can be, particularly when it involves considerable convincing within the company. For innovation-eager individuals – the (early) believers, as we sometimes call them – this type of project caretaking and campaigning is personally energizing. But still, spearheading innovation can be met with some resistance, budget constraints, and/or skepticism from more tradition-abiding colleagues. We empathize a lot with these individuals and, at the same time, well know the cultural context in which they may feel they're swimming against the current. But as we've found, the Schuberg Philis way of working – specifically on multidisciplinary teams that integrate experts from our company and experts from our customer's – tends to have a halo effect. It shines light on our customer's own internal organization and often illuminates a way forward. This path is one on which keeping things up and running and innovation go hand in hand. It's one that honors the time-tested values, practices, and traditions of an organization while still ensuring it is operating not just in the 21st century, but also in an era of non-stop change and motion in general.

All our customers belong to the world's most crucial industries, thus requiring mission-critical IT. But with the responsibility to service the world's most vital processes, there is also, rightly so, cautiousness. Even organizations open to experimentation and with a high tolerance for risk need time and trust to transform. That tension has long existed, though has felt thicker in these crisis-ridden years. But as one young, strikingly bright digitization manager recently said: "This is why companies should accept vulnerability. Its acceptance provides a way to navigate the endless possibilities of all that IT can achieve while recognizing that everyone's needs cannot always be met." The times we're living in have deep valleys and high peaks, but by tracking those ups and downs and thus being better prepared for them, business is likely to keep getting better. The wisdom resounded of far more decades of experience than she has yet lived, but we couldn't agree more. And we're excited to continue enabling our manufacturing customers to keep boldly going and empowering the next generation in all their enterprises.

Our scalability of expertise: what IT demands when talent is rare

Worldwide the labor market is undergoing major, largely pandemic-precipitated, changes such as the Great Resignation, the Great Reshuffle, digital nomadhood, and surges in startups. Yet, as many people readily leave corporate culture, go independent, and/or change careers, many companies urgently need talented workers.

Experienced talent has always been a rare find, though the digital revolution is intensifying the scarcity. In fact, the quest for tech talent has grown exponentially because the need for digital products and data-driven services has grown exponentially. Any faltering of digital technology can now bring society to a halt. Hence, the booming demand for mission-critical IT and all the engineers, data scientists, and business analysts who enable it.

Meanwhile, we're also witnessing how many talented workers are stuck in a corporate framework that doesn't do justice to their talents and forces them to grin and bear their way through rules and conventions. These individuals have creativity and problem-solving skills that get stifled in siloed organizations. In these situations, experts are unable to make decisions, especially when such decisions benefit from interdisciplinary expertise and interdepartmental cooperation. For example, an enterprise architect might have the right solution in mind, but no seat at the table to convey the idea to stakeholders, much less execute it. Instead, that architect would have to tell a domain architect to tell a solution architect to tell the lead engineer to tell the developers exactly what to do. By the time the developers start tapping on their keyboards, time, hourly wages, and a lot of information have been lost along the way, while the enterprise architect must turn attention elsewhere. In other words, these talented individuals don't feel they can make a difference at work or, ultimately, make a real impact on society.

But what if things could be done differently?



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Wouter Simons

Uniting and empowering experts

From day one, our company chose to define only one KPI: 100% customer satisfaction. We did this by organizing ourselves into multidisciplinary dedicated customer teams, teams whose whole is greater than the sum of its parts – that is, whose expertise as a group exceeds the tallied knowledge of its individual experts. This arrangement has always been logical because working in a close-knit unit permits us to provide the best service we can to customers and deliver on our only KPI. As we regularly state, we put experts in the lead. Because why would you call in an expert at the last minute, only after exhausting all your other resources (human, financial, or otherwise)? Why not have an expert on the job the moment a solution buds from an idea into a project rather than waiting until it has turned into a problem?

Since we work closely with our customers, our teams comprise both our own experts and their experts working side by side. So, while we have a spectrum of specialists, our customers have their own smart, skilled workers who know their companies and industries more intimately than we do. Moreover, all the experts learn to cross over into each other's technical domains, absorb and disperse knowledge, and release new insights into the feedback loop. The impact then becomes richer, more multidimensional, and ultimately closer to that 100%. By implication, we share both the freedom of decisionmaking and the responsibility of our choices. This model has proven to be a successful response to complex customer situations that demand speed, stability, and change.

Moreover, customer teams enable us to do a lot with fewer people. Our company is relatively small. In 2021, we hovered around 400 colleagues, and while we're always open to new recruits, our goal isn't to swell our headcount. The experts we hire tend to be highly self-driven,

"Multidisciplinary customer teams, whose whole is greater than the sum of its parts."

Wolf Marcuse

thrive working in self-steering teams, and instinctively incorporate the greater good into their own pursuit of happiness. This combination of character traits creates teams that allow us to scale our expertise up and out – and do so effectively and enjoyably.

Serving the business

Over 20 years ago, Schuberg Philis began with a focus on what, looking back, we could call traditional IT outsourcing. However, we never followed the bodyshopping service provision model. That didn't make sense for a synergistic relationship in which we seek the best fit-for-purpose solution for a customer. As an example: we always look for ways to implement automation because that's a more efficient and often more accurate way to work; we're not incentivized to spend more hours having humans do something machines can do. Instead, our agreements are a fixed promise at a fixed price for fixed results; then we do everything necessary to achieve them even if the budgeted hours exceed the bottomline budget. The hybridity of our customer teams is conducive to fostering long-term profound relationships, encouraging all the experts to keep dedicated to a project until its completion.

What's more, we've moved up the stack in terms of what our teams can offer customers. Today our experts comprise engineers who specialize in software, cloud,

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architecture, data, frontend systems, and backend systems as well as business consultants, functional business analysts, data scientists, and more. Many of our projects nowadays thus include functional deliverables, such as those entailed in software development, data analytics, and consulting. Our efforts are being publicly recognized too. Giarte's IT Xperience Monitor gave us the highest rating in the top 5 ranking for software services satisfaction in 2021, our first year entering this category.

Erik-Jan Kool

But it's not just about the tech itself. We're preoccupied with how the tech fits within the many interconnected systems that serve the business. When we speak of results, we mean more than an IT solution; we mean the business solution. Across industries, more and more companies are coming to understand that good IT and good business are mutually reinforcing. In addition, organizations want to enhance the quality and the breadth of their digital services, while also meeting demands for speed, affordability, security, and compliance. All of these technical virtues are the building blocks for missioncritical IT. As we see it, mission-critical IT without business results cannot be critical.

Scalability of expertise

Not only does our customer team model better support our customers, but it makes us more engaged and effective as colleagues. Our experts all willingly choose to work on a team because the customer case personally interests and/or challenges them. The team therefore has the feeling that it is venturing on the customer journey together. This promotes equitability in the relationship and boosts certainty and confidence on both sides. In short: our customers' pains and gains are our pains and gains.

That our customer teams can truly feel personal commitment matters more than ever in an era with a

"That our customer teams can truly feel personal commitment matters more than ever in an era with a shortage of tech talent. It empowers engaged experts to expand their expertise – it enables the scalability of expertise."

shortage of tech talent. It empowers engaged experts to expand their expertise – it enables the scalability of expertise. In this sense, our company culture is more akin to that of a startup, in which a team of sharp, multi-talented people is recruited to move fast and get as much done as they can as efficiently as possible. That team spirit emboldens us to make strides in innovation. When we're supported by teammates we have total trust in, our question is never: are we up for this challenge? It is: when can we start? That grit no doubt rubs off on the customer's business; it invites our colleagues to grow as individuals too.

It's not uncommon to hear one of our engineers say that they decided to join Schuberg Philis because advancing in their career here meant they could continue to do what they love: engineering. At other companies, advancement would require an expert to become a manager and then perhaps a manager of managers. By contrast, we believe that experts should be not only permitted, but actually promoted, for working toward their own mastery. While it need not necessarily be about mastering one specific skill or talent, it is about mastering what is most meaningful to our colleagues. This is why we often say that at Schuberg Philis, people can master their own destiny. By extension, we believe that in partnering with us, our customers can too.

Crisis-ready and resilient IT for the people, by the people

Strikingly, many of our customers didn't just perform well in 2021. They found themselves thriving. We aren't surprised by this. Last year when we spoke with our customers about 2020, we heard how many were in fact crisis-ready.

Reflections from Schiphol Group, CCV Group, and Achmea Investment Management, in particular, described being culturally, organizationally, and technologically prepared to deal with pandemic and its lockdowns. As we wrote in our 2020 annual report, "in many cases the companies had already, albeit at a limited scale, organized their work processes to be free of time and place restrictions."

So, for this past year, we certainly wanted to know: how did our customers' readiness for unexpected, dynamic situations age? Were their organizations and, specifically, their technology up to 2021's ongoing pandemic and more – alas, new – crises? To find out, we spoke with representatives from multinational bank and financial services company Rabobank, principal Dutch railway operator NS, and the Netherlands' Ministry of Finance.

Not close, but still personal

More than ever, organizations have been pressed to provide access to large groups of people while ensuring that each and every end user still gets attention that feels relevant and speaks to them personally. Achieving that balancing act is something many of our customers are committed to. But nowadays it's far from easy. There are simply more people to serve, more organizations to compete with, markets have become more diversified, and end users themselves don't have as much time to be doted on, let alone to stay loyal to one brand.

This tension was illustrated by *Dennis Janssen, senior vice president at Rabobank.* "Private banking always focused on the wealthy. People in a nice suit would come by the actual office, be received by our reception cordially and served a cup of coffee by the secretary," he recalled. "Yet today, we also have very young internet millionaires as customers who don't care about this special treatment at all. They don't want a private banker or someone like that. They just sit down at a Starbucks, grab a juice, log in



Dennis Janssen Rabobank to their digital environment, chat a bit, and after that, they do business digitally, ensuring that their assets remain well invested. We see how the younger generation is ushering in other ideas, and to respond to the needs of this group, we had to adopt the technology."

Despite its decreased physical closeness with their customers these days, Rabobank can still pursue its objective "to actually always be there for a customer," emphasized Dennis Janssen. By digitizing as many services as possible and channeling its desire to get personal into digital solutions, the bank still provides the best experience it can for its customers.

Being there for customers without being present is a paradox NS has also embraced. "COVID accelerated changes that were already in the works to have fewer staff working at the stations and serving as conductors on the train. We're riding between Gouda and Alphen aan den Rijn without conductors altogether. And we want to see if conductor-less riding can contribute to a faster service, say, between Schiphol and Amsterdam," said *NS ICT manager Wim Liet*.

What's more, while security may not be a highly conspicuous component of user experience, it is integral to allowing our customers to always be there for their customers. Plus, organizations operating in markets that have huge societal impact need extra security.

"The relationship between that whole digitization struggle and the reliability of the security around it: that's a very big challenge. So how do you make sure that you have that robust IT, so you can be flexible and do a lot, but also have the whole information security dimension well calibrated?" said *Tanja van Burgel, CIO of the core department of the Netherlands' Ministry of Finance.* Answering her own question, she cited the importance of having a cloud that is located in the Netherlands. "It was a very conscious choice for us to do business with a party that doesn't have a datacenter overseas. Transitioning to Schuberg Philis's private cloud was therefore very exciting for us."

Same mission, different medium

Although their medium of service delivery may have changed, the missions of many of our customers have not. This is readily apparent in centuries-old organizations, which have had much time to define and refine their raison d'être. Yet, as much as they want their technology to keep with the times and, in doing so, better serve the public, their long legacies and time-tested styles of governance also moderate the pace of digital transformation.

"As core business, we're actually still doing kind of the same thing we did 200 years ago, only in a different way," said Tanja van Burgel. "The goal of the ministry did not change, but digitization has certainly taken off in recent years and, although we do work with innovative components, finance tends to keep to its traditions."

Much like our other GovTech customers, the ministry might not be an early mover, but it appreciates the need to evolve. In this case, the swift adaption of technology and organizational agility must be weighed against the risks incurred when handling society's most valuable assets.

"If a technological innovation proves reliable, then we'll be inclined to do it too. I think that's logical, because you don't test innovative things on the Dutch treasury. That would be pretty enervating," said Tanja van Burgel. "As a company you actually want to be stable and future-proof as well. Predictability in a period when from time to time maybe very unpredictable things happen: I think that is important." That finance is based on tradition, but that technology can transform traditions is something Dennis Janssen acknowledges too. "When I started working at Rabobank, every village in the Netherlands had a church, a cafe, and a branch of our bank," he remembered of his early days with the company 17 years ago. "Now walk through an average town, and most of the Rabobanks have left, the ATMs included. But still, we want to reach many people and offer individuals personalized service and advice. We do that by taking what I call 'a Rabo pendulum' approach: on the one side are all the individuals and local branches; on the other are all our digitization efforts. To give our customers the best experience, we swing between both sides: being people-focused and exploiting technology."

Among the companies we spoke with for this article, NS is the relative youngster. The 84-year-old company, however, has had to reboot its vision also. "We're evolving from moving people from A to B, to understanding what moves people. Everybody wants to keep travel safe, enjoyable and affordable," reads the NS website. "That means: seizing the specific opportunities offered by new technologies."

Digital and physical inclusivity

If secure and human-centric technology enables our customers to reach broad audiences, then it is inclusively designed IT that lets them reach diverse audiences. In a *digital-world-meets-physical-world* example, NS is applying digital innovations to improve the accessibility of its website and app parallel to improving the accessibility of its trains. NS "uses technology today to be able to facilitate what we call barrier-free travel," explained Wim Liet. This entails the development of IT that lets passengers with mobility impairments use a trip plannerto identify which trains will be accessible for them. Some of this information technology has already been implemented – as seen, for example, during the COVID

"If secure and human-centric technology enables our customers to reach broad audiences, then it is inclusively designed IT that lets them reach diverse audiences."

pandemic, which gave riders the chance to check on crowd indicators and register for a seat in advance – though further iterations will help increase inclusivity and accessibility and thus better include customers of differing physical abilities.

Another facet of inclusivity concerns the creation of technology that can be effectively used by people of differing levels of literacy and, specifically, digital literacy. More and more, public websites and other communications materials are changing their tone, format, and usability to attract and include more potential readers.

Tanja van Burgel noted that although her unit of the Ministry of Finance has less direct interaction with the public than other government departments, there's still a drive to improve the legibility of its communications. "The last few years have been quite bogged down by too much official language," she said. "Instead, we should make sure that things are just better legible and more accessible for everyone."

Rabobank has taken these considerations into account as well. "There will always remain a general segment of the population who is just less digitally inclined," said Dennis Janssen. But to ensure that no one is left behind, the company has initiated programs that offer customers basic training to use certain products or that are developed for more app-wary generations or communities. Wim Liet NS 5



Tanja van Burgel Netherlands' Ministry of Finance

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"Bottom line: we always seek opportunities that let us remove barriers for our customers."

Seeking tech talent

While many companies actively work to make their services and products more universal, accessible, and inclusive for end users, many must simultaneously contend with internal organizational pressures. None is unique to one particular sector – banking, government, transportation, or any other of the world's most crucial industries – but these pressures are felt more acutely by some. That's because these organizations' primary activities are essential to keep society up and running. If they feel stress, then society becomes vulnerable to that stress too.

A common challenge our customers continue to face is the shortage of IT specialists. They seek tech talents who can be part of their digital transformation in-house too. And because nearly every major modern organization has, in essence, started to run like a tech company, many urgently need even more such specialists.

"Finding the right staff with the right knowledge and skills is just incredibly difficult," said Tanja van Burgel. Hiring within GovTech, moreover, can be extra hard because public sector jobs standardly follow a strict salary scale, which can turn away competitive candidates.

Dennis Janssen echoed the observation. "As a bank, there will always be some processes that we have to do ourselves; there is a lot we won't just have a third party to do for us. But IT developments are going so fast that you really do need the whizzkids for that," he said. "At the same time, I've noticed how partners like Schuberg Philis have this complete engineering culture, which makes things even more possible in a short amount of time." And yet, another way organizations can make society more inclusive is by recruiting a greater diversity of people. Succeeding at this requires being an attractive employer in the first place and having an appealing product or service that recruiters can be proud of. Finding ways to digitize, and often automate, a number of services additionally frees up room and budget to hire more IT talent.

"We've actually been in the top 10 best employers in recent years. That helps," said Wim Liet of NS. "And in all our job interviews, we talk with candidates to see how they as individuals want to contribute to society."

By the people, for the people

So yet again, we hear how though our customer portfolio is broad and varied, the organizations share salient traits. These include awareness of their mission-critical role in the world, an impassioned sense of responsibility to fulfill that role, and the desire to continuously examine how the technology they use can be put toward good for society, the environment, and governance.

And we believe our customers' crisis-readiness and resilience are very much tied to who they are and what they do. Whatever their business, they want their products and services to be as available, easy, and reliable as possible for as many people as possible. Whether it pertains to their internal or public interfaces, they, too, seek human-centric IT. Because as much as our customers and our colleagues stay busy creating, running, and improving IT solutions, their work is ultimately for, as we like to say at Schuberg Philis, the people, *actually*.

Powering vital processes as a partner in GovTech

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When Dutch governmental institutions joined our customer portfolio, the fit felt natural because we have much common ground. And though we are indeed a Dutch company with offices in the Netherlands, our common ground is not only based on geolocation.

It is about our shared care for and guardianship over operations that are urgent, complex, and critical – and that accordingly must be enabled by mission-critical IT.

Our natural habitat

The National Coordinator for Counterterrorism and Security (NCTV) identifies 28 vital processes that are essential to the functioning of society in the Netherlands. From energy distribution to transportation and logistics, from ICT and communications to financial services, much of this infrastructure is powered by the very industries that our teams have become experts at supporting. Whether we're working with a utilities company or an insurance company, we provide the strategy and the tech execution needed to keep mission-critical services up and running.

The same holds true for the governmental bodies with whom we work. A difference, however, is that when a ministry or organization in the public sector faces outages or a security incident, it's not necessarily a single group of private end users who is affected. It can be the entire country. If any one of these vital processes is disrupted, all of society can become vulnerable to disruption. We know this urgency intimately. Fortunately, we also feel very much at home handling IT that seriously impacts people. Vital processes are our natural habitat. Ruud van Rijn



As such, we are committed to providing good GovTech. By that, we refer to programs and projects that let technology practitioners and public authorities collaborate in developing pragmatic, innovative solutions for governance. GovTech bears responsibility for how communities experience their digital government interactions in terms of user friendliness and accessibility. In our view, always-available, *human-centric* GovTech can also make society more just and inclusive.

Our 100% commitment to security

Our GovTech ecosystem includes a variety of customers, such as the Dutch Ministry of Finance, the Dutch Ministry of Justice and Security, and operating bodies GGD-GHOR and Bureau Keteninformatisering Werk en Inkomen (BKWI). Facilitating interactions with governmental institutions and partners requires *fit-for-purpose* solutions, some of which are tailored to the needs of everyday people and others to businesses. A common thread that runs through our collaboration with GovTech customers is data. Data-driven solutions improve service delivery by enhancing process accuracy and speed. The result is a more efficient user experience, benefiting end users. For this reason, we implement automation as much possible and enable robotics and machine learning.

Moreover, our SLA for 100% uptime means that government ministers and civil servants sleep well at night, resting easy with the knowledge that their vital services' websites, apps, and databases are secure, compliant, and auditable. This also means that the government's partners and end users aren't disrupted by constant technical outages, privacy infringements, or security compromises.

In fact, for society to run and run well, vital processes need to be more secure than others. Our 100% commitment to security makes all the difference in GovTech. For "Working on tight-knit customer teams and sharing multidisciplinary, multidomain knowledge empowers us to seek out the smartest combinations of resources for any project or program."

these customers, we execute a zero trust strategy, which anyway is the standard for all our solutions for all our customers. If our engineers are sometimes referred to as IT's heart surgeons, then it's also worth mentioning that their bedside manner is extremely suited to caring for institutional bodies that need to stay alive and well. Agreements we make with all our customers are treated with confidentiality and discretion. Our teams undergo additional security screenings as needed.

Shared culture of practice

Being an effective GovTech partner is not just a matter of knowing which IT solution will unlock the most value. Key, too, is the culture of practice that we share with our customers and the greater GovTech ecosystem. In these partnerships, collaboration is essential because while we have technical knowhow, our customers have domain knowledge that we wouldn't otherwise be privy to. The future feels less predictable than ever, but our close cooperation helps prepare for the unexpected and increase agility in delivering altered or alternative modes of service. Working on tight-knit customer teams and sharing multidisciplinary, multi-domain knowledge empowers us to seek out the smartest combinations of resources for any project or program.

Dennis de Goede





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This approach works especially well when responding to what an institution in the public sector needs because the needs of society are forever in flux. We have clearly witnessed this during the COVID-19 pandemic, its ensuing lockdowns, and new pressures on healthcare facilities. Testing, contact tracing, vaccinating, and proving vaccination status are just some of the many real-world priorities that suddenly required swift, secure, and scalable digital-world solutions to which we contributed.

Sander Verloop

Partnering with the government requires us to think in new dimensions and cultivate awareness of the broader continental context in which the Netherlands is embedded. By implication, this requires the Netherlands to meet European compliance standards and participate in cross-continental projects. We're teaming up with all parties involved to meet targets set for 2030 that are known as the EU's Digital Decade. Presented by the European Commission in early 2021, this vision foresees a digital landscape that is people-centric, inclusive, safe, secure, and sustainable while also promoting freedom of choice online and democratic participation.

Supporting financial systems

Handling real-world complexity and using IT solutions to simplify that complexity is in our DNA. The Netherlands' critical infrastructure comprises multiple vital processes and is part of the European Union's infrastructure. This high level of digital interconnectedness has plenty of implications for our customers in regulated markets, notably when it comes to banking and other financial institutions.

Yet, with some of our first customers belonging to the financial industry, we have longtime experience maneuvering within the tight parameters of regulate markets and their auditability requirements. GovTech organizations have comparable priorities around using and processing personal data responsibly and ethically as well as preventing cyberattacks and potential foreign interferences. This is why all our solutions, whether onpremises or in the cloud, have a built-in auditability that lets organizations stay in control no matter how quickly compliance rules and regulations proliferate or change.

We support commercial banks, financial institutions, and, as of the last five years, the Ministry of Finance. Working with the ministry gives us the opportunity to understand more profoundly the needs of noncommercial organizations and those of the people they have a duty to serve. The business model we follow here is driven by making impact, and we're proud that the Schuberg Philis way of working in dedicated customer teams with experts in the lead continuously proves to have major impact.

There's a pressure to meet the demands of this Digital Decade. And there's a feeling of relentlessness in our era of multiple major global crises. We understand many of the challenges that governments will face in the coming years, and we know how to support their institutions through them. As Schuberg Philis, we want to make a difference for governmental institutions as well as the citizens and residents whom they serve. We do that by ensuring the country can continue to rely on its vital processes and strengthening their vitality with our mission-critical IT solutions.

TechTalk



CxO event - Taste of Innovation

After the success of our first CxO event in 2019 and the disappointment of not being able to host one in 2020, our timing for a 2021 edition was lucky. While still adhering to social distancing regulations, we were able to host an on-premises interactive event at our office with C-level representatives of the Dutch investment management industry.

To make the event even more enjoyable, we presented the themes for discussion at a meal with a corresponding menu entitled "Taste of Innovation." Our chefs prepared five innovative courses that each corresponded to one of five themes: Schuberg Philis DNA, ways of working, collaboration, other industries, and Lab271. To draw inspiration from different sources of innovation, the chefs prepared the meals at five different locations. Dining and discussing with participants in this way let us hold onto the sense of intimacy and exclusiveness that was appreciated in our previous CxO event edition.

For future editions, we will continue iterating the program and ensure this remains an event the Dutch investment management C-level wants to savor.

"So, you think you can Azure?"







In September, Schuberg Philis helped organize an event with the Dutch Azure Meetup, a vibrant community centered around Microsoft Azure and its spectrum of experiences. Entitled "So, you think you can Azure?", our event featured two talks. The first covered the topic of keeping an Azure environment in control, common pitfalls, and how to set up the environment correctly. The second was about how the configuration of an Azure Active Directory tenant is fundamental to the governance of a cloud environment. And because the best way to learn is through practice, we set up a hands-on lab to work on what we had just talked about.

At Schuberg Philis, we believe that being part of a community of technology enthusiasts is essential. The Dutch Azure Meetup is just one example of a community that lets us exchange stories, organize workshops, and talk to peers about real-life scenarios. This helps us understand the subject matter and ultimately create better solutions for our customers.

The event was also one of the first occasions in 2021 when we could invite participants to join us in person. We were glad to start the evening at our restaurant with a delicious dinner created by our 100% food team. convene in one of our auditoriums for the talks, and conclude with drinks and lively discussion about Azure and more.

Frank Zomer

Peter Horsman



AWS Community Day

In 2020, the AWS User Group Netherlands organized the first AWS Community Day in the Benelux. I was really proud to share the stage then with Werner Vogels, the CTO of Amazon, though because of the pandemic, it had to be completely online. For the same reason in 2021, a large in-person event was impossible. And so the organizers came up with a unique concept: online & distributed.

Four AWS partners invited the community to participate via each of their offices: in Schiphol-Rijk, The Hague, Arnhem, and Kontich, Belgium. At each location, at least one speaker was live on stage. And of course there was a live stream online.

Schuberg Philis hosted one of the locations and several of our colleagues gave talks during the event. For this year, I had the opportunity to have a live chat with the remarkable Jeff Barr, VP & Chief Evangelist for AWS. Jeff has published thousands of blog posts for the company and inspired many people around the world.

With over 100 in-person attendees and over 100 live viewers on the stream, the stats were significantly lower than the year before. But the general feedback was really great, and the recordings are still available on awscommunityday.nl. Online & distributed is a formula to stay, and we have high expectations for AWS Community Day(s) in 2022 and beyond.

Smart Industries Forum

For the third time, Schuberg Philis was the platinum sponsor of the Smart Industries Forum. This event gathers leaders in manufacturing to discuss Industry 4.0, or 14. It provides a place to learn about industry-changing initiatives, have panel discussions on the latest trends and challenges, and business speed date with likeminded professionals.

I4's ambition is to set new manufacturing standards, enable sustainable supply chains, and continuously improve operations for the better. Meanwhile, at Schuberg Philis, we're supporting our manufacturing customers to find ways to improve their sustainability, lower the cost of production, reduce time to market, and be more attractive to employers.

At the 2021 Smart Industries Forum, we spoke about how we're helping Heineken take the lead in digitized brewing. We also discussed how digitized production decreases manufacturing costs, minimizes errors and human interventions, and enables operators to make fact-based decisions at any given moment. A team of salespeople, consultants, and tech leads also participated in the speed dates. This event was where we first met our newest manufacturing customer, Lamb Weston Meijer.

In 2022, we plan to participate in two similar events: 600 Minutes Supply Chain and the Hannover Messe.

Jos Mulder



Martijn van Dongen

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Social matters



Schuberg Philis Academy opens its doors

At Schuberg Philis, we embrace change, welcome opportunities to grow, and strive to keep evolving. This dynamism suits the complex situations that challenge us to find simple solutions for mission-critical IT. That's when we can, to quote our narrative, "do our work the way we actually want to do it."

What's more, our business objectives as a company and our personal development as individuals can turn work into a journey of continuous learning. That's why we opened the Schuberg Philis Academy. Launched in June, the academy offers immersive trainings tailored to the dynamic needs of our colleagues and customers across various areas in technology, business, social skills, and our company DNA. We know that it takes time to arrive at any learning destination. And the destination may change along the way. It's an ongoing process, but the academy is here to ensure we can all access the information we need to move onwards and upward.

Our do-the-right-thing walls

When you walk into our building, you notice our photo walls. They give us a glimpse of our loved ones every day. The idea behind the photo walls is to feel our loved ones nearby, inspiring us to do the right thing and make the right decisions. Everything we do and decide is something we also want to be able to explain at home. This provides a very serious reality check for each and every colleague.

Our families and friends are so important, and we appreciate all the time they give us to spend with their loved ones - even if that means they themselves get less time with our colleagues. At our yearly family days, we warmly welcome and thank them.

Élaine Rupp



No, your eyes aren't playing tricks on you. We have blurred these photos to respect the privacy of their subjects, but please enjoy viewing them in person at our office.



A week to inspire (self-)care

Making health a priority can be difficult. With busy calendars, it's difficult to find time to cook a healthy meal or do sports. That's why Schuberg Philis holds an annual health week. This is a chance not just to keep our colleagues fit through participation in fun gym classes, but also to nourish them with smoothies and nice lunches. We feel self-care is very important and take this week encouraging it very seriously.

This past year, we had to hold health week virtually. We made certain that the offerings were diverse, so everybody could find something of interest. The schedule rotated throughout the week, so activities could fit into every packed day. Former pro gymnast Herre Zonderland kicked off the week with an inspirational session centered on personal reflection. He shared insights on how health is not just about nutritious food and a cool workout, but also about a healthy mind. It got us thinking more about how to ensure that we have the energy to be at our best both at work and in our personal life.



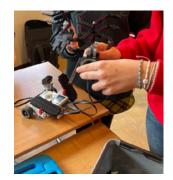
New decade, new referral partnership

Did you know that our referral program has already enjoyed an entire decade of success? Over the years, our first referral partnership gave Schuberg Philis the opportunity to donate \in 84,000 to RoomtoRead. We're happy to have supported the global non-profit promoting literacy and gender equality in education.

In 2021, we set our sights closer to home and closer to what we do and believe in. For each successful colleague referral, Schuberg Philis now donates \in 1,000 to NewTechKids. This Amsterdam-based academy teaches eight- to-12-year-olds all about technological innovation. We're excited that this new partnership can impact our own local society and, in a way, might even contribute to the development of our future colleagues.

NewTechKids is using our donation from last year to subsidize various inspired projects. These include bootcamps for children from low-income families, new robotics kits, and programming that is more inclusive of and attractive to children of different genders, cultural backgrounds, and communities.

Meanwhile, our Recruiting & Onboarding Team remains ever grateful to referrers. In 2021, the referrer's reward selection also expanded to keep up with the times. A fine bottle of champagne is still on offer, but so is an alcohol-free gift package as well as the chance to make a donation to Dutch non-profit organization Trees for All. One referral translates to the planting of approximately 36 trees.



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Marina van de Vrande

Worthy & noteworthy

As our customer portfolio became even more varied and vivid this past year, a common thread ran visibly throughout: the need for solutions that positively impact people and the planet. These priorities fully align with our own mission and we're excited to fulfill our goals for a better world together. Here are a few noteworthy developments from 2021.

Nurturing inclusivity

Schuberg Philis welcomed 81 new colleagues this past year. Collectively, they represent a wonderful diversity of nationalities, cultures, genders, ages, and professional and personal backgrounds. To nurture that diversity, we know we need to make continuous efforts toward increasing inclusivity, equality, and sense of safe place in both our everyday work culture and our hiring processes. We'll keep taking concrete steps to live up to these virtues in 2022 and beyond.

The green software LEAP

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We became an enthusiastic member of LEAP. United in their efforts to accelerate the transition to sustainable digital infrastructure, this coalition brings together datacenters, IT suppliers, telecom providers, research groups, governments, startups, and end users from the Amsterdam Metropolitan Area. Our CIO, *Ilja Heitlager*, a regular participant in LEAP's meetings, helped steer the coalition to broaden its focus from green hardware to green software too.

"LEAP believes that, through collaboration and with different perspectives, we can accelerate new developments for a sustainable digital infrastructure. We are happy that Schuberg Philis underpins our vision and work in LEAP on green software solutions." – *Marjolein Bot, Energy Lead, Amsterdam Economic Board*

Breaking ground in cloud energy efficiency

From April through August, our Schiphol-Rijk office was enriched by the internship of Sophie Vos, a computer science Master's student at the VU Amsterdam. To learn more about architectural tactics that support energy-efficient workloads in the public cloud, Sophie collaborated with Lab271 and our cloud acceleration team. The research culminated in her groundbreaking Master's thesis: a method to guide cloud consumers toward energy efficiency. It also led to Sophie graduating cum laude and presenting a paper at ICT4S, a conference for ICT industry members championing greater sustainability. "Sophie Vos has been one of my best students ever since her Bachelor's in our honors program. Her Master's project helped strengthen our valued research collaboration links with Schuberg Philis."

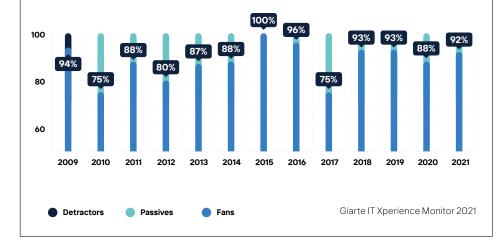
- Patricia Lago, Professor of Software Engineering, Vrije Universiteit Amsterdam

Sustainable innovation

This past year, Lab271 zoomed in even more on ways to increase sustainability across our solutions. We're committed not just to meet, but to actually exceed our customer expectations for sustainability through the application of innovative approaches, tools, and technologies. Expect to see the results of this work bloom throughout 2022 and beyond.

Giarte: onwards and upwards

2021 was our 15th year of inclusion in the Giarte IT Xperience Monitor and yet another stellar scoring by the survey. Schuberg Philis climbed four percentage points higher than in 2020, with 92% of 2021's surveyors classified as fans – meaning when asked if they would recommend our company, they replied "Yes" or "Absolutely!" Over the years, we've enjoyed consistently high performance ratings, without a single detractor since 2010. Onwards and upwards, we look forward to engaging and inspiring more customers in the years to come. And we'll keep reaching for that 100% we always strive for.



FINANCIAL **SCHUBERG** STATEMENTS **PHILIS**

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

Before distribution of result (in € 1,000s)

Assets	Notes	31-12-2021	31-12-2020
Fixed assets			
Tangible fixed assets	0	6,628	6,008
Total fixed assets		6,628	6,008
Current assets			
Receivables and prepayments	2	14,823	16,452
Cash		11,055	10,250
Total current assets		25,878	26,702
Total assets		32,506	32,710
Equity and liabilities			
Group equity		14,161	14,195
Provisions			
Other provisions	3	656	602
Short-term liabilities			
Trade payables		4,605	4,363
Payables to group companies		100	-
Taxes and social security contributions		4,334	5,610
Other liabilities and accrued expenses	4	8,650	7,940
Total short-term liabilities		17,689	17,913
Total equity and liabilities		32,506	32,710

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2021

(in € 1,000s)	Notes	2021	2020
Total operating revenues		90,228	85,407
Services and components		22,145	22,587
Personnel costs	5	48,781	44,148
Depreciation of fixed assets		2,343	2,995
Housing costs		2,490	2,489
Other operating costs		5,433	4,165
Total operating costs		81,192	76,384
Earnings before interest and	tax	9,036	9,023
Balance of interest and simil revenue and costs	ar	-51	-56
			-00-
		8,985	-50 8,967
Result before tax Corporate income tax	6	8,985 -1,727	
Result before tax	6	-	8,967

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2021

(in € 1,000s)	Notes	2021	2020
Cash flow from operations			
Earnings before interest and tax		9,036	9.023
Adjustments for			
Depreciation		2,343	2,995
Increase (decrease) in provisions		54	53
Decrease of fiscal reserves		-	18
		2,397	3,066
Changes in working capital			
Movements in receivables	2	1,629	-636
Increase (decrease) in payables		-224	-362
Other changes in working capital		1,638	-1,937
		3,043	-2,935
Cash flow from operating activities		14,476	9,154
Interest paid		-51	-41
Income tax paid	6	-3,365	229
		-3,416	188
Cash flow from operations		11,060	9,342
Cash flow from investing activities			
	1	-2,963	-1,641
Purchase of property, plant, and equipment Proceeds from sales of property, plant, and	0	-2,963 -	, -
Cash flow from investing activities Purchase of property, plant, and equipment Proceeds from sales of property, plant, and equipment Cash flow from investing activities	0	-2,963 - -2,963	-1,641 -2 -1,643
Purchase of property, plant, and equipment Proceeds from sales of property, plant, and equipment	0		-2
Purchase of property, plant, and equipment Proceeds from sales of property, plant, and equipment Cash flow from investing activities	0		-2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Change in cash	2021	2020
Cash and cash equivalents at the beginning of the period	10,250	7,791
Increase (decrease) cash and cash equivalents	805	2,459
Cash and cash equivalents at the end of the period	11,055	10,250

Entity information

Registered address and registration number trade register

The registered and actual address of Schuberg Philis Group B.V. is Boeingavenue 271, 1119 PD, Schiphol-Rijk, the Netherlands. Schuberg Philis Group B.V. is registered at the Chamber of Commerce under number 34181542.

General notes

The most important activities of the entity

Activities of Schuberg Philis Group B.V. consist mainly of providing IT services.

The location of the actual activities

The actual address of Schuberg Philis Group B.V. is Boeingavenue 271, 1119 PD, Schiphol-Rijk, the Netherlands. The revenue of Schuberg Philis Group B.V. is realized in the Netherlands.

Disclosure of going concern

The financial statements were prepared on the basis of the going concern assumption.

Disclosure of group structure

The following entities are included in the consolidated financial statements:

- Schuberg Philis B.V., Schiphol-Rijk, the Netherlands
- Schuberg Philis Asset Management International B.V., Schiphol-Rijk, the Netherlands
- Schuberg Philis Management B.V., Schiphol-Rijk, the Netherlands
- Schuberg Philis US LLC, Glendale, Colorado, United States

All entities are directly or indirectly 100% owned by Schuberg Philis Group B.V.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Schuberg Philis Group B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Disclosure of consolidation

The consolidated financial statements comprise the financial statements of Schuberg Philis Group B.V. and Schuberg Philis B.V. In preparing the consolidated financial statements, intra-group debts, receivables, and transactions are eliminated.

The application of Article 402

Since the consolidated profit and loss account for 2021 of Schuberg Philis Group B.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2 of the Dutch Civil Code.

General accounting principles

The accounting standards used to prepare the financial statements

The consolidated financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code.

Assets and liabilities are generally valued at historical cost, production cost or fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

An asset is recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured.

A liability is included in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and when all risks relating to an asset or liability are transferred to a third party, the asset or liability is no longer recognized in the balance sheet. In addition, assets and liabilities are not recognized in the balance sheet as, from the moment the conditions with respect to the probability of economic benefits, expectations of outflow of resources embodying economic benefits and the ability to measure cost with sufficient reliability are not met anymore.

Certain comparative amounts have been reclassified to conform the current year's presentation. Reclassification does not have an impact on equity or result.

The reclassification relates to the profit and loss and more specifically services and components, personnel costs, housing and other operating costs. This mainly relates to a reclassification between the personnel costs and other operating costs amounting to € 670k. Costs are reclassified to provide a better presentation.

Conversion of amounts denominated in foreign currency

The financial statement is presented in euros, which is the functional and presentation currency of Schuberg Philis Group B.V.

Basis of conversion and processing of exchange rate differences relating to foreign currency transactions for the balance sheet

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the consolidated profit and loss account.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Foreign currency translation and the processing of foreign currency translation differences in foreign currency transactions

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Operating leases

The company has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the company. These lease contracts are recognized as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the consolidated profit and loss account for the duration of the contract.

Financial instruments

Within Schuberg Philis Group B.V. and its subsidiaries, financial instruments include receivables, cash and cash equivalents, and long-term liabilities and short-term liabilities. Financial instruments are recognized initially at fair value, including direct attributable transaction costs. After initial recognition, financial instruments are stated against amortized cost. If there are no premiums or discounts and directly attributable transaction costs, the amortized cost is equal to the nominal value. On receivables, a provision deemed necessary is taken for risk of bad debt.

Securities included in financial and current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange. All other on-balance financial instruments are carried at (amortized) cost.

Credit risk

For details about the credit risks on accounts receivable from participating interests and the other receivables, reference is made to the principles of valuation of receivables.

Cash flow, liquidity and price risk

These risks for the company are limited.

Interest rate risk

The company's policy is not to use derivative financial instruments to control interest rate fluctuations.

Foreign exchange risk

The foreign exchange risk is limited, as the company has limited volume of foreign currencies.

Fair value

The fair value of most of the financial instruments stated on the balance sheet, including accounts receivable, cash, and current liabilities, is close to the carrying amount.

Accounting principles

Property, plant, and equipment

Tangible fixed assets are valued at acquisition costs or production costs plus additional costs minus straight-line depreciation based on the expected life, unless stated otherwise. Impairments expected on the balance sheet date are taken into account.

Impairment of property, plant, and equipment

On each balance sheet date, the corporation assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realizable value of the asset is determined. If it is not possible to determine the realizable value of the individual asset, the realizable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realizable value; the realizable value is the higher of the realizable value and the value in use. An impairment loss is directly recognized in the consolidated profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

Land and buildings

Land and buildings (leasehold improvements) are valued at historical cost plus additional costs or production cost minus straight-line depreciation based on the expected useful life. Impairments expected on the balance sheet date are taken into account. With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please refer to the relevant section.

For obligations to restore the asset after use (dismantling cost) a provision is recognized for the expected amount at the time of capitalization. This amount is recognized as part of the carrying amount of the asset against which a provision is recognized for the full amount. A provision for major maintenance has been created for the future costs of major maintenance to the buildings. The addition to the provision is determined according to the expected amount of maintenance work and the intervals between the times when major maintenance work is carried out.

Buildings and constructions are depreciated in 5-20 years.

Machinery

Machinery and equipment are valued at historical cost plus additional costs or production cost minus straight-line depreciation based on the expected useful life and impairments expected.

Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

Depreciation period of machinery: Emergency power supplies: 20 years Security and communication equipment: 10 years Computer equipment: 3-5 years

Other tangible assets

Other tangible assets are valued at historical cost plus additional costs of production costs minus straight-line depreciation based on the expected useful life and impairments expected.

Other fixed assets are depreciated in 3-10 years.

Receivables

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortized cost price. If there is no premium or discount and there are no transaction costs, the amortized cost price equals the nominal value of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Provisions for bad debts are deducted from the carrying amount of the receivable.

Tax receivables

Tax receivables are valued at their nominal value.

Provisions

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

Provision for repair costs

A provision for repair costs is recognized for expected maintenance costs of buildings and equipment based on a long-term maintenance program.

Accounting principles for determining the result

The result represents the difference between the value of the services rendered and the costs and other charges for the year. The results on transactions are recognized in the year they are realized; losses are taken as soon as they are foreseeable. Costs are recognized at the historical cost convention and are allocated to the reporting year to which they relate.

Revenue recognition

The company takes the revenue from sales to the total operating revenue if there is convincing evidence of a sales agreement, when delivery has taken place, the prices have been agreed or can be determined, and there is reasonable certainty that the selling price is collectable. Revenue from projects is recognized over the duration of the project. Normally, these criteria are satisfied at the moment the product or the service is delivered and acceptance has been obtained, if required.

Net revenue

Total operating revenue represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts, and value-added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Revenues from services are recognized in proportion to the services rendered. The cost price of these services is allocated to the same period.

Applied policy of pension costs

Schuberg Philis Group B.V. applies a defined contribution pension plan. The payables during the reporting year are recorded as an expense. The contributions are recorded as personnel costs from the date that they become payable. Prepaid contributions are reported as accruals. Contributions that are not yet paid are included as a liability in the balance sheet. The pensionplan of the company is executed by Be Frank PPI NV, Amsterdam.

Depreciation of property, plant, and equipment

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, and other tangible fixed assets. Land is not depreciated.

Future depreciation is adjusted if there is a change in estimated future useful life.

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

Gains and losses from the occasional sale of property, plant, or equipment are included in depreciation.

Income tax expense

Tax on the result is calculated based on the result before tax in the consolidated profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes that occur in the deferred tax assets and deferred tax liabilities with respect to changes in the applicable tax rate.

In the financial statements of group companies, a tax charge is calculated on the basis of the accounting result. The corporate income tax that is due by these group companies is charged into the current accounts with Schuberg Philis.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received, and income taxes are included in cash from operating activities. Dividends paid are recognized as cash used in financing activities. The purchase consideration paid for the acquired group corporation has been recognized as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group corporation has been deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognized in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities.

Fixed assets

Tangible fixed assets

(in € 1,000s)	Leasehold improvements	Machinery and equipment	Other fixed assets	Assets under construction	Total
Balance as at 1 January 2021					
Cost or manufacturing price	20,505	13,416	829	-	34,750
Accumulated depreciation	-17,994	-10,274	-476	-	-28,744
Correction and reclassifcations	97	-123	28	-	2
Book value as at 1 January 2021	2,608	3,019	381	-	6,008
Movements					
Additions	52	1,419	150	1,342	2,963
Depreciation	-455	-1,805	-83	-	-2,343
Balance movements	-403	-386	67	1,342	620
Balance as at 31 December 2021					
Cost or manufacturing price	20,654	14,715	1,003	1,342	37,714
Accumulated depreciation	-18,449	-12,082	-555	-	-31,086
Book value as at 31 December 2021	2,205	2,633	448	1,342	6,628

Current assets

Receivables and prepayments

(in € 1,000s)	31-12-2021	31-12-2020
Trade receivables	10,996	10,819
Receivables from associated companies	2	29
Other receivables	3,665	5,518
Taxes	160	86
	14,823	16,452

Disclosure of receivables

Trade receivables and receivables from associated companies are due within one year. The other receivables are due within one year, excluding the deferred tax assets.

Disclosure of trade receivables

In 2021, Schuberg Philis has renewed the credit facility with ABN AMRO. As per 28 April 2021, PPG Holding B.V. entered into a senior debt loan agreement with ABN AMRO. Conditions of the loan agreement include the pledge of all present undisclosed receivables, a non-possessory right of pledge over all movable assets and a right of pledge over all IP rights.

Provisions

Other provisions

	656	602
Maintenance equipment	132	93
Asset retirement obligation	524	509
(in € 1,000s)	31-12-2021	31-12-2020

Based on a long-term maintenance program, a provision is recognized for the expected maintenance costs of the in-house power supply. An asset retirement obligation is recognized for bringing the leased building back in its old state.

(in € 1,000s)	2021	2020
Asset retirement obligation Balance as at 1 January	509	494
Additions	15	15
Balance as at 31 December	524	509

(In € I,000s)	2021	2020
Provision for maintenance equipment		
Balance as at 1 January	93	55
Addition	39	38
Balance as at 31 December	132	93

Short-term liabilities

Other liabilities and accrued expenses

(in € 1,000s)	31-12-2021	31-12-2020
Accrued personnel related expenses	6,386	5,824
Accrued expenses	1,079	1,076
Deferred income	692	680
Other accrued expenses	493	360
	8,650	7,940

Contingent assets and liabilities

Disclosure of off-balance sheet commitments

Schuberg Philis has long-term hardware leases, building leases and other lease contracts totaling € 11,920k (2020: € 13,670k)

Total of minimal lease payments of operating leases for lessors	11,920	13,670
Minimal lease payments of operating leases for lessors with a maturity exceeding five years	46	1
Minimal lease payments of operating leases for lessors with a maturity exceeding one year and within five years	7,337	9,356
Minimal lease payments of operational leases for lessors with a maturity within one year	4,537	4,313
(in€1,000s)	31-12-2021	31-12-2020

Personnel costs 5

	48,781	44,148
Other personnel costs	8,903	8,724
Social security charges and pensions cost	5,153	4,422
Salaries	34,725	31,002
(in € 1,000s)	2021	2020

Corporate income tax 🛛 🙆

(in € 1,000s)	2021	2020
Deferred income tax expense	-	-18
Income tax expense from current financial year	-1,727	-1,656
Total of income tax expense	-1,727	-1,674
	%	%
Effective tax rate	19.22	18.67
Applicable tax rate	25.00	25.00

Disclosure of income tax expense

In 2018, Schuberg Philis successfully applied to the tax authorities for the applicability of the fiscal facility Innovatiebox for the period 2017-2020. In 2021, Schuberg Philis applied for an extension and this is in process. For 2021, tax expenses were estimated based on the same conditions as set out in the facility Innovatiebox for the period 2017-2020.

Disclosure of other income tax expense

The effect due to different tax rates in foreign jurisdictions in 2021 is 0 (2020: 0%).

Disclosure of fiscal unity for income tax

The company forms a tax unity for corporation income tax purposes within the group. Each of the companies recognizes the portion of corporation income tax that the relevant company would owe as an independent taxpayer, taking into account the tax facilities applicable to the company.

PPG Holding B.V., as head of the group, acts as counterpart for the tax authorities. Taxes owed by other group companies are presented as intercompany positions to Schuberg Philis Group B.V.

Schuberg Philis Group B.V. accounts for deferred taxes position. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income. Deferred tax assets and liabilities are generally recognized for all temporary differences.

Related party transactions

Transactions with related parties occur when a relationship exists between the company, its participating interests, and their directors and key management personnel. There were no transactions with related parties that were not at arm's length.

Specification of related party transactions of importance and not taken under market conditions

During the year, transactions with Stichting Administratiekantoor Schuberg Philis Group B.V. (STAK) took place. As part of the Employment Ownership Plan (EOP), the company supports the STAK in its operation. The company carries costs for the STAK and related cost for tax matters, if any.

Other notes to the income statement

Indefeasible Right of Use

Schuberg Philis has been granted an Indefeasible Right of Use (IRU) to 20 selected fiber pairs owned by euNetworks B.V. for a period of 20 years, starting 14 January 2003. At a current market price, the IRUs received are valued at \in 240k (net value of IRUs granted to Schuberg Philis B.V. is \in 240k).

OTHER NOTES

CORPORATE BALANCE SHEET AS AT 31 DECEMBER 2021

Average number of employees

	2021	2020
Average number of employees over the period working in the Netherlands	316.00	281.00
Average number of employees over the period	316.00	281.00

Auditors' fees

Auditors' fees	50	36
Auditors' fees relating to the audit of the financial statements	50	36
(in € 1,000s)		
Auditors' fees: breakdown	2021	2020

Assets	Notes	31-12-2021	31-12-2020
Fixed assets			
Financial assets	0	13,191	13,217
Total fixed assets		13,191	13,217
Current assets			
Receivables and prepaymen	ts		
Receivables from group c		1,649	1,594
Other receivables	8	170	86
		1,819	1,680
Cash		979	958
Total current assets		2,798	2,638
Total assets		15,989	15,855
Equity and liabilities			
Equity	9		
Share capital		19	19
Other reserves		6,884	6,883
Undistributed profit		7,258	7,293
		14,161	14,195
Short-term liabilities	0	1,828	1,660

CORPORATE PROFIT AND LOSS STATEMENT FOR THE YEAR 2021

(in € 1,000s)	2021	2020
Result of participations	7,266	7,293
Company result after taxes	-8	-
Total result	7,258	7,293

NOTES TO THE CORPORATE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Schuberg Philis Group B.V. is Boeingavenue 271, 1119 PD, Schiphol-Rijk, the Netherlands. Schuberg Philis Group B.V. is registered at the Chamber of Commerce under number 34181542.

General notes

The most important activities of the entity

Activities of Schuberg Philis Group B.V. mainly contains holding services.

General accounting principles

The accounting standards used to prepare the financial statements

The corporate financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code.

If no accounting principles has been stated, the accounting principles are the same as the consolidated accounting principles.

Assets and liabilities are generally valued at historical cost, production cost, or fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Accounting principles

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Schuberg Philis Group B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognized for this.

Newly acquired participations are initially recognized on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognized in the corporate profit and loss account.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby the dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognized and charged to the corporate profit and loss account.

Receivables recognized under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortized cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Deferred tax assets are recognized for all deductible temporary differences between the value of the assets and liabilities under tax regulations, on the one hand, and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognized insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

Fixed assets

Financial assets 🛛 🕖

(in € 1,000s)	31-12-2021	31-12-2020
Participations in group companies	13,191	13,217

Register of participations

(in € 1,000s)	Share in issued capital in %	Shareholders' equity latest adopted accounts	Result latest adopted accounts
Schuberg Philis B.V., Schiphol-Rijk	100.00	12,157	6,893
Schuberg Philis Asset Management International B.V., Schiphol-Rijk	100.00	1,034	373
Participation in group company Schuberg Philis Group B.V., Schiphol-Rijk	100.00	14,161	-

Schuberg Philis B.V.

(in € 1,000s)	2021	2020
Book value as at 1 January	12,556	10,849
Profit/(Loss)	6,893	6,951
Dividend received	-7,292	-5,244
Book value as at 31 December	12,157	12,556

Schuberg Philis Asset Management International B.V.

(in € 1,000s)	2021	2020
Book value as at 1 January	661	318
Profit/(Loss)	373	343
Book value as at 31 December	1,034	661

Participations in group companies

(in € 1,000s)	31-12-2021	31-12-2020
Schuberg Philis B.V.	12,157	12,556
Schuberg Philis Asset Management International B.V.	1,034	661
	13,191	13,217

Current assets

Other receivables

(in € 1,000s)	31-12-2021	31-12-2020
Company income tax	84	-
Deferred tax assets	86	86
	170	86

Equity 💿

The authorized capital of Schuberg Philis Group B.V. amounts to \in 90,000, divided into 7,200,000 ordinary shares of \in 0.01 each and 180,000 preferred shares of \in 0.10 each. The schedule below explains the movements in equity for the year. 1,940,000 ordinary shares are issued and paid up. There are no preferred shares issued.

Movements in equity were as follows:

(in € 1,000s)	Share capital	Other reserves	Undistributed profit	Total
Balance as at 1 January 2021	19	6,883	7,293	14,195
Appropriation of result	-	7,293	-7,293	-
Result for the year	-	-	7,258	7,258
Dividend payment	-	-7,292	-	-7,292
Balance as at 31 December 2021	19	6,884	7,258	14,161

Proposal appropriation of the result

The management of the company proposes to appropriate the result as follows:

The appropriation of profit for the period 2021 in the amount of \in 7,258,000 will be fully added to the other reserves.

This proposal needs to be determined by the General Meeting and has therefore not yet been processed in the annual accounts 2021 for the company.

- - -

Short-term liabilities 🛛 🔘

	1,828	1,660
Accruals and deferred income	34	14
Company tax	-	1,646
Payables to group companies	1,817	-
Trade payables	-23	-
(in € 1,000s)	31-12-2021	31-12-2020

Share in result of participations

Management International B.V.	7.266	7.293
Result from Schuberg Philis Asset	373	342
Result from Schuberg Philis B.V.	6,893	6,951
(in € 1,000s)	2021	2020

Average number of employees

	2021	2020
Average number of employees over the period working in the Netherlands	-	-
Average number of employees over the period working outside the Netherlands	-	-
Average number of employees over the period	-	-

Subsequent events

Disclosure of subsequent events No subsequent events to be reported.

Schiphol-Rijk, 17 May 2022

On behalf of the Board and the Managing Directors,

Pim Berger

Director

OTHER INFORMATION

According to Article 28 of the Articles of Association, the profit shall be at the disposal of the General Meeting. The company may only make distributions of profit to the shareholders and other persons entitled to the dividends to the extent that its shareholders' equity exceeds the paid and called up portion of the capital, together with the reserves that must be maintained pursuant to law.

Dividends shall only be distributed following adoption of the annual accounts that show that the distribution is permitted. The company may make interim dividends insofar as the preceding provisions have been complied with. The General Meeting may decide to make interim dividends that consist wholly or partly of dividends in kind. The company shall not receive a dividend on shares for its own account. A demand for payment of a dividend will lapse after five years.

Reference to the auditor's opinion

The independent auditor's report by Mazars Accountants N.V. has been attached to this report.

To: The shareholders of Schuberg Philis Group B.V.

Report on the audit of the financial statements 2021 included in the annual accounts

Our opinion

We have audited the financial statements 2021 of Schuberg Philis Group B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Schuberg Philis Group B.V. as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1. the consolidated and company balance sheet as at 31 December 2021;
- 2. the consolidated and company profit and loss account for 2021; and
- 3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Schuberg Philis Group B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual accounts

The annual report contains other information, in addition to the financial statements and our auditor's report thereon. Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management boards' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

 identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness
 of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 17 May 2022

MAZARS ACCOUNTANTS N.V. Original was signed by: drs. V.J.M. Stappers RA

ANNUAL REPORT 2021

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Special thanks Jim Stolze

You can download our Annual Report 2021 from our website: schubergphilis.com

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WE WOULD LIKE TO THANK ALL COLLEAGUES, CUSTOMERS, PARTNERS, AND FRIENDS WHO HAVE MADE THIS YEAR A SUCCESS. UNTIL NEXT YEAR.