



Corporate Overview

Managing the Records and Document Management Lifecycle.
Adding value to business processes through the cost effective management of Information throughout its lifecycle; delivering the right content in the right format to the right person at the right time

METROFILE

an MGX company

EXECUTIVE SUMMARY

Metrofile is a business which operates in the records and document management market. The company offers an integrated solution that comprises the offsite storage of paper and digital media, scanning of documents to electronic format and electronic document management solutions. These solutions are grouped together in a market segment known as content management. The broader content management market extends to include the management of online and Internet content. Going forward Metrofile will continue to add services and solutions as it moves to full service provision in content management.

Since its inception in 1969, MGX has been at the forefront of the South African Records and Document Management market. Through constant innovation and continuous introduction of new technologies and company acquisitions, MGX has built a solid reputation of market leadership and an enviable customer base.

The result of these years of development was a number of different companies in the MGX group each addressing different areas of this overall market. Given the market trend towards enterprise-wide solutions and the changing nature and complexity of the records and document management space, the group realized that future value would be unlocked by bringing together these separate businesses into a single entity offering a totally integrated solution. The result of this is the integration of three MGX companies under the well-established brand of Metrofile.

The records and document management market continues to evolve and grow with renewed impetus since the events of September the 11th, the focus on corporate governance and the drive for business process improvement in this tough business environment.

Companies are faced with the challenge of managing vast amounts of paper and electronic documentation, which is increasing at an exponential rate. Coupled to the increasing volumes is an increase in the cost of creating, storing and manipulating documentation, whilst complying with the increasingly rigorous demands of corporate governance. Enterprise records management can no longer be considered an item on the corporate wish list, but has become a necessity where failure to comply is now a criminal offence. On the more pro-active side is the realisation that corporate growth initiatives such as customer relationship management depend on many different forms

of corporate records. It is clear that service improvement in these areas depends on better document and records management being in place, ensuring that these documents and records can be seamlessly integrated to key business processes.

Most companies are not well-prepared to meet these demands and require assistance from specialist companies to guide the way forward and to avoid costly mistakes. Companies who can provide cost effective, robust solutions. It is against this background that the Metrofile business has been re-designed to meet these customer challenges going forward.

As at 2002, Metrofile is the largest document and records management service and solutions provider in South Africa, with close on 4000 customers, turnover of around R280 million, Profit before interest and tax of R52 million, and a staff complement of around 1200. The services are delivered from 40 000 square meters of processing centre space countrywide, a fleet of 100 vehicles, and 2000 square meters of state-of-the-art vault space. Within these Processing Centres, Metrofile currently manages around 4 million boxes holding over 10 billion customer paper records and 70 million pages are scanned monthly on behalf of customers. A significant aspect of Metrofile's stability and success is the fact that over 80% of its revenue is annuity based.

By bringing together paper and electronic solutions, delivered through both onsite and off-site services, Metrofile is well positioned to lead this market space. With well-established businesses and infrastructure locally and in the United Kingdom, the company is in position to expand into new, related solution areas as customer requirements change.

VISION

Our vision is be the market leader and trusted service provider for managing the full life-cycle of paper and electronic business records. To deliver the Right business content in the Right format to the Right person at the Right time.

VALUES

Metrofile has been built on a number of core values, namely;




Trust – being entrusted with management of customers’ valuable information assets

Innovation – Constantly researching and staying at the forefront of our industry

Operational excellence – Providing world-class service delivery

A HISTORY OF INNOVATION

The three businesses that comprise Metrofile have always been at the forefront of the market in South Africa, with a history of innovation. The latest initiative in bringing the companies together is indicative of this constant drive to provide new services and tangible business benefits to our customer base. A summary of the historical innovation as shown below reflects this constant change, highlighting those initiatives where we were first to market.

 <small>OFF-SITE DATA STORAGE AND MANAGEMENT</small>		 <small>Expert Solution Systems</small>
<ul style="list-style-type: none"> • Founded in 1983 • First with Off-site records storage • Sophisticated random-based software systems • Unique file tracking systems developed on behalf of customers • Vaults for sensitive records and magnetic media • Scan-on demand 	<ul style="list-style-type: none"> • Founded in 1969 • First with Microfiche & microfilm in SA • Pioneers with scanning outsource bureau • Output management outsourcing • Total managed service solutions on-site • Image and data hosting services 	<ul style="list-style-type: none"> • Founded in 1993 • Locally developed imaging system • High volume forms processing software • High volume forms processing solutions • Locally developed workflow solutions

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| <ul style="list-style-type: none"> • Taking a South African concept to the International market – launching in London • Moving the UK business rapidly in business process outsourcing, an important new market space • Being the first to market with an integrated records and document management solution |
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This pattern of innovation is continued in the new Metrofile company. In bringing together these organizations, we have built a single company that can meet the demands of any size company, regardless of their particular requirements. Not only can we meet the simplest paper storage need, but we can also build the most sophisticated workflow solutions. This combination of high- and low-tech allows us to provide value through meeting today's cost saving needs, in addition to building platforms for future innovation to deliver strategic advantage in electronic commerce.

BUSINESS DRIVERS

A number of major factors are driving the changes in our business. Technology has now evolved such that electronic commerce is a reality, and electronic documentation is required to support this new way of doing business. Imaging systems, workflow, document and records management systems have matured and are widely used. With this maturity has come the realization that these systems add real value to business in saving costs, improving process efficiency and increasing customer service levels. The continuing reduction in the cost of technology has meant that it is more cost effective to store millions of electronic images than to store the physical paper with the resultant infrastructure overhead. E-mail has added its own complexities, both in the need to manage the enormous volumes of communication and paper it generates, and to ensure that e-Mail transactions and messages are managed as another corporate record.

The difficulties facing business worldwide point to a need to reduce costs, and without exception our customers are faced with this challenge. Outsourcing of infrastructure, focusing on core competencies and moving to electronic document management systems are ways of reducing costs, and customers are trying to exploit each of these options.

For many years companies have desired to move to electronic systems but have held back as they perceived that digital documents would not be acceptable in the courts. New legislation such as the Electronic Communications and Transactions Bill will facilitate an increasing move towards electronic commerce. In addition, the King Commission and increasing corporate governance pressures are forcing companies to re-look at the way they store and manage their corporate records.

These changes have put document and records management in the spotlight. Where corporate record keeping was once an afterthought, it now demands the attention of the Chief Executive Officer, and most companies are ill prepared.

CURRENT POSITIONING

It is difficult to accurately determine the exact size of the South African market, as it comprises internal paper warehouses, off-site warehouses, scanning bureaus and internal scanning operations, and numerous different technologies and software systems performing similar and often competing tasks. Our historical data shows that we have captured approximately 85% of off-site paper storage, 50% of outsource scanning, and 20% of electronic imaging systems. Combined, this places Metrofile, the recognized industry leader in the individual sectors, in a strong leadership position.

The customer base of approximately 4000 bears testimony to the success of the Metrofile Group companies, and forms the base from which future opportunities will be built. Included in this customer base are over 90% of South Africa's top companies, which delivered turnover of R 280 million in 2001/2 with bottom line profits of R52 million. Over 80% of profit has historically been generated from annuity income, placing Metrofile in a strong financial position for future growth.

SERVICES AND SOLUTIONS

Metrofile delivers a range of services and solutions through state-of-the-art Processing Centres and world-class technologies, with the objective of;

- Making business processes more efficient, effective and productive
- Reducing customers' costs and improving their profitability
- Managing and thereby minimizing their risk
- Allowing them to focus on their core business

Metrofile brings together a unique blend of paper, analogue and electronic solutions and services. These services start with paper and file management services delivered through Metrofile Storage Centers, which currently hold over 10 billion customer paper records. These documents are indexed, stored, and retrieved using sophisticated software ensuring that documents are secure, yet can always be found and retrieved with the correct authorization. Once requested, documents are delivered either in paper or electronic format. As retrieval is only a small step in the process, the electronic document or image can be processed in a full range of electronic Document and Records Management software systems. These systems and services include professional services, consulting and solution design, developing records strategies through to implementation plans, automated document capture and forms processing, Image management, Document management, Output management and workflow.

The Metrofile Conversion Centers have been created from the MGX scanning bureaus, which scan in excess of 70 million pages per month, and are service providers to the majority of South African corporates. Within the Conversion Centers are a host of services from bulk scanning, project based scan services, microfilm and microfiche conversion, data migration, and output management services. With the existing capability of receiving and processing documents, the Conversion centers can provide a mailroom service, further reducing the administrative overhead which is of such concern to most companies. All these services can be delivered on-site or as a fully outsourced offering.

Metrofile has built particular expertise in storage of records, and conversion to electronic formats using state-of-the-art technology. These form the building blocks for Business Process Outsource solutions such as Purchase Invoice Processing and Credit card application processing. The infrastructure and expertise is already in place to deliver these services to our customers, both locally and internationally.

Increasingly customers are demanding a single view of all the information required for a single process or line-of-business. Metrofile On-line has been developed to allow a customer to search for any document or record existing in the business, regardless of whether the document is in paper or digital form, in-house, or archived

offsite in a Metrofile Storage center. This has been implemented in a number of large international companies, providing a significant return on investment.

These services are all brought together through the Metrofile Processing Centers. These consist of Storage and Conversion Centers, which together act as a repository for all corporate information, in electronic or digital format. Once in the repository, the images or paper can be delivered worldwide in a way that best suits the client, such as fax, internet, via e-Mail or physical delivery. This means that clients will be in a position to move from physical paper processes to digital processes at a time and pace that is suited to their risk profile. With all the capabilities now being honed to provide a cost-effective full document life-cycle service, Metrofile is positioned to add real value to customer processes in new innovative ways.

PARTNERS

TOWER SOFTWARE

Tower Software is a pioneering software development company that has been producing and deploying innovative document technology and business information management solutions since 1985. Today TOWER Software is a leading document technology provider having implemented software in hundreds of sites and on hundreds of thousands of desktops around the world. Tower Software has offices in the US, Europe and Australia, and resellers in Africa and Asia.

TIS

Top Image Systems is a leading innovator of enterprise solutions for managing and validating content that enters organizations. Whether originating from mobile, electronic, paper or other sources, TIS solutions deliver the content to applications that drive the organization. TiS' eFLOW Unified Content Platform is a common platform for the Company's solutions. TiS markets its platform in more than 30 countries through a multi-tier network of distributors, system integrators and value added resellers, as well as strategic partners.

KODAK

Kodak Limited markets a wide range of imaging products and services and plays a leading role in developing and manufacturing new Kodak products for European and worldwide markets. Kodak has been a supplier of document management products for over 70 years and have recently introduced a new range of scanners covering low, mid and high-volume sectors, together with microfilm-based Integrated Imaging products. Kodak is unique in being able to combine the advantages of digital capture in either black and white or colour, with technology -proof long-term analogue storage. Images can then be subsequently rescanned into any imaging system, completing the digital-analogue-digital loop.

ANACOMP

Anacomp, Inc. is a leading provider of information technology outsourcing services and document imaging solutions, with an established tradition of quality, value, service excellence and customer satisfaction. The Company uses its technology and resources to solve information management and service and support challenges for

businesses around the globe.

The services offered by Anacomp help businesses manage, store and deliver all forms of critical documents effectively, efficiently and securely to the people who need them; and keep vital information technology equipment up and running on a personalized, as-needed basis.

IBM

IBM is a leading provider of technology systems across a broad range of spectrums. Addressing multiple requirements of e-businesses, IBM Content Manager electronically captures, stores, manages, searches, retrieves, routes and distributes all types of content and helps enable easy integration of content with business processes.

IMR

Information Management Research, Inc. is a world leader in enabling businesses to maximize the value of their information, wherever it is located, and whatever its format. IMR develop software solutions that capture, organize, store, and share information for universal accessibility. The Alchemy® family of software solutions is scalable from a single workstation to a global enterprise and helps businesses streamline their internal information processes to build better business-to-business and business-to-customer relationships.

STAFFWARE

Staffware is the founder and global leader of the independent business process automation/workflow market. Staffware has been delivering world class Business Process Management/Workflow technology and solutions for over 15 years to all major industry sectors. As one of the top 50 software companies in Europe, Staffware operates from 25 offices in all the major business regions of the world. Working with its extensive partner channel, Staffware offers a global solution for business process management.

INTERVATE

Intervate is focused on delivering innovative software applications and customer solutions designed to unify people, processes and systems, and improve collaboration and productivity. Intervate's history has been filled with high growth and noteworthy achievements cultivating in outstanding customer successes and references including leading companies in industries including Insurance, Finance, Healthcare, Mining and Technology.

Microsoft is a key strategic partner and Intervate's products and solutions are all designed to maximize integration within a Microsoft environment. Customers are thus assured of a solution that is aligned with Microsoft's vision and product strategy.

GROWTH POTENTIAL

Metrofile is exceptionally well positioned to help companies meet the new pressures imposed by legislation, technology and the economic slowdown. Because of these challenges, business is increasingly looking to service providers within our technology space. Some industry perspectives, which illustrate this are highlighted below:

Gartner identifies that Content Management (which encompasses all our current offerings plus web content management, an identified future direction), is the second most important item on CIO agendas in the USA in 2001/2002.

IDC predicts that the content and document management services market will grow at a compound rate of 44% through to 2006 (reaching a total of \$24.6 billion worldwide).

“Before Sept. 11th, most people believed that 5% of their documents contained important business information. After Sept. 11th, and the loss of the documents outside of IT's control, it is now believed to be 12% - 15% of all information is important business information that needs to be protected.” Gartner 2001.

Despite the increases in use of technology, almost all companies still have an enormous volume of physical paper in storage, and according to various industry analysts this is continuing to grow by 12% - 15% per annum. Management of this is an administrative nightmare and is seen as a necessary evil. The Metrofile Storage Centers are an ideal alternative and these services will be continually expanded.

Records and document management is an area of great potential cost saving and efficiency for organizations, but it is also an area that could easily run out of control. Gartner predicts that if external content is not brought under control, time wasted on document-related non-value tasks will increase 30 to 40% by 2003. This is one of the reasons that content management remains a top ten item for CIO's despite tightening budgets.

Metrofile has built a strong professional services team that provides services, such as consulting and managed services. This will continue to develop as customers are finding it difficult to implement and extract real value from document and records management systems without help from external specialists.

Market experience presents strong evidence that the government sector is a largely untapped market with significant potential in the short to medium timeframe. The Metrofile group has the size, experience and scope to address the growing demand in government, and will continue to develop expertise in this market.

As companies look increasingly to outsource non-core functions, Metrofile is poised to offer new services complimentary to our existing offerings. During 2002 we will develop Business Process Outsource solutions focused on specific processes where we already have competency. These solutions have been implemented in European companies by our international subsidiary, and the experience we have gained there will be brought to the South African market.

INTERNATIONAL

The group has a well-established business and infrastructure in the UK providing services to some of Europe's largest companies.

The group's international focus will be on growth in the UK market for the foreseeable future. There is clearly some good potential in Africa, which will be explored carefully with the proper business plans and partners being assessed before venturing into these new markets.