



ANNUAL COMPANY REPORT



A summary of key information & future plans

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About Us

MISSION AND VALUES

Our vision of A New World of Work was born out of assessing the rapid changes occurring with employment practices, demographics and legislation as well as researching the causation and inevitable remedy to the UK productivity stagnation. What became clear was the need for organisations to adapt not just to evolving work patterns but also the changing consumer and competitive landscape.

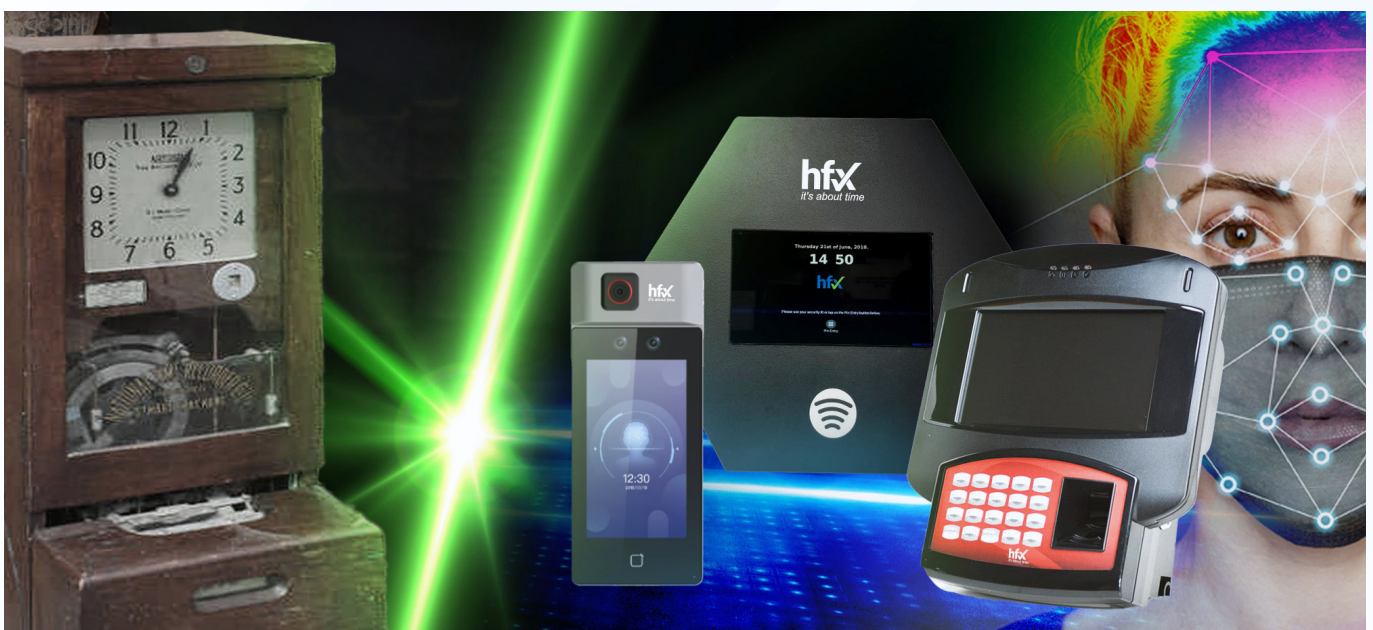
We aim to simplify Workforce Management and Empower our customers in the new world of work. Workforce Management Solutions have historically been complex and cumbersome to implement and use, often brittle and unable to cope with organisational change. There is an unmet need to provide a solution that is able to cope with complexity but is also easy to understand, use and configure. Our mission is to provide a solution that is simple to configure, simple to use and empowers our customers to take full ownership of the solution and adapt it without recourse to the supplier. We have made huge progress, but our mission is far from over.

At our core, we always aim to simplify everything we do. The fact that we have only one core value 'Simplify' is testament to this.



50+ YEARS SOLID PERFORMANCE AS A LEADER IN THE TIME & ATTENDANCE AND FLEXTIME MARKET

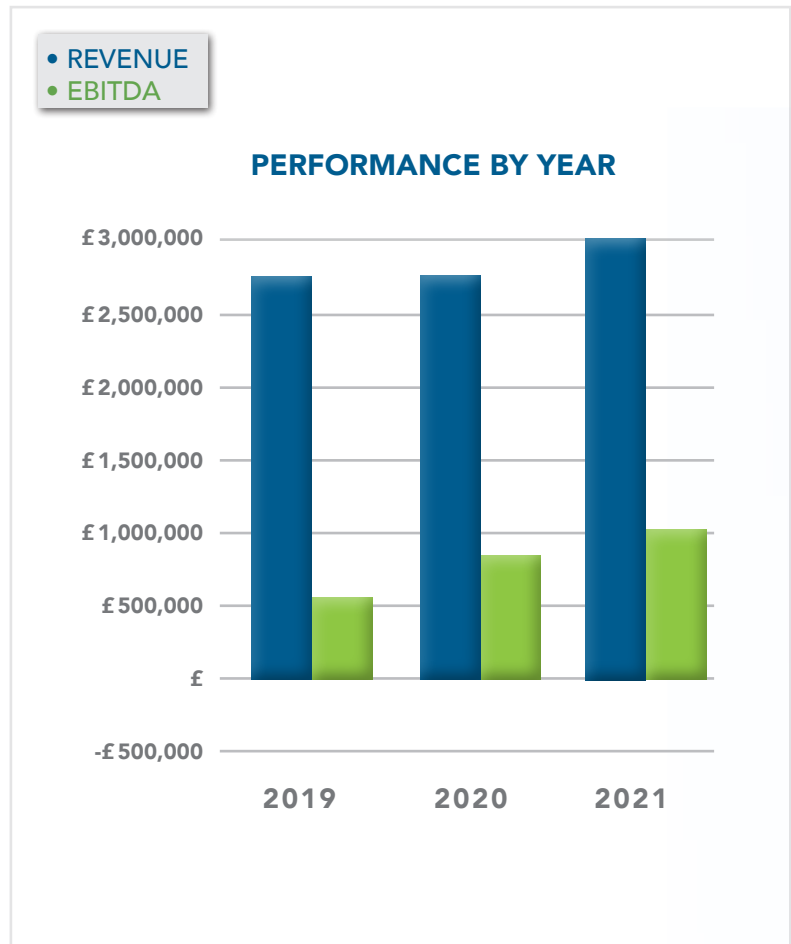
50+ years is quite an achievement in the world of Tech! This consolidated track record of experience, success and over 500 loyal customers during the last 50+ years has led to us becoming niche experts in our field, giving a security to existing and new customers that we are a consolidated tech company.



Our Achievements

2021 PERFORMANCE

2021 continued to be a challenging year for businesses as Covid restrictions and furlough continued. However, we managed to grow our recurring revenue and welcomed some great new customers as well as continuing to see a continual stream of customer migrations to our Cloud product Imperago. Our database of 1,500 active customer sites ensures a constant stream of upgrades. We also had a strong pipeline of new prospects thanks to our increased Partnership collaborations, our extended marketing activity and the fact that our advanced and flexible integration capability makes us THE go to Time & Attendance and Flexi provider.



At A Glance



Recurring Revenue
58%



EBITDA
up by **15%**
to **23%**



Over
45
Million
Transactions

2
New
Modules in
Development

28
New Customer
Names

Over
1500
Customer
Sites

Over
150k
Users

How Covid-19 made hybrid & flexible working the 'new normal'

The pandemic showed how businesses and employees were quick to pull out all the stops and modify working practices which hadn't changed for decades.

Our sales and development strategies have proved to be well in line with current needs and tendencies. Hybrid and homeworking has become THE new way of working and for years our system has been perfectly suited to managing Flexi and Hybrid working so we have been well placed to pick up on this increased demand.

NEW DEVELOPMENT IN 2021...SimplifyHR

2021 was an exciting development year for HFX when we launched our first HR module to complement our Time & Attendance, Rostering and Flexitime suite. We realised that there was demand for some essential HR module functionality added on Time & Attendance where customers did not want to acquire a separate more broad-ranging HR module.

HFX IMPERAGO - FINGER ON THE PULSE

The current staff shortages in many sectors such as logistics has meant that there is more interest than ever in software which is proven to increase productivity with a reduced staff level. Our Imperago 3D Rostering module enables companies to meet their business demand with fewer staff and also deal with last minute absences quickly without affecting output or customer service.



HFX Imperago gives you the best of all worlds: choose Best of Breed or an Integrated Solution

BEST OF BREED STRATEGY

HFX has been a leader in Best of Breed solutions for many years. This has permitted focus on the development of Imperago, our advanced time & attendance, flexitime and rostering solution with deep functionality, enabling us to win customers over our competitors who typically offer solutions with wide ranging functionality but which lack depth and struggle to cover more complex customer requirements. An essential part of the HFX Best of Breed strategy has been the behind the scenes development of Imperago's advanced ability to connect with all the main HR and Payroll solutions in the UK market.

SIMPLE & SECURE INTEGRATION

The HFX Best of Breed focus has been very successful in winning customers in a competitive market place

but we have recognised there is also a need in the SME market for simple, cost effective single solution workforce management systems englobing Time & Attendance, Flexitime, Rostering, Access Control, operational HR and Payroll. In order to meet the needs of this valuable market niche we have extended our solution to include the operational HR functionality and Payroll enabling small and medium sized companies to have one single provider for all these modules.

ONWARDS AND UPWARDS

We are excited to have launched our single integrated solution in the first quarter of 2022. This will increase our target marketplace and generate revenue to give us some strong growth in the next few years.



HFX Integration Experts

HR & PAYROLL

HFX's SaaS Cloud Time & Attendance solutions seamlessly integrate with many mainstream HR and payroll systems.

Integration to HFX generally involves main data groupings in relation to HR and Payroll; People Information, Payroll Information (Time to Pay), Absences, Shift Patterns, SSO. Integration can occur in any of the following ways:



1.

CLASSIC

Flat file export and import carried out manually.



2.

HYBRID

Often with on-premise/legacy HR/Payroll solutions with no API's but a desire by the customer to automate data transfer. An on-premise app communicates locally with the HR/Payroll solution and translates this into secure cloud communications with HFX.



3.

CLOUD PULL & PUSH

Connected HR/Payroll systems have exposed cloud API's that HFX can call to request the latest updates (information added/updated/deleted etc) and push updates from HFX. Pushed data can occur in real-time with requested data interval driven.



4.

CLOUD REQUEST & RECEIVE

HFX receives data pushed by the HR system and also returns updated/new data when requested by the HR/Payroll system. Data requested by the HR system (from HFX) is often not required in real-time so the interval driven approach is less of an issue.

5.

ON-DEMAND CLOUD INTEGRATION

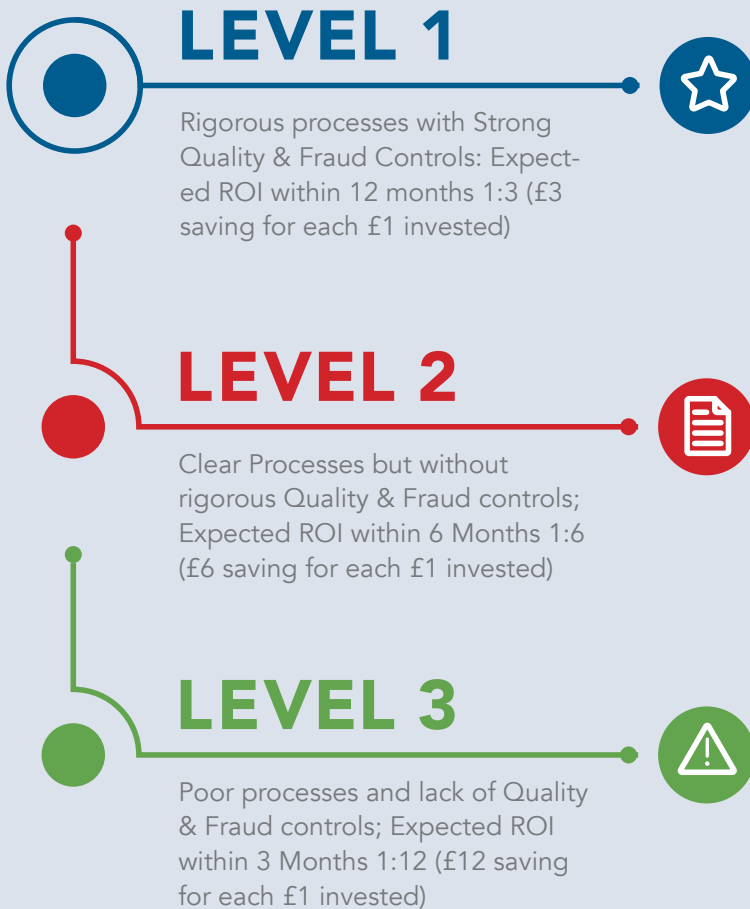
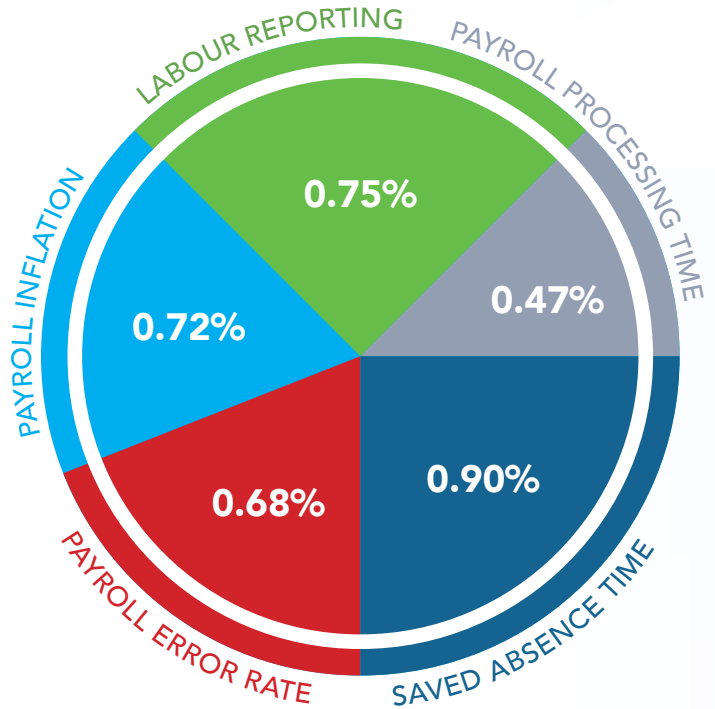
Enables both applications to push data to each other avoiding the need to make repeated requests for new data. The "owner" of the data pushes the information to the other party at the point of entry. This provides real-time information with minimum network traffic.



Market Proposition

REDUCTION IN PAYROLL COST

The ROI for Workforce Management Solutions is traditionally very high and this is recognised within the industry. With Time and Attendance, the savings can be as much as 3.52% of an organisation's payroll bill, as can be seen in the graph. However, rostering efficiently (ensuring resources are aligned to business activity) can be even higher at 9% of the rostered wage bill. Whilst these figures alone are compelling, the research by HFX reveals that savings can be still greater depending on our unique HFX maturity index developed based on our experience of 100's of organisations.



The model helps quantify the expected ROI both in terms of timeframe and savings based on the Maturity Index of the organisation.

Our proposition is enhanced by our ability to rapidly implement the solution through our contract-based configuration tool. Research shows that implementations can be achieved in 20% of the time required for legacy competitor solutions. This reduces the lead time for benefits to be released.

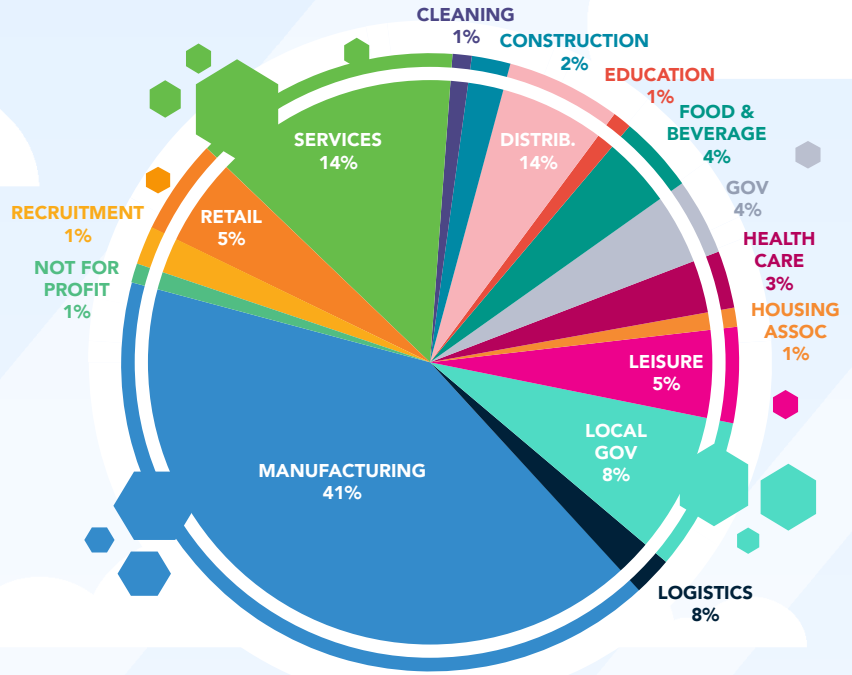
Whilst any Time and Attendance system can generate benefits, we believe that our suite can yield substantially greater savings and faster than any other. This mixed with our experienced team of consultants and a support team that regularly receive 100% Awesome ratings by our customers means that we are always on hand to advise and help them achieve their objectives whether during implementation or in the following years.

Our Market

STRENGTHS IN ALL SECTORS

The unique characteristic of HFX's Imperago Cloud solution is that it can fit any sector and any size company – this has been proved with our diverse mix of customers within our 1,500 customer sites. Often one organisation will have different ways of staff working within its departments (staff groups).

A solution like HFX Imperago is perfect to cover all the needs of one organisation which may require Time & Attendance and rostering in its manufacturing area, Flexitime within its admin and accounts department, and Time & Attendance, Rostering and Location Management for its logistics and distribution.



CUSTOMERS BY VERTICAL

Our Customers

PUBLIC SECTOR

- “ Thanks to the HFX solution our staff have the flexibility that our policies allow, they can use free days to get things done, which means they tend to make sure they are as productive as they can be in order to have the time off.” *Christine Miller, HR Partner at the National Library of Scotland*
- “ The HFX system has been welcomed by staff as it provides a very transparent way to record working time, including business absence. It enables us to correlate and calculate working hours, meal allowances and travel claims easily and promptly, and we can see at a glance who is in the office.” *Joe Gallacher, Senior Admin Officer at Renfrewshire Valuation Joint Board*
- “ The system helps to enforce consistency around leave allowances and flexitime leave” *HM Courts and Tribunal Service*



PRIVATE SECTOR

- “ HFX have delivered a solution that meets our needs, improved efficiency and delivered on the ROI, they are always improving the system and are responsive to feedback.” *Wesley Haywood, Group Operations Director of Blue Diamond*
- “ The recording of hours is important as it ensures that overtime, sickness and holidays are captured and compensated accurately. Our previous manual system was dependent on one person to record hours, resulting in frequent mismatches.” *Robert Thorogood Financial Director at Thorogoods*

Some of our new customers - HFX WELCOMES:

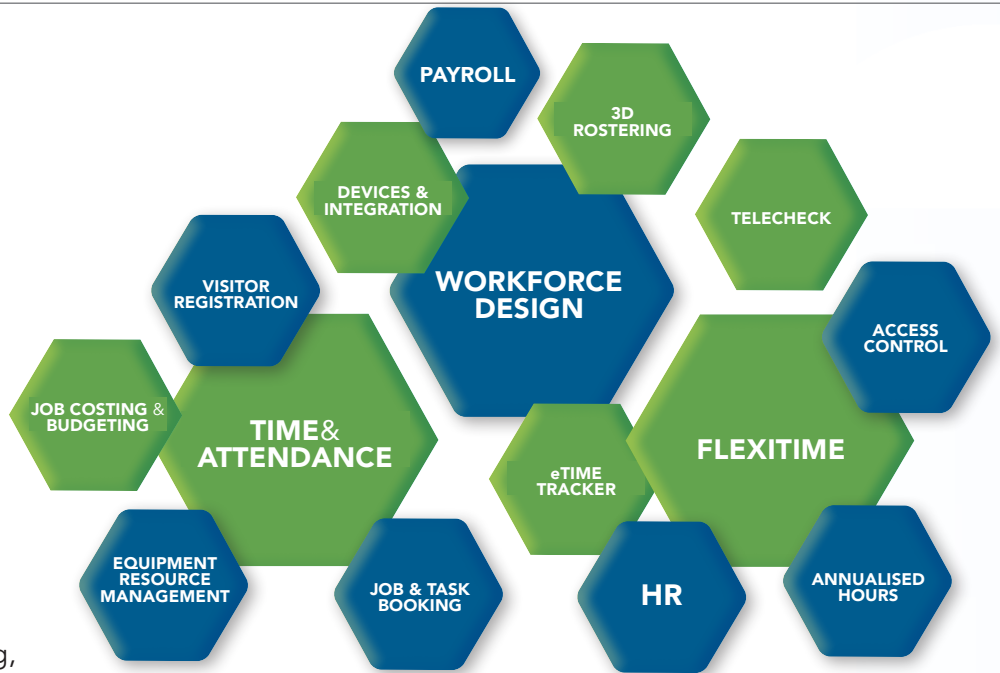


Our Solutions

SEAMLESS INTEGRATION

The latest generation of our SaaS Cloud solutions are highly customisable and can be configured to meet exact requirements, can support unlimited numbers of work patterns and provide seamless integration with all major HR and payroll systems.

The HFX solution comprises Time & Attendance, Rostering, Flexitime, Workforce Optimisation, Budgeting & Costing, Job & Task Booking, Access control and Visitors' Registration and fits organisations of all sizes and sectors including manufacturing, public sector, services industry, leisure, construction, retail, contract cleaning, recruitment, logistics and hospitality.



Our Experience

WHY CHOOSE HFX?

We have a strong and stable workforce who have years of experience in workforce management. On average our staff have over 10 years' service at HFX, with over 25% having between 11- 20 years'. Within product development, our team have on average 15+ years' experience and overall our staff have on average 17 years' experience in Workforce Management Solutions. This huge amount of experience goes into every product release, every project and every customer interaction here at HFX.



Management Team



ERIC SMART • CHAIRMAN

Entrepreneur and Investor with over forty years' experience in workforce management solutions. Eric has spent over 40 years acquiring, growing and selling high tech businesses focussed on workforce management solutions and is considered a domain expert in this niche vertical.

NICK WHITELEY
CHIEF EXECUTIVE OFFICER

Nick has held a variety of Board Level positions over the last 15 years including Group MD, CTO, COO and CIO. He brings 22 years of Workforce Management experience to HFX and remains Chief Product Officer for the HFX suite of solutions. He has a Degree in Artificial Intelligence and in 2012 authored a book on Business Innovation which outlined key principles and approaches to Innovation which he has successfully implemented within HFX.



NICOLA SMART
CHIEF OPERATING OFFICER

Nicola has over 20 years' experience working in key director positions, where she focuses on long-term growth strategies through acquisitions, partnerships and sales. Her early career was spent at PwC as a Chartered Accountant in London and Madrid, where her work involved managing teams on audit and M&A projects. She is passionate about creating strategies for global business expansion and ensuring sustained revenue whilst not forgetting her top priorities: high quality product and top customer service/satisfaction.



ROBERT AYERS
HEAD OF SOLUTIONS



STEPHEN MEHEW
CHIEF CLOUD OFFICER



BRENDAN SANDS
NATIONAL BUSINESS DEVELOPMENT MANAGER



ALEX BOA
GROUP SALES DIRECTOR



Our CSR Programme

THE GAMBIA

In 2020 HFX started collaborating with a charity Mas+ which works in The Gambia and Ecuador, by sponsoring the schooling of some children in The Gambia. The sponsorship includes the tuition, books, uniform including shoes, and also transport to the school and meals. Many children live in very isolated rural areas where nobody has a car and therefore it is impossible to get to a school. Giving the children free meals is also an incentive to parents to send children to school because they will be losing help at home and in the fields. Mas+ has a vibrant programme to find sponsors to fund a child's schooling for a year. Mas+ currently sponsors around 300 children.

Mas+ helps to build, improve and support schools and medical centres and is in the last stages of reforming six schools and one medical centre in The Gambia.

The charity also installs solar panels giving electricity for the first time to the schools. Typically, the village and school will have one well with just a bucket and no plumbing for a tap. As part of the project, Mas+ constructs wells with taps to provide easier access to running water.



SPONSORING YOUNG TALENT AT THE ANNA FIORENTINI THEATRE AND FILM SCHOOL

HFX is a partner of the Anna Fiorentini Theatre and Film School and is also a Platinum Corporate Sponsor of the school's annual creative Variety Showcase event.

The sponsorship builds on our company ethos of putting people first - enabling individuals to contribute to the workplace in a flexible working environment.

We share the values and professionalism exhibited by the school and its mission to bring out the best in every child, using arts as a creative and expressive vehicle to develop students' self-confidence further.



HFX IS PUTTING PEOPLE FIRST

HFX is a Living Wage Employer. Our Living Wage commitment ensures everyone working at HFX receives a minimum hourly wage of £9.50 in the UK or £10.85 in London. Both rates are significantly higher than the government minimum for over 25s, which currently stands at £8.72 per hour.

HFX IS WORKING FOR A GREENER ENVIRONMENT

We take our carbon footprint very seriously. As part of our environmental policy and practices we have invested in a new datacentre that is highly energy efficient and have created a sustainable purchasing policy. Furthermore, as a responsible employer, we are committed to ensuring that all company cars will be electric by 2025, reducing our carbon footprint further.

The Value of Simplify

OUR MISSION

Our mission is to 'Simplify Workforce Management and Empower our customers'. This is our mantra and guides everything we do. We believe this drives positive change and provides tangible benefits to all our customers. We apply this approach to all that we do and place our customers at the heart of the process.

By applying the value of Simplify to our software development, our team has created a powerful Workforce Management Solution that reduces customer configuration time by over 80%. The result is that our customers pay significantly less for a faster implementation, resulting in immediate savings.

We aim to empower our customers to take complete ownership of the system including the ability to manage the rules of the system themselves. This not only reduces costs but enables customers to adapt the solution as they change and grow.

OUR APPROACH

By providing a user interface that is intuitive and simple, our customers significantly reduce training costs whilst ensuring that there is a high user adoption and fewer user errors.

Our approach to integration with other software solutions including HR, Payroll and ERP takes a similar approach. HFX provides RapiD interface configuration that does all the heavy lifting, translation and transformation enabling third party integration to be achieved effortlessly. By handling the complex processes within the application, we simplify the integration to third parties and enable our customers to leverage the API so that they can integrate directly

We have also applied our core value to other aspects of our business including the approach to Marketing. Our new website (www.hfx.co.uk) was designed with our audience in mind rather than being slaves to google search ranking algorithms.

We removed the clutter and present the information we think our potential customers want to know. There are no cookies, no pop-up ads, no annoying call-outs and no information overload. We want our customers to view the information they want quickly whilst having a fun and positive experience.



The Brownfield Strategy

Time and Attendance systems have been in existence for over 40 years and the market for these solutions is mature with a well-recognised Return on Investment (ROI) through automation and elimination of payroll errors.

Whilst there are many organisations yet to benefit from Time and Attendance solutions, there are also many with an existing Time & Attendance system who would, given the right circumstances, opt to move to the latest technology.

GREENFIELD

Within HFX, we classify as “Greenfield” opportunities where they have no existing solution and “Brownfield” where they have an existing solution. We believe there is a significant opportunity in both these markets.

HFX has a specific strategy to address “Brownfield” opportunities that has informed and directed the development of Imperago, the next generation Cloud solution. This is based on the deep knowledge and feedback from customers over decades.

In formulating the “Brownfield” strategy it was important to recognise that Time & Attendance solutions are regarded as “sticky”, e.g. once purchased it often remains in place for 10 to 20 years. This longevity is often despite the failings and shortcomings

of the incumbent solution which can be hard to use, adapt and maintain, with often poor support from the supplier. The later aspect (poor support) is a cynical consequence of “sticky solutions” where the supplier considers there is minimum risk of customer attrition and therefore does not invest in customer services.

CLOUD SOLUTIONS

The HFX “Brownfield Strategy” addresses not only the issues with existing legacy solutions (and suppliers), but also, and fundamentally, the barriers to switching from the incumbent legacy solution to a more modern Cloud solution. In short, the “Brownfield” strategy aims to negate and overcome the “stickiness” of existing time and attendance solutions and therefore remove the barriers to switching suppliers.

The “stickiness” of a Time and Attendance solution is often the result of the investment made not just in the software, but in terms of implementation and the data collection (clocking) devices. Traditionally, organisations could expect to pay roughly the same for the hardware (Data collection devices) and Professional Services as they did for the actual software. Thus a £90k investment would be equally spread across software, configuration and the data collection devices.

OUR JOURNEY

- 1973** | HFX launches Flexitime in the United Kingdom.
- 1984** | Our solutions expand to include Access Control.
- 1997** | HFX leads the market with their flexitime work solution.
- 2004** | HFX provides a complete workforce management suite.

- 2012** | HFX is acquired by Smart Business Investments Ltd
- 2013** | HFX makes investments in the next cloud solution.
- 2014** | HFX launches Imperago Flexitime with Access Control.
- 2015** | HFX launches Imperago T&A and Workforce Design with 80% reduction configuration and implementation time.

Migrating to another supplier would often require a similar investment in replacing not just the software but also the hardware and re-configuration. This represented a significant barrier to change and often left the organisation "making do" with an existing solution that increasingly did not meet their needs.

Often, configuration was time consuming, expensive and hard to maintain. Further, the costs of adapting the solution to changes in an organisation can be prohibitive and this creates "solution divergence" requiring more and more manual workarounds.

REMOVE THE BARRIERS TO CHANGE

However, what if you focused Research and Development on simplifying configuration and reducing the time and cost to configure by 80-85%?

This would result in implementation costs reduce from £30,000 (as per the previous example) to £6,000. What if you could integrate any existing device into the solution, removing the need for the organisation to replace all their existing devices?

Immediately, the cost of replacing their legacy solution reduces from £90,000 to £36,000. With a SaaS cloud solution there is no upfront licence fee, rather the cost is spread over 3 years, so the initial outlay reduces even further to £16,000.

The HFX RapiD integration engine also simplifies

integration, reducing costs further where this is required. Because the solution is so easy to configure, it also reduces Total Cost of Ownership (TCO) and helps prevent solution divergence.

HFX also invest heavily in support and regularly receive 100% "awesome" support ratings. We do this by ensuring all our support personal are trained to 2nd level. There is no 1st line support desk and most queries are answered on first interaction.

THE HFX COMPETITIVE ADVANTAGE

This strategy provides the customer with the latest generation cloud solution that is not just cost effective to configure but also to maintain, with options for the customer to take more ownership of the solution as they do not need to rely upon the supplier. By providing superior customer services the customer is always able to get help when they need it and speak to product experts. The advanced functionality is able to provide the customer with additional value with the TCO significantly below any of our competitors.



<p>HFX launches cloud solution Imperago 3D Rostering module and the attendance and location management cloud platform EveryOneCloud.</p> <p>2016</p>	<p>2017</p> <p>HFX signs up a great host of partners and resellers within the UK. HFX also firstly manufactures its own cloud data collection devices.</p>	<p>Autotime joins HFX. New website launched. Visitor Registration and Budgeting and Costing modules.</p> <p>2018</p>	<p>2019</p> <p>HFX moves to Solutions House, our new HQ complete with bespoke shuttle bay visitor experience reception area.</p>	<p>New Equipment Resource Management Module released. Steady growth sustained with 25 new customer names.</p> <p>2020</p>	<p>2021</p> <p>New HR Operational Module (SimplifyHR) launched.</p>
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hfx
it's about time

CONTACT US

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or call 03333 447872