

## Representative Proposals

- **Market intelligence and industry benchmarking** for a global industrial electronics manufacturer;
- **Strategic planning** for a government contractor providing high-end, top secret communications and simulation support for U.S. defence interests;
- **PMO support** for a major Canadian retail chain;
- **Patent profiling and portfolio management** for a leading North American telecom firm;
- **Internal situation audit and benchmarking** for a global pharmaceutical interest;
- **Project management training** for one of Canada's 'Big 5' financial institutions;
- **Market intelligence** governing testing solutions in the manufacture of complex industrial electronics;
- **Leadership program design and development** for a major national cheque processing corporation;
- **Sales guide design** for a Canadian telecom firm;
- **Process design and project management** for one of North America's largest electrical utilities;
- **PMO infrastructure support** for one of the largest providers of network solutions;
- **Recruiting cycle support** for a leading Canadian diagnostic laboratory;
- **Shared services business case preparation** for one of the world's largest, most profitable life insurance companies;
- **Charitable donation development** for a major Canadian health association;
- **Process optimization** for a global IT corporation;
- **Process mapping and optimization** for a leading Canadian bottler;
- **Recruiting cycle support** for a major Toronto hospital;
- **Process mapping support** for a North American biotechnology firm;
- **Competitor intelligence** for a leading manufacturer of professional dental products;
- **M&A support** for a North American automotive parts manufacturer;
- **Proposal cycle support** for a major North American program management services provider;
- **Business plan development** for the world's largest recycler of metal-bearing wastewater sludges;
- **European opportunity scan** for one of Canada's leading real estate management firms;
- **Industrial intelligence** related to asset acquisition in the North American steel sector.

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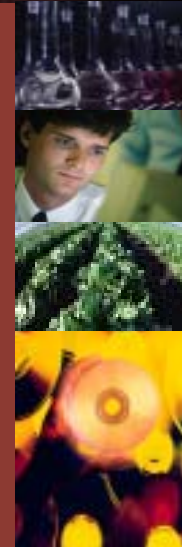
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Interim Report

For 3 months ending  
 December 31, 2000



2000



**S·B·R**  
 GLOBAL

## Context

The Canadian economy remained upbeat during the quarter. The U.S. economy, however, has begun showing signs of a significant slowdown. The business cycle shift, from bull to bear, which began in March, has not worked itself out visibly in either of SBR's GWA or GTA metro markets. Cycle lag (buffered by the extended wealth effect attached to middle-class investors), wage inflation (especially in the service sector), and peak prices in real estate have camouflaged the shift in the economy. As well, federal elections in Canada and the U.S. consumed public attention. The extended drama attached to the conclusion of the U.S. election may have contributed to the public's growing sense of unease.

Questions remain surrounding the depth and timing of the slowdown. Over-capacity in telecom, steel, the autoplex, logistics (both rail and road) suggest that a recession will be felt in the GTA and GWA metro economies by 01Q3. SBR's banking clients have substantially increased their loan loss reserves.

It is typically at the end of a cycle shift—at its crest or in its trough—that the professional services sector stalls. This is due to indecisiveness surrounding corporate tactical positioning.

## Corporate Overview

SBR underwent two reorganizations in Q4. The first was a move from three to six SBUs, which was undertaken to increase accountability and customer responsiveness. The second, a shift from four to five SBAs (with Business Development split into a Sales Unit and a Marketing & Proposal Unit) promises a more focused and receptive sales team. Corresponding reporting structures and senior staffing stabilized. The push to full succession and apprenticeship programs continued in anticipation of launching two additional SBUs in 01Q1.

While the company's infrastructure remains in excess of its operating needs, this overhang is being used to strengthen and renovate key processes and functional areas. Commercialization of this capacity into fee-for-service offerings continues. Recruiting and sales cycle support remain the most active areas of this conversion.

The extension of SBR's GWA practice accelerated in the quarter. As SBR's five Toronto facilities reach full capacity in 01Q2, it is expected that further expansion will occur in the GWA market with more work coming from existing customers there. The year closed with YE record levels of backlog and all SBAs/SBUs engaged in strategic planning.

## Strategic Business Areas

**Human Resources** hired 25 staff, closing 80% of all offers extended in a tight labour market. HR set records for practice revenue, with recruiting active in the banking, high technology, and manufacturing sectors. The HR department increased its own headcount, growing from five to eight staff.

**Administrative Services** continued to ground the business in the areas of contract administration, project support, audit, and finance.

October through early-December marked heavy selling efforts for **Business Development**. The shift to relationship selling began in December.

The **Marketing and Proposal Unit** was spun out of Special Operations. With this shift increasing efforts to enter the public sector were triggered. The unit set records for both the number and dollar value of bids. SBR launched three new business areas—shared services, knowledgeware, and systems engineering.

The **Facilities Unit** completed the restoration of the main floor of SBR's Graeme Building headquarters. The 5th floor of this site was renovated to accommodate the need for space.

## Business Unit Activity

### **Financial Services Group / FSG**

FSG continued to focus on serving banks, insurers (life and P&C), and financial units of large corporations. Projects this quarter included—stochastic modeling and scenario analysis related to global metal interests, database management applications for a mutual funds provider, project office support involving equity trading systems, and due diligence on Internet security technology.

The unit finished an exceptionally strong quarter, surpassing revenue targets and setting a year-to-date record in terms of backlog. The unit also successfully completed two assignments in Washington, D.C. It achieved an effective utilization rate of 90% while 75% of the unit's total quarterly revenue was derived from project extensions. FSG's customers extended every project beyond the initial close-out dates.

### **Decision Support Services / DSS**

The company relaunched DSS under new management and with additional talent. In less than six weeks, the unit had active projects in play for major steel, utility, telecom, and software development interests. Mandates for these projects included—asset acquisition targeting, market segmentation and sales force support, industry profiling, and customer database analysis.

DSS extended two of five projects beyond their original mandates. The unit also achieved an average utilization rate of over 80% for the quarter.

### **Operations Support Services / OSS**

OSS continued with major systems and project management engagements in both the electrical utilities and telecom sectors. This SBU is involved in major enterprise system installations, process engineering, and system optimization. The unit maintained its presence at a major telecom interest despite reductions in that firm's staffing levels. Significant late-quarter shifts in account placement will extend into the new year.

Quarterly revenues were impressive. Revenue from project extensions remained strong and represented almost 60% of the unit's revenues for the period. The average utilization rate for the quarter was over 65%.

### **Industrial Engineering and Technical Services / IETS**

IETS is a new business unit and completed projects for major retail, hardware manufacturing, and software development interests. These assignments included market intelligence (with an emphasis on forecasting), process mapping, and project management support. One in every three staff

assigned to this unit have had doctoral training; most are drawn from engineering disciplines.

Q4 was a challenging period for IETS. However, the unit still managed to exceed its targeted revenue by 50% since its roll out. Over 30% of all business delivered involved project extensions. The unit's average utilization rate for the quarter approached 70%.

### **Competitive Productivity Services / CPS**

The majority of this unit's portfolio rests in Internet security, electronic counterintelligence, and web-based software. During Q4, CPS completed major projects in the areas of courseware and call centre management. The unit continued to rely heavily on its network of contractors and experts in support of the highly specialized nature of its assignments.

CPS completed an important engagement in Q4. Working for a major security systems provider, CPS teams created the world's first, multi-levelled, network security risk assessment tool, benchmarked to network software, hardware and user engineering. This innovative diagnostic tool can be utilized by all information management systems regardless of industry or application. Because of CPS's recent roll out as a separate unit, new business accounted for almost 90% of its revenue; the remainder came from contract extensions.