OTRS

TRANSFORMATION

ANNUAL REPORT

2017

TRANSFORMATION

TRANSFORMATION AND THE FREEDOM TO BE SUCCESSFUL

In our mission statement we talk about what the vision of our service looks like to the customer: we offer them freedom to be successful – in many ways. We move them forward in two ways, no, actually three!

At OTRS we strive to offer freedom from the things that, through their repetition, their routine in everyday work, put people in a sluggish mental state, restricting them and leaving no room for further development or progress.

We remove these restrictions to give our customers the freedom to do what they should in their everyday professional lives: To develop ideas, to let creativity run free, to think in new dimensions, to create unique perspectives.

As we open these paths to our customers, we must also take significant measures in our own entrepreneurial structures. And indeed, we are taking these steps to enable real transformation in the digital age, giving us wings to ascend to the next level, a new level, because ...

"When digital transformation is done right, it's like a caterpillar turning into a butterfly, but when done wrong, all you have is a really fast caterpillar."
George Westerman, Principal Research Scientist, MIT Loan Initiative on the Digital Economy.

The 2017 annual report shares with you how digital transformation is taking place at OTRS, and it presents this within the context of our definition of freedom, as well as its effect on our company and customers. Join us for the journey ...

The OTRS Group & Your Service Management Solution

The OTRS Group is the manufacturer and world's largest service provider of the open-source service management suite, OTRS. The company consists of OTRS AG and its five subsidiaries OTRS Inc. (USA), OTRS S.A. de C.V. (Mexico), OTRS Asia Pte. Ltd. (Singapore), OTRS Asia Ltd. (Hong Kong) and OTRS do Brasil Soluções Ltda. (Brazil).

OTRS AG has been listed on the Frankfurt Stock Exchange since 2009 and has been part of the Basic Board segment since 1 March 2017 (ISIN: DE000A0S9R37, WKN: A0S9R3). The OTRS Product Suite includes the OTRS Service Desk Software; the ITIL® v3-compatible, according to PinkVERIFY™ Certified IT Service Management, module known as OTRS::ITSM; the built-in **OTRS Business Solution**™ used for professional business use; and the cloud-based **OTRS Business Solution**™ **Managed**. (As of April 2018, **OTRS Business Solution**™ transitioned to **OTRS On-Premise** and **OTRS**.) OTRS is available in 38 languages and is used by more than 170,000 companies worldwide to optimize their service delivery with an integrated solution, increase customer satisfaction and reduce costs. The OTRS Group is the source code owner and supports companies worldwide with their solutions. The service portfolio includes process design, implementation, customizations, application support, corporate security and managed OTRS Services.

OTRS and **OTRS On-Premise** are our answers to market demand for packages that are exclusively for professional use, consisting of individual features coupled with specially adapted services. Companies and organizations such as Bayer Pharma AG, BSI (Federal Office for Security in Information Technology), Max Planck Institute, Toyota, Huawei, Hapag Lloyd, Lufthansa, Airbus, IBM, Porsche, Siemens, and Banco do Brazil (Bank of Brazil) are among the customers. OTRS is in use at more than 40% of the DAX 30 companies. More information about OTRS Products and Services can be found at www.otrs.com.

André Mindermann

Dear Shareholders and Friends of OTRS AG,

It is a great pleasure for me to present the annual report for 2017 on behalf of our employees at OTRS AG, in which we have described our strong financial and social results. Nevertheless, we wish to remain modest and keep on earning our customers' trust every single day. We want to shape the future with conviction and optimism, but also with prudence. In the fifteenth year of the existence of OTRS AG (after being founded as a limited liability company in 2003), we hold a leading position in the market. As a developer and provider of innovative and open source software solutions, we therefore have a special role to play. As digital transformation advances, the world is facing far-reaching changes that simultaneously entail a wealth of opportunities. For example, we have only just begun a fundamental transformation of communication, production and participation. We want to keep a hand in this process – with our experience, our profound knowledge and above all with our passion. And our customers are always at the heart of this.

Against this backdrop, I am particularly pleased to report that fiscal year 2017 was a successful year. We generated revenue of EUR 7,645 thousand in the reporting year after EUR 7,254 thousand in the previous year. This is in line with our goals. We also achieved a satisfactory result in the essential area of recurring revenue on the basis of our **OTRS Business Solution**™, which combines the standard version of OTRS with special features, security and software updates in addition to consulting and support. After EUR 5,156 thousand in 2016, we generated EUR 5,830 thousand in fiscal year 2017, an increase of EUR 674 thousand or 13.1%. We were therefore able to confirm the previous year's growth momentum. Recurring revenue accounted for 76.3% of total revenue. We see our corporate strategy, which envisages a move away from project-based cash inflows towards a continuous revenue stream, as a defining feature of our path to sustainable growth. Recurring revenue has two advantages: Firstly, the reliable predictability of this source of revenue allows greater planning security and puts our business model on a solid footing. Secondly, this type of revenue comes from long-term contracts with our customers, which means it is a reflection of the trust placed in us by our customers – and at the same time an emotional reward for our commitment to customer satisfaction. EBITDA amounted to EUR 510 thousand in fiscal year 2017 after EUR 534 in the previous year, with an operating cash flow of EUR 1,703 thousand (previous year: EUR 981 thousand) and EBIT of EUR 128 thousand.

2017: Innovation and evolution at OTRS AG

Overall, we are highly satisfied with developments in the fiscal year.
On the product side, the fiscal year was dominated by innovation and evolution. For instance, we presented **OTRS Business Solution**™ **5s** at IT-EXPO.ch in Switzerland. Among its many features, the software allows simple, direct and personal customer communication in the service process.

The service management suite also supports continuous internal processes with integrated calendar functions. They provide an overview for all departments of scheduling and employee assignments, thus ensuring straightforward central resource planning and efficient resource utilization for our customers.

The software's extensive new functions and high connectivity met with great interest at the trade fair. We were able to expand on our contacts, move forward on promising talks and get new customers excited about our on-premise and cloud solutions.

In the middle of October last year, we presented **STORM** at it-sa in Nuremberg. This is another solution from our developer studios. **STORM** stands for Security Threat Operational Response Management and acts as the technical backbone for IT security processes, allowing the definition of specific processes for threat scenarios and role-based authorizations for different user groups. **STORM** powered by **OTRS** is therefore our innovative and dependable solution in the cyber security and data protection sector, with which we are meeting the market's calls for greater emphasis on security.

At the end of November, we released "Version 6" of the OTRS service management suite, which predefines all service processes in the ITIL categories of service design, service operation and service transition with a process framework and description. Our development team also improved usability.

The future belongs to communication – OTRS will shape the future

The Internet of Things is permeating broad swathes of day-to-day life. It is changing communication, media use, consumer behavior, healthcare and the world of work from the ground up. It is no longer just about connecting people, but rather about connecting devices such as televisions, scales or refrigerators as well. Digital transformation is a major challenge to people and technology, which many experts see as nothing less than the fourth industrial revolution. Thus, advances in digitization are opening up myriad opportunities that we intend to firmly seize.

The market for cyber security, for example, is growing at a rapid rate. According to the industry service IDC, this market was worth USD 82.9 billion last year, and the global market is set to grow to USD 120.7 billion by 2021. This is just one of the sales areas we are focusing on. However, it impressively illustrates the growth opportunities for visionary software companies such as ourselves.

With our reliable and innovative products, not to mention our solid finances, we are well positioned to benefit from the strong market momentum. In fiscal year 2018, we want to push ahead with our international expansion, which has already been communicated and rolled out in previous years. In terms of products, we will continue to invest in the development of **OTRS** as our professional, managed solution, expanding it step-by-step and adapting it to meet our customers' highest demands.

The forecast total revenue for fiscal year 2018 will exceed EUR 8 million for the first time.

Finally, I would like to thank all the employees of OTRS AG, and I am speaking to you on their behalf as well. Loyalty, passion and a sense of identity have always been what make OTRS AG what it is. Our team lives by these values in the best possible way.

I would also like to thank you, our shareholders, for the trust you have placed in us.

Sincerely,

André Mindermann
Chairman of the Management Board

THE MANAGEMENT BOARD

André Mindermann
CEO & Founder

Sabine Riedel
Member of the Management
Board, Marketing & Human
Resources

Christopher Kuhn
COO & Member of the
Management Board

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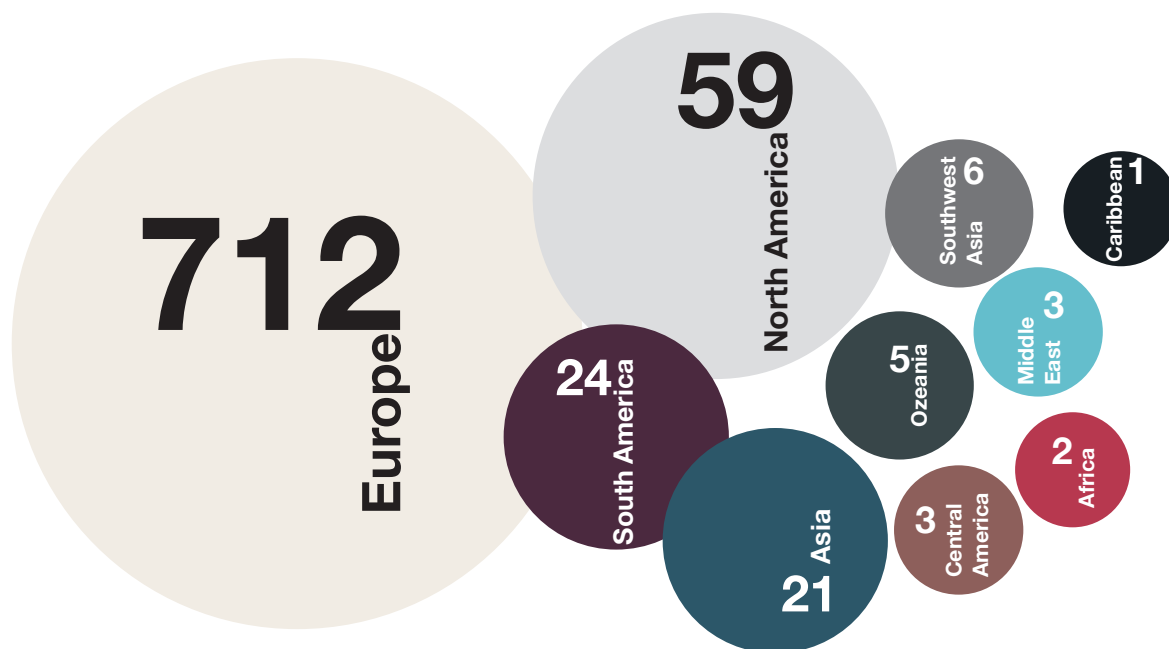
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Perspective Change: OTRS from the Customer's Viewpoint

Number of Contracts by Continent and Geographic Region

712 Europe

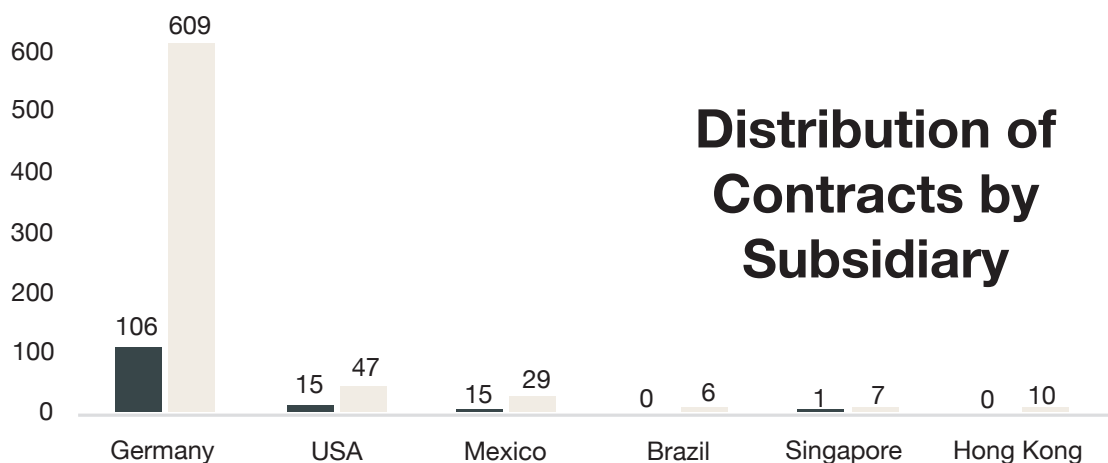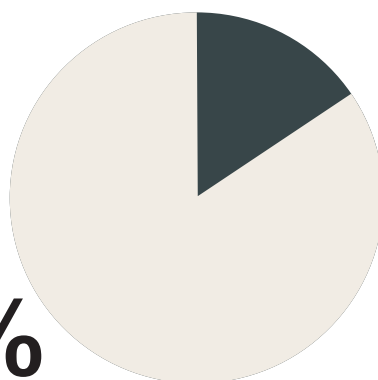**59** North America

6 Southwest Asia

1 Caribbean

24 South America

5 Ozeania

3 Middle East

2 Africa

21 Asia

3 Central America

Distribution of Contract Levels

OTRS Business Solution™ Managed
15.3%

84.7%
OTRS Business Solution™

Distribution of Contracts by Subsidiary

	Germany	USA	Mexico	Brazil	Singapore	Hong Kong
	106 / 609	15 / 47	15 / 29	0 / 6	1 / 7	0 / 10

"OTRS is one of SES Techcom Services' **trusted** tools for **managing** services with challenging **operation** models. Interfaces to other operation support systems, including SES systems, are an important **success factor**!"

Georges Amirza, Service Manager at SES Techcom Services

"We use OTRS because it gives us the **flexibility** we need and more. After having evaluated a number of systems **OTRS** was the **perfect fit** to deal with our highly complex environment."

Chris Bates, Information Systems & Infrastructure Manager from Cogetech

"In the seven years we've been using OTRS as a **contract customer**, we've only had **positive** experiences. We really appreciate the **reliable** and **competent** support."

Georg Rölli, Head of IT Operations at Livit AG

After its re-establishment, Excelitas implemented OTRS at an international level as a high-performance ticketing tool

Excelitas Technologies Corp. is a global technology leader for OEM customers in the area of optoelectronics and innovative, customized solutions for medical lighting, analytical instrumentation, clinical diagnostics, industrial safety and security, and aerospace and defense applications. In 2013, Excelitas acquired Qioptiq and Lumen Dynamics, which are currently being integrated into the company.

Reliable ITSM support for all subsidiaries

Challenge: Unstable system for internal IT service makes worldwide centralized support impossible.

Excelitas has a global IT approach based on "shared services." For example, they offer centralized services for SAP. "At some locations, IT can only operate with international support. If the local IT department cannot solve a problem, the request is forwarded to the global team. Smaller locations don't have their own IT departments. Requests are then directly solved in a central context," explains Stefan Goerke, IT Infrastructure Manager at Excelitas. This requires a smooth working system as a basis. In the USA, the slow and inefficient legacy system was a source of more work than productivity and wasn't implemented in Germany for this very reason. Time was therefore an important factor for installing a new system that would enable faster and more efficient processes.

Solution: Multilingual solution enables transparent workflows throughout all subsidiaries and now also maps processes.

In 2012, Excelitas assessed different ticketing systems, including Service Now and OTRS. The decision was finally made in favor of OTRS: "We wanted a tool for our IT that could be used in the near future by more and more departments – e.g. Facility Management – guaranteeing stable processes." Because of the concept of "shared services," having just the traditional ticket functions wasn't enough, and the ability to create a ticket automatically with an incoming email was also important. This enables the user to choose freely whether or not to log in. "As we are using OTRS at our locations all around the world, the availability of different interface languages is a great relief for us in the course of our daily work with the system," says Stefan Goerke. The process management function also plays an important role for the company: in addition to finance processes, it is also planned for change requests to be carried out with OTRS soon.

"OTRS offers the enormous advantage of allowing us to test it in a simple, uncomplicated way, and the software remains highly adaptable without losing any of its performance."

Stefan Goerke, IT Infrastructure Manager from Excelitas

Why OTRS?
The ITSM cloud solution of OTRS is reliable, fast and extremely productive.

The fact that OTRS is an open-source software was a significant advantage in the eyes of Excelitas Technologies Corp.: "Although we didn't have a contract, we could test the open-source solution to get a detailed overview of the functions and the structure. So we were able to detect the possibilities of the system and what we would further need, even before we'd used OTRS in a productive environment." Another positive aspect is the solid price-performance ratio. Since the Go-Live in 2012, the cloud version of OTRS::ITSM has enabled reliable and stable operations at the company and is significantly faster than every in-house solution tested.

According to internal survey results, the ticketing tool enjoyed very positive feedback after only a short time because the IT departments could now react more quickly. Even if a subsidiary does not have an IT department of its own, the shared services system takes care of the tickets and the requester gets a response immediately. Managed OTRS::ITSM simplifies international shared services teamwork at Excelitas to a significant degree and is planned to be implemented successively in further areas in the future. "At the moment, the integration of Qioptiq is at the center of our attention, but next year we will expand OTRS to additional departments and intensify our focus on process management," says Goerke, referring to the next steps with OTRS.

Managed OTRS enables GÉANT to meet formerly hard-to-fulfill SLAs, relying on the internal operation of the system

GÉANT is the pan-European research and education network that interconnects Europe's National Research and Education Networks (NRENs). Together they link over 50 million users at 10,000 institutions across Europe, supporting research in areas such as energy, the environment, space and medicine.

ITIL® standard-compliant approach now possible

Challenge 1: Previous ticket system did not include an email functionality or permit the tracking of IT issues using standard, industry-accepted terms.

Agents additionally used a separate mailbox. Without the possibility to unite all available information as well as the email communication regarding problems and different approaches in one central place, efficient workflows were hard to establish. "Providing high IT connectivity services and network monitoring solutions also means to manage lots of small research projects with many different types of data. This requires a reliable but also flexible software which makes all the project communication transparent," explains Tony Barber, Head of GÉANT's Operations Centre. Meeting SLAs for internal and external issues processed by GÉANT plays an important role for the network's daily business.

Solution: Workflow and SLA capabilities permit standardized output.

OTRS Tickets are used to track internal work (change & service requests, problems) and external issues (customer support issues like service requests and incidents). "We make extensive use of the SLA capabilities in combination with the workflow possibilities in OTRS. This guarantees that the issue will be attended in time and helps to follow a consistent approach regarding problem solving and standardized output," says Barber. After introducing OTRS, NOC staff experienced that the automated features, used along with the email/ticket functionality, freed up a lot of time and helped to provide an easy-to-understand communication flow. Now all related issues are collected in only one place, something that was not possible before.

Challenge 2: Providing a bespoke authentication solution on a cloud-based product.

The GÉANT community includes 40 partners from across Europe, the IT systems of which should be accessible using the community-developed federated authentication system. How could this be achieved on a system that was not managed by a GÉANT community member?

Solution: Bespoke hosted solution in conjunction with OTRS Group's operations team.

GÉANT's systems programming team in conjunction with OTRS Group's support staff developed a supportable solution for integrating the community-wide eduGAIN authentication solution into OTRS. OTRS already supported Active Directory and OTRS Group appreciated that a further mechanism could be supported providing GÉANT with its required solution. This deployment was the first time eduGAIN authentication has been deployed on a server not hosted by a GÉANT community member. It shows OTRS Group is able to flex to the needs of its customers.

> "With OTRS Group we have real experts on our side, supporting our organization 24 hours a day with a highly flexible and reliable service at a competitive price."
>
> Tony Barber, Head of GÉANT Operations Centre

Why OTRS?

OTRS explicitly focuses on the development of ticketing software and on optimizing communication workflows. That's why they are experts for unique businesses.

When the pan-European research and education network decided to replace their prior ticket system, they first carried out a survey among the associated organizations. The result showed that many were already using open source tools and some members already had good experiences with OTRS. GÉANT opted for cloud-based OTRS because OTRS Data Centers are located in Europe and because furthermore OTRS – even though it is not such a big company – offers a system supported by experts 24/7/365. "For us this means, above all, having a quite personal relationship with the OTRS Employees who fully accept and understand our business as a very unique organization. We evaluated various service providers in the Help Desk sector and are pleased to have found real experts in our partners at OTRS whose focus lies explicitly on the continued development of ticketing software."

Another advantage Barber points out comparing OTRS with the former system: "OTRS is also provided with a dashboard, which we use extensively to track the current status of incidents. So we are able to see exactly how many tickets there are in every phase at just one glance."

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INTERVIEW

Every company lives and works through the optimal interaction of its departments. Many factors play a role in this, be they the underlying structures, precisely defined processes or efficient communication. Above all, however, the continuous learning and development process, to which we attach great importance at OTRS, holds the potential to decisively shape the success of a company. For the management of the OTRS Group, it is therefore important to continuously monitor and evaluate this learning process, both in relation to our departments and also to the entire company. What have the departments "learned?" In what ways have they evolved? Where is the progress? In this section, you can read management's answers to these questions.

In which area has OTRS made the most progress in the last financial year?

André Mindermann, CEO & Founder

Our company is constantly on the move: This is an ongoing process. Only change can bring us forward and, especially in times of digital change, it is of the utmost importance to mobilize all resources – be they human, creative or technological – in order to make the goal of transformation a reality. In my view, however, we made the most progress in the area of software development last year. The establishment of a process for the introduction of new functionalities and software improvements further increases the priority of this business area and accelerates related processes accordingly. Thus we are now even faster and more flexible when it comes to software adaptations, and can respond quickly to competitive situations. After all, our software is our heart – its quality and reliability are our flagships and are always in the foreground of our work. An important element of this detailed, well-thought-out approach is a regular meeting group, through which a very efficient, qualified and purposeful exchange takes place. In this committee the right people sit at the table on a regular basis to discuss current issues. As a result, decisions can be made clearly, in a more straightforward manner, and above all with the best possible technical foundation. Since the group's founding, software development has been more focused and also more strategically sustainable.

Christopher Kuhn, COO & Member of the Management Board

In my view the delayed release of the ((OTRS)) Community Edition was one of the groundbreaking decisions of the past fiscal year. We do not want to stagnate as a company, but rather believe in success through continuous improvement. Of course, this also means investment. Through this step and focusing on our fully-managed solution, we have made the foundation even more stable. As a result, we were able to successfully remove the business viability of various OTRS Grey Market Providers. This consistent approach has also helped us to position ourselves even more clearly as the software manufacturer and thus to clarify our original OTRS Competence. We have also taken an important step in the area of consulting, for which I am responsible. For a long time our experts acted more as generalists; we have now changed this by having the consultants specialize in an area and take on related responsibilities. Through this approach we can further improve our customer service and raise quality to the best possible level. By implementing a skill matrix, tasks and subject areas within the department are clearly assigned. We also entered new paths in our sales department. With the development of a hunter team, which focuses exclusively on outbound customer approaches, we will now step further out of a reactive position.

Sabine Riedel, Member of the Management Board, Marketing & Human Resources

Actually this is not easy to answer since OTRS has developed significantly in many places during the last year. As a representative in the areas of human resources and marketing, however, I can at least say that a decisive step taken was related to the topic of customer experience and personas. Defining these was the cornerstone for the successful relaunch of the OTRS Product Website. These also allow us to deal with the desired and actual target groups that we want to address or have addressed so far, so that the focus of our work is specifically, if not almost exclusively, directed to the customer. Through this process of researching and subsequently developing appropriate strategies and tactics, OTRS becomes more professional in the way it approaches projects that involve the evaluation of customer requests and their consideration in marketing activities – a big step forward.

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Manuel Hecht, Vice President Global Software Development

The development department has been looking toward the future over the last year. We were mainly busy cleaning up and modernizing "contaminated sites." This refers to code that has been in the software since the inception of OTRS (i.e. for 15 years). As one may imagine, the code was no longer able to meet existing and future technology requirements. So it was important to address this. Our focus was mainly on the two-topic configuration mechanism and the flexibility of the ticket system. The implementation was related to important areas, such as audit-proof logging and optimization of cluster capability, as well as multi-channel communication. It should not come as news that, in the age of social networks, a wide variety of communication platforms must be taken into account.

As far as the actual development of the company is concerned, I have seen clear progress in the design of internal processes and procedures. A highly professional working method has always been the basis of success at OTRS. However, the company is constantly striving to remedy any shortcomings, to implement additional control bodies or to make processes even more efficient. Coupled with strong personnel growth, not only in development, the company has again taken forward-looking steps.

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Burchard Steinbild, Chairman of the Supervisory Board & Founder

The company has raised itself to a new level. With the formulation of vision and mission statements and the prioritization of the fully-managed OTRS Solution, the management team has created a foundation that will allow us to grow to the next level. The focus on OTRS as a managed solution and the delayed public release of OTRS versions (beginning with OTRS 7) allows us to enter a profitable phase in the foreseeable future, creating a solid basis on which the company will grow and make the necessary investments to do so.

The old virtues were maintained: OTRS is still open-source, so the successful distribution of the software can be continued and the essential pillars of marketing can be maintained. Anyone can continue to use the ((OTRS)) Community Edition and take the first steps with OTRS as just software, if he wants to. But for those who want to make the most of the current version, they now have to become a customer of OTRS AG. In this, the investment security that open-source offers in contrast to proprietary software is retained for the users of all OTRS Versions.

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Gabriele Brauer, Vice President Global Finance

In the financial sector we achieved many process and quality improvements in 2017. For example, we created an interface from OTRS to the Datev system via an export. As a result, the time that it takes our tax office to report the book-to-bill ratio is significantly reduced and errors are reduced because each bill is no longer manually entered. We also implemented a new cost reporting process. We can now monitor budgets more easily and deliver much better year-end forecasts.

"

André Mindermann

CEO & Founder

Last year, OTRS AG worked intensively on strategy development. What do you see as the primary added value of the newly formulated mission statement?

"Of course, this work led to the development of a customized mission statement. However, this was by no means only a statement from the Management Board, which all have to follow; rather it was derived from reflection on the perceptions and potential of all OTRS Employees. Here is where I see the central added value: Since all employees participated in the new formulation of our mission statement, it not only gains broad acceptance, but also serves as a reminder for us all to stay focused. Working this way has shown everyone that they are part of a whole and not simply anonymous human resources. This type of integration of opinions, values and sometimes controversial discussions is an essential part of our culture. The mission statement documents and proves this."

The OTRS Group is internationally established. How do you assess the importance of expanding into China and India as future markets?

"China and India are equally pioneering and difficult markets. They are forward looking because they act and react extremely quickly, making them already active in situations, while other countries are still concerning themselves with what and how to respond. They are difficult because China, in particular, but also India, represent new territory in terms of culture and values for us as an internationally-experienced company. This means we must act in a prudent and strategically well-prepared manner. Therefore, we are closely monitoring these markets for their potential and collecting the information that we already know is relevant to market entry. Currently, I do not see any urgent need to take action in these markets, but with our approach we are able to react quickly and flexibly."

Burchard Steinbild

Chairman of the Supervisory Board & Founder

How important are customer requests to the further development of OTRS today as compared to the time when OTRS was a provider of pure open-source software and its services?

"Customer requests still have a significant impact on the further development of OTRS. Compared to before, however, the quality of the inquiries has changed. In the past it was often the case that the implementation of a customer request led to an individual development, which then had to be re-ported for each new major release in the customer order. Few implementations on customer requests could be implemented in such a way that they could be adopted in the general framework. Custom development was an integral part of the OTRS Business five to 10 years ago, and OTRS was responsible for sales. We deliberately reduced this share.

Today individual development is more of an exception – most requests can be realized by configuring or networking with other components. Requests that cannot be translated into the current state of the software require a more profound change, the cost of which is seldom borne by a customer. However, these requirements stimulate the development of future versions.

In general, the handling of further development requests has become more democratic. In the past, the individual customer or a concrete need for further development weighed more heavily in the decision-making process. Today we plan further development based on the following pillars:

- Ideascale, a platform for the input of customer and user requests
- Software-Technical requirements (modernization, purification, interfaces)
- Market Trends (AI, Big Data, Cloud)"

Why has the OTRS Group now decided to tackle the subject of user experience?

"The OTRS Software is now 17 years old. The most recent major modernization of the user interface was done nine years ago. So today it is important to bring the user experience (UX) up-to-date, because OTRS operates in significantly larger installations with more agents than five to six years ago. This makes the training effort for new users a decisive cost factor. Because of this, it is just as important that the UX is of similar quality as the code that is the foundation of OTRS."

Christopher Kuhn

COO & Member of the Management Board

How did OTRS prepare for the EU Data Protection Ordinance (DSGVO), and what business prospects do you see in these legal innovations?

"Since the subject of data protection for OTRS AG has always been an elementary and extremely important topic, an external Data Protection Officer has been appointed. The DSGVO requires companies to create a variety of documents, such as mobile device management and email handling guidelines. Of course, we have fulfilled this obligation and have also revised the privacy policy on the OTRS website in order to meet all requirements regarding the collection and processing of personal data. A risk management or IT emergency concept was also implemented according to the DSGVO. An online training concept on the subject of data protection is being developed for the transfer of knowledge among employees. Documentation of participation is archived with HR. Further activities in the works are the elaboration of the data processing agreement (DE/EN), including the technical-organizational measures (TOMS), and the consolidation of the hosting providers, including the drawing of data processing agreements with service providers.

By complying with the standards of the DSGVO, we underpin the trust of our customers and also enhance it for interested parties. Transparent data protection processes also give us a competitive edge. Our certified data centers in Germany are a security guarantor for DSGVO-compliant information management. DSGVO-compliant business processes increase the potential for generating revenue for the managed OTRS Solution. The subject of data protection processes also offers us the possibility of creating and developing new business areas and products, such as an ISO 27001-compliant OTRS System."

In your view, are there important benefits to the implementation of a managed solution that will be taken into account in your sales approach?

"Looking at ROI benefits, we are talking about a savings of 0.5 FTE (full time employee) per year. That alone is not to be dismissed. However, compliance requirements through transparent and documented processes based on the four eyes principle is equally relevant. I would also like to mention how urgent it is to swiftly implement security-related patches: This is an important advantage of the managed OTRS Solution. The disaster recovery concept, which was integrated from the outset, and also the guaranteed system availability are also convincing arguments for our offer."

Sabine Riedel

Member of the Management Board,
Marketing & Human Resources

Generations Y and Z have completely different demands on work environment and career planning. How is OTRS planning for these trends and balancing them with the need to maintain and develop competencies in the context of lack of skills in the long-term?

"As a company with its roots in open-source software and a personnel concept that stands for sustainable growth, we have, in principle, been creating an environment since the company was founded which meets the wishes of generations Y and Z. We have always been keen on putting fun at the forefront when designing jobs and tasks, as well as giving employees the chance to develop themselves personally and professionally. Conscious of the fact that this attitude also brings with it a high degree of work success, we have placed a great deal of emphasis on individuality and not as much on standardized processes and predetermined career concepts. That pays off today. For generations Y and Z, the title is less important than a challenging task. And that's exactly what we're doing. The team experience is just as important as the right balance of experience and new challenges. When everyone can realize their personal goals, we are on the right track to not only find well-qualified employees, but also to retain them in the long run. I believe the philosophy and culture developed at OTRS are in a constant process of change and adaptation, which means we can readily adapt to the ideas of an ideal workplace as future generations perceive it."

In your view, what measures have a positive impact on the intercultural competence of teams as a key success factor of OTRS AG?

"I can answer that with a very simple word: longterm! Intercultural competence requires permanent work, since it is not developed in a workshop or with a few hours of coaching. Intercultural competence represents first and foremost inner attitudes of openness and benevolence that must be constantly questioned and put to the test. In everyday work this means taking a close look at critical situations regarding the causes and observing people's values in terms of how they express themselves and choose to act. And above all, it means never relying on the motto "I can do everything, I already know!"

Confronting other cultures in the context of work demands your attention. So you have to take your time. If we want to work together successfully and internationally, we must have the courage to sometimes ask unpleasant questions about our ways of dealing and thinking. Intercultural competence can only be implemented holistically; otherwise it will not be practiced. And this is a long-term, comprehensive learning process."

Gabriele Brauer
Vice President Global Finance

What is the central challenge of a globally-operating finance team?

"Other countries – other customs: This well-known slogan also applies to OTRS Finance. Countries such as Mexico and Brazil, in particular, have many tax laws that sometimes seem very strange to us at the parent company in Germany. However, we must take them into account in the global strategy. This has an impact on our transfer pricing concept, which we currently recognize under the new OECD guidelines. It can be that a strategy concept needs to be reconsidered and modified.

The central challenge is to always think globally. This applies to the finance team in Germany, as well as to our finance staff in the subsidiaries.

Through regular exchanges, workshops and annual so-called "Worktogethers," we promote mindshares and lay the basis for productive interactions that allow us to achieve the best possible global success."

For mid-term planning a number of figures are routinely used. How do you ensure these numbers are available and reliable?

"Beginning with OTRS AG, we have built up processes over the years that have led to a solid set of calculations that can now be evaluated for various purposes.

By matching the various perspectives on numbers, a quality assurance takes place at different points, with which we create a valid data basis. An internally-developed control system ensures financial accounting provides the optimal basis for our Controller. In turn, our Controller not only evaluates the data from financial accounting, but also comprehensive data from all operational departments. These are then placed in context to be considered. This enables us to advise management in all areas and provide evaluations that can be used in decision-making.

An internal reporting system ensures the data for management monitoring is delivered monthly and evaluated accordingly. Such monitoring is available for each subsidiary. We are currently developing a so-called OTRS Group View, which is designed to make it possible to compare the local numbers with each other and to recognize global need for action.

We are particularly proud of the multi-annual planning of our "Recurring Revenue," which was developed last year and allows us to play out various recurring revenue scenarios."

Manuel Hecht

Vice President Global Software Development

Where do you get inspiration for the integration of new technologies in OTRS, and what criteria do you use to assess their relevance?

"The inspiration for me is, above all, having an active nature. In other words, I am continuously investigating technology trends and taking a closer look at all the other interfaces and operating concepts of applications from the perspective of OTRS. At the same time, I regularly visit events and congresses to be on the cutting edge of development. It is almost second nature for me to check if new apps could be a use case for OTRS.

In order to assess the relevance of a potential new functionality, it is particularly important to have an exchange with my colleagues. This is especially true with departments that maintain more intensive contact with our customers and can even better assess the importance of new technologies. For me, demand is clearly a decisive factor. At the same time, however, I bear responsibility for the quality and reliability of our software. Against this background, when it comes to implementing new technologies, I always keep the ideas of sustainability and long-term strategy in mind. The quality and perfect result are top priorities when we talk about new technologies."

What significance does the topic of artificial intelligence have on the further development of OTRS?

"The subject of artificial intelligence is not only fascinating, but, in my opinion, extremely important. Over the next five to 10 years, its importance in society as a whole will certainly increase even further. With the example of wizards like Alexa & Co., we see that it will soon no longer be possible to distinguish between voice robots and people.

It is important to recognize its strengths and weaknesses, and to use them correctly. Machines are not inherently creative, but can, for example, evaluate huge amounts of data in an extremely short time and react accordingly.

With regard to a help desk system such as OTRS, where large volumes of data and often-similar inquiries are concerned, I clearly see that artificial intelligence and also language assistance can significantly improve service. It will probably take a maximum of 10 years to be able to communicate primarily with language assistants in most areas, though the technology is developing rapidly. After the rollout of the new OTRS User Interface, we will focus on these topics, among other things."

03

The Digital Age Is Changing ...

CONTENTS

> **"**
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> Whoever does not change the track has no chance to overtake.
>
> **Chinese Proverb**
>
> **"**

3   The Digital Age Is Changing ...

Mainframe, terminal	PC, lan/internet, client, server	Mobile devices, intelligent industry, social, big data, cloud services

1985 ——— **2011** ——— **2020**

| Millions of users | Thousands of apps | Hundreds of millions of users | Tens of thousands of apps | Billions of users | Millions of apps |

Source: fathom
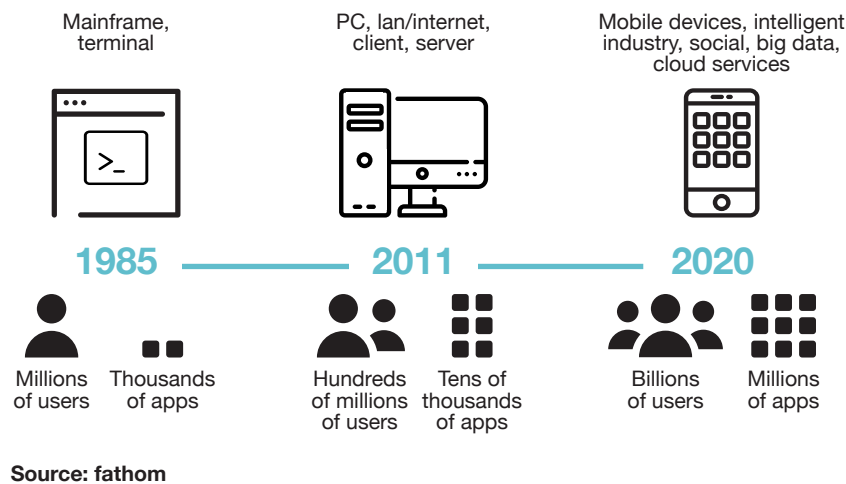
3.1   Introduction

Digital Transformation, one of the buzzwords of the modern business world, has become a natural companion. But just what does it actually mean? Of course, there are many studies that highlight the topic of Digital Transformation from different perspectives, touching on its advantages and also the difficulties of achieving it.

But where do we stand today with respect to the big process change called digitalization? What makes a difference in the successful implementation of Digital Transformation? What points must be recognized by teams, leadership and other entities? These questions are discussed in the following two chapters, always with special attention to OTRS.

"Perhaps in a distant future one will look back on human history and talk about three major technological, disruptive innovations. The transition from hunter-gatherer culture to sedentary agriculture with agriculture and livestock in the Neolithic period, the transition to the machine age on the basis of fossil energy sources and finally the digital revolution. Once this is the case, we are only at the beginning of a technological revolution similar to Europe in the first decades of the nineteenth century."

Julian Nida-Rümelin

These beginnings, as Nida-Rümelin described them in January 2015, have already led to far-reaching changes, such as in the collection and processing of information, and thus already impact our daily routines. In a unique way, the digitalization of life contributes to not only overcoming distances, but also maintaining them at the same time.

Our entire working life has been manipulated, so that what we do in and over time is not (much) different from before, but often takes place in a completely different way. The fear that digitalization will lead to an unemployed society is unfounded. What is certain, however, is that it creates new opportunities for cultural awareness and can thus offer growth potential for the individual and organizations.

Internet communication and economics make it possible to reduce transaction costs. We find easier access to information and can also exchange it much faster. At the same time, however, this communication has an anonymity, which becomes difficult to deal with when it comes to the transparency and reliability of the information received.

This is an important topic, not only related to the use of OTRS, but also to the daily work of our often-virtual teams.

3.2　Digital Encounters: Where Do We Stand Today?

It's important to note that the results of different studies that have evaluated and discussed the importance and progress of digital transformation in German companies are highly controversial. Has the digital revolution been in the consciousness of the upper management, the "business drivers?" The answer to that is clearly ... yes and no.

There are serious differences between DAX companies and middle-level businesses.

A study by HTW Berlin in cooperation with CeBIT shows, for example, that in many of the DAX group annual reports the subject of digitalization is gaining in importance or has won over management. However, the need for consistent digitalization to maintain competitiveness — especially for internationally operating companies — cannot be seen in concrete "digital activities." The latter are even declining, according to Prof. Dr. Julian Kawohl, Chair of Strategic Management at the University of Technology and Economics (HTW) Berlin.

The "Bayme VBM Study," created in August 2017 by Kienbaum, on the other hand, says that 75% of companies are already on a path to digital transformation. In particular, the IT sector, as an industry with short product lifecycles, is at a comparably higher level of digital maturity because the fast pace of product development and high innovation rates promote digitalization.

What is beyond question: digital transformation is one of the top trends in 2018 and an imperative in today's markets. But the hype also shows its downsides. Many companies do not understand that digital transformation is not just a technological change. Rather — and here again comes the concept of holisticism — the entire company is involved in this elementary change process, or it should be, so the full potential of its possibilities can be exploited.
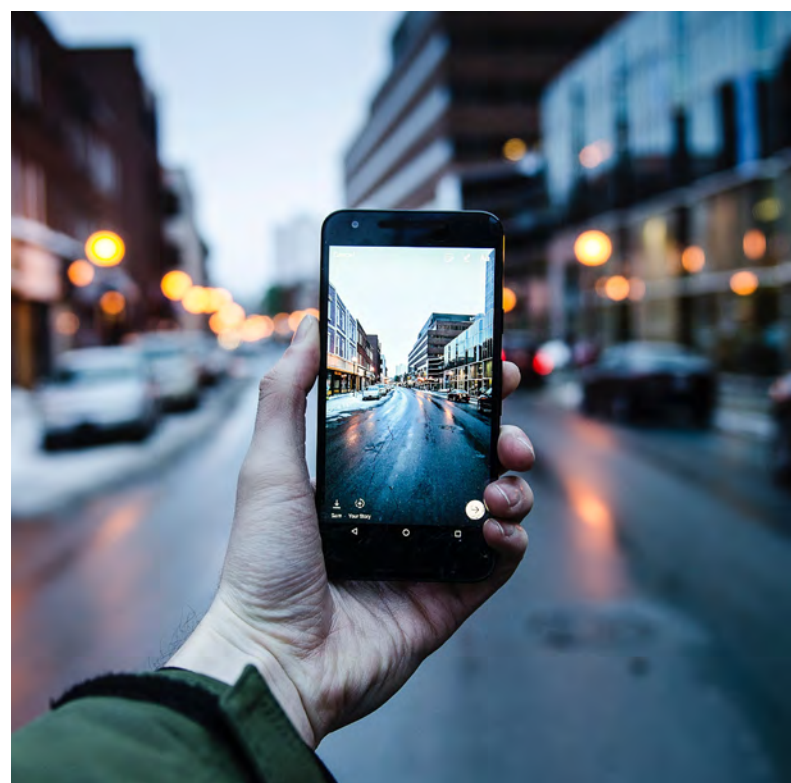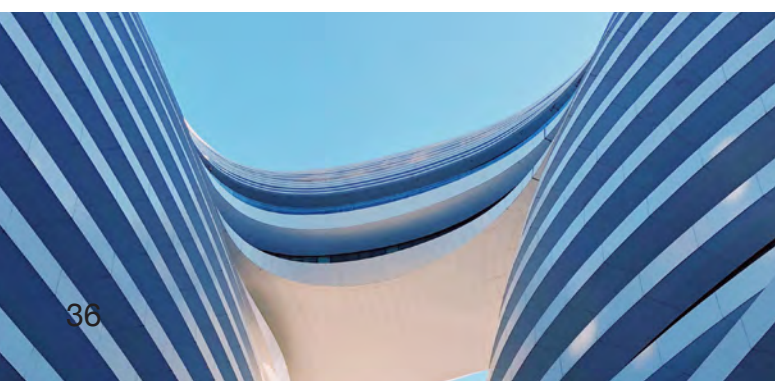
3.3　What Have Companies Been Trying to Do? How Do They Fail and Why?

By 2020, there will be 50 billion devices online. In fact, networking is already the basis of all our activities, almost becoming an essential need. Companies that fail to embrace digital transformation very likely have no long-term perspective.

Most of the managers surveyed can identify key issues that pertain to the future of digital transformation. For many people, especially in mid-level management, concerns over loss of control, high investment and complexity of current opportunities are prevalent. As for companies steeped in German culture, caution seems to be the decisive factor which makes the path to change a slow course. Thus, instead of embracing new ways to move forward, experimentally changing one or the other detail, people attend training courses and other external education to search for digital salvation.

	2018	2017	2016
Defense of existing structures	58%	50%	65%
Lack of experience in user-centric thinking	51%	63%	52%
Security requirements	48%	44%	37%
Lack of time	44%	49%	54%
Being bogged down in the respective area	39%	38%	42%
Company has become too inflexible and slow	37%	38%	26%
Too many levels of decision-making	34%	21%	14%
Worry about far-reaching, radical and disruptive decisions	32%	32%	40%

Source: etventure study "Digital Transformation 2018"

Many companies are also trying to transfer technology knowledge to individual experts, train skilled workers and work with fewer managers. However, the essential change cannot be carried out in this way. This focus on having such a small internal group is equal to outsourcing, and this creates too small a knowledge base among capable "digitizers."

Christian Rätsch, CEO Saatchi & Saatchi Deutschland, confirms this in an interview with Business Punk and says, among other things: "Innovations are always associated with uncertainty, risk and lack of experience in the matter itself. In the course of digitalization, the degree of uncertainty is once again intensifying: in the past, innovations were local and linear in their distribution. They are now global and quickly established in the market ... If technology used to lead to more work, today is the opposite: innovation reduces effort."

3.4 The Importance of Culture in Digital Change

"Culture eats strategy for breakfast."
Peter Drucker

Before digital transformation became such an important topic of discussion, Peter Drucker noted that even a carefully-thought-out, planned and written strategy for success requires employees who have the same values and expectations. They must have a similar mindset; simply put, they must share the same culture.

This culture is essentially based on two pillars:
People who are motivated to embrace changes and challenges that inspire them.

A **workplace** that makes these people happy to work there. An environment that conveys the "why." An important mission for which it is worth getting involved. These are not really new realizations, and yet in the context of digitalization, cultural and mental shifts are the decisive factors for successful transformation. However, these are not "learnable" in a training class: they are best learned "on the job." Adaptability, creativity and a willingness to cooperate must be absorbed and practiced.

However, the central challenge to digital transformation is **change**, and this often leads to resistance, as studies indicate. The results of the desired changes are flat hierarchies; increased speed of decisions and implementation; and consistent transparency. Attributes that increasingly focus on the individual and lead to new dimensions at the organizational and work levels are also important.

In a multi-year study, Google has shown that the concern for change can be compensated by "psychological security." When employees feel secure, they can take on changes and make them their own responsibility, which is also an important part of a company's culture.

» **4.3.1 New Talents Need New Leadership**

Digression: Mistakes make people
Especially when it comes to change and moving in unknown waters, a good culture of error ensures that employees are willing to risk making a wrong decision.

In the development department, "fixing a bug" is an integral part of everyday work. The fact that a "bug" is a mistake has no great significance. The paths to and consequences of troubleshooting it are more interesting.

Because mistakes are important and an indispensable part of innovation, they provide the critical data and information to make products, services and organizations better. So what is a good culture of error? It is one that values the learning and development processes, but one which offers little tutoring with the right instruments. Regular evaluations of things that have not been successfully completed are established. This is called a post-maneuver critique and can be performed after a larger project or event has concluded. It should be done without looking to place blame, but instead, according to the motto, "What lessons learned do we take for next time? What would help to make it easier, more relaxed and at the same time more successful?"

This post-maneuver critique focuses on the importance of improvement and learning, and can thus turn the feeling of failure into an opportunity for growth and development. However, any blame must be kept in check and all parties involved should be encouraged to provide constructive feedback.

Although this process of change should be evolutionary and non-revolutionary, many companies are making digital transformation a priority. And that's right, too. The CEO or managing director must bear the responsibility and push the digital transformation forward, according to the results of the last Kienbaum study (source: Study Organizational Forms, 08.2017).

To achieve this goal, new leadership methods and models come into play. How else does the balancing act between flexibility, discovery, and the refinement of stability and efficiency succeed? On one hand, the executive should make classic top-down decisions and enforce them; on the other hand, leadership must motivate fast, networked, self-organized units and "enable" them to make decisions.

Only those who can encourage innovation to flow with a free hand can call themselves leaders. One of these exciting new leadership models is called ambidexterity.

»» 4.3.1.1 VUCA and NOPA

04

OTRS Is Digital

CONTENTS

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>
> It is not the strongest species that survives,
> not even the most intelligent. It is the one that is
> most likely to adapt to change.
>
> **Charles Darwin (1809-1882)**
>
> "

4   OTRS Is Digital

We have been working with the subject of digital transformation for many years. By no means is this only because we develop a software that digitizes – among other things – communication. Rather, we have made the process of change, be that digital or otherwise, a cornerstone of our corporate culture. Because learning and growth can only happen if there is a willingness to question what has been achieved, to give up existing ideas, to make adjustments. We foster that spirit at OTRS.

In digital markets there will be no serious competition in the long run.

We start alongside competitors, but speed gives us an advantage. Today no one can afford to wait. That used to be said of organizations that arrived too late: Today the same applies to those who start too late. And then the right networking decides.

We are confident in the vertical networking that has supported us through our entrepreneurial history: It has meant chain-of-command, dependence, business confidentiality and full integration.

In the digital world, however, it is primarily about horizontal networking. And even though many of us learned something different earlier in our careers, with the founding of OTRS, we have taken an alternative path since the beginning. This now positions us favorably with respect to the hype about digital transformation. Because we are already developing our products independently and through the exchange of opinions, our company stands for transparency, provides publicly-available information, works with the greatest possible degree of personal freedom and promotes cultural diversity.

4.1   Which Strategy Proves Itself?

Digital change needs, above all, inspiration and inspired people.

Therefore, our strategy is to make the "why" a starting point for all activities, answering the question of what we believe in, what concerns us, what our goal is.

Only then do we ask questions about the "what" and "how." The result is that it changes the way we think, act and communicate: It makes us view things from the outside to the inside, and not vice versa. This is how others are inspired. For example, our employees can be inspired by the idea of why we design our culture the way we do and why we develop our products in exactly this way.

Our goal is not simply to sell something to our customers. Our goal is to sell what we believe in, namely that success needs freedom. Internally our goal is similar. We do not simply adjust our culture to the people who have the right qualifications; instead, we seek people who believe in the values and culture we believe in. According to Simon Sinek, people who just see work as their job will also perform their work with this narrow focus. The people who believe in what the organization believes in work with lifeblood and deep conviction.

In order for us to be able to achieve this and develop further, we need to develop a digital culture. In his study "Change Management 2017: Culture First!" Capgemini described the eight dimensions of a digital culture. Which of these can be found at OTRS currently, and which do we need to develop further?

4.1.1 Digital Culture

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> Culture is a thousand things, a thousand times.
> It's living the core values when you hire; when you write
> an email; when you are working on a project; when
> you are walking in the hall.

Brian Chesky, Co-founder & CEO at Airbnb

,,

The eight dimensions of a digital culture

Customer Orientation		Autonomous Working Conditions	
Digital Technologies and Digital Processes		Digital Leadership	
Entrepreneurship		Collaboration	
Agility		Innovation and Learning	
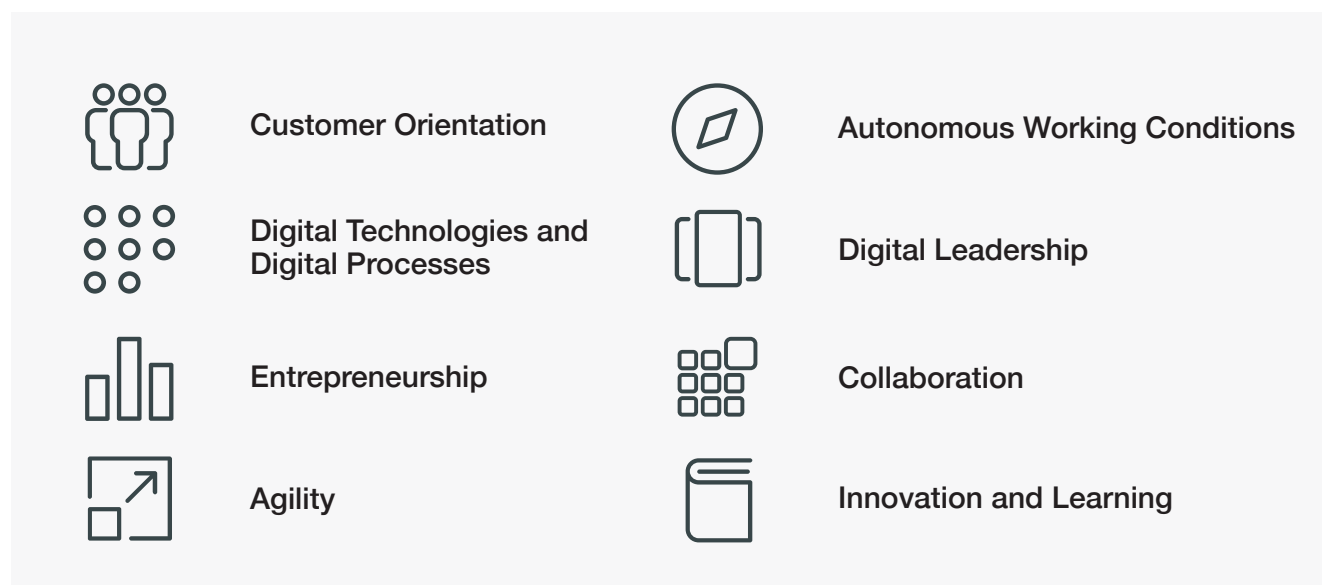
Source: capgemini, Change Management Studie 2017 Culture First!

The above-mentioned dimensions are the necessary components of a functioning digital culture. Other conducive conditions are openness, willingness to learn, change and diversity.

This underpins the fact that, as a company, we have already taken action in several stages of the complex path, the change process. Several of these structure our company's DNA and are the building blocks of our corporate foundation.

The Eight Dimensions of a Digital Culture	And This Is How Digital Culture Is Implemented at OTRS

Source: capgemini, Change Management Studie 2017 Culture First!

Customer Orientation

A culture with a high degree of customer orientation is characterized by the fact that the customer is placed at the center of thought and action. There is a close exchange as well as individual interaction and communication with the customers. Solutions are jointly developed and continuously adapted to the needs of the customer. The dialogue with the customer is supported by digital tools.

OTRS is a solution that has been created on the basis of customer requests. Many functionalities, which are now an integral part of the software, were developed on the initiative of cooperating companies. Trusting communication and a critical dialogue (the results of which are recorded and continuously evaluated) are the basis of our product's quality and customer-focused future development.

Digital Technologies and Digital Processes

The use of digital technologies and digital processes is a central factor in this dimension. Digital tools and platforms are used for the further development of internal and external processes. There is openness to new technologies as the basis for future-oriented business models. Digital technologies are used throughout the company for the planning, execution and analysis of work processes and results.

Our daily work is accompanied by a multitude of digital tools that help us to structure tasks in a process-oriented way, to ensure transparency and to make them sustainable. A continuous review of the technologies used, in terms of practicality, efficiency and future-orientation, protects against having too many unused tools.

Entrepreneurship

Companies with a high degree of expression in the "entrepreneurship" dimension are characterized by the integration of current market impulses and trends into their existing business model. Employees are encouraged and empowered to take risks and advance their own ideas. They therefore play an active role in shaping the company. Competition is perceived as motivation and a source of stimulation. The company's own business model is continuously analyzed and adapted to reflect changing market conditions and new technological trends. Even if there are risks, it is striving to trigger changes in the market on its own.

The idea of entrepreneurship has a long history at OTRS. The personal responsibility of the employees and their contribution to the company's success are firmly anchored in the culture. We continue to pursue ambitious goals by providing employees with an increasingly open space for their own entrepreneurial decisions.

Our business model is similar to an evolutionary path, which is based on the realities of its environment and thus takes on a permanent adaptation.

Agility

Agile companies rely on dynamic thinking and acting. They are characterized by a rapid adaptability to changing environmental conditions and customer needs. This adaptability is supported, among other things, by the high ambiguity tolerance of executives and employees as well as the flexibility of the company as a whole. New impulses are quickly recorded, evaluated and implemented. The agile processes and structures are dynamically and appropriately adapted and underline the company's high willingness to change.

Many of our structures created in recent years serve precisely that purpose — agility.

Only where digitalization and automation create flexibility in processes can short reaction times lead to rapid adaptation of changing market conditions.

Autonomous Working Conditions

Companies that are characterized by autonomous working conditions grant their employees freedom from traditional working structures. Flexible working models are used to enable employees via digital tools, for example, to decide their working hours and workplace on their own. In doing so, the employees' autonomy, initiative and self-management are promoted and supported by internal corporate structures. The employees experience a high degree of design and decision-making flexibility.

With regard to autonomous working conditions, OTRS can certainly take a leading position among German middle-level companies, though we have not yet arrived at the end of what is possible for us in terms of flexibility. Flexibility means not only giving free space, but also, in turn, giving structures and orientation where it is desired and needed.

Digital Leadership

This dimension has a strong focus on employee development. The executives give you a clear digital vision and strategy. In addition, executives have a strong employee orientation. They enable the employees and act as coaches to help them in their development. Executives offer a high level of trust to their employees. This strengthens the commitment and loyalty to the company. Executives also use the possibilities of digital leadership. They work together with teams, regardless of time and place.

At OTRS, learning is not just a continuous process, but also one which we understand must be led. Our executives certainly have the ability to assert themselves in the virtual world; but more importantly, they communicate with employees about their own performance and help them reflect on their digital management skills.

Collaboration

Organizations and companies with a high degree of expression in the "collaboration" dimension promote interdisciplinary and cross-sector exchange among their employees, with customers and competitors, as well as with other companies. The collection and, above all, the sharing and structuring of knowledge is considered essential. Employees support each other, even across departmental and hierarchical boundaries. They use synergies and overcome silo thinking. A high degree of participation and open-mindedness is also anchored in the company values as well as the underlying team spirit. Digital technologies, such as digital platforms, are specifically used to facilitate and promote collaboration.

An outstanding component of the OTRS Culture is the cross-departmental, non-hierarchical manner in which we work and the commonly shared idea that our organization is forward-striving. "Sharing knowledge, making it valuable" could be our motto. And the thinking is increasingly being promoted by appropriate technologies. New projects are generally tackled by competent team members who are brought together across many departments in order to integrate a wide-range of know-how and eliminate silo thinking.

Innovation and Learning

Companies with a high level of innovation and learning view the further development of the company and its employees as one of the most important success factors. This creates an environment that is conducive to creativity and encourages experimentation and openness towards new ideas. To be able to adapt quickly to changing circumstances, previous habits and processes are critically questioned. Failures are accepted as part of the development process and are regarded as an important learning process. This creates a willingness to dare to do something new.

With our post-maneuver critique and our feedback rounds, as well as many informal encounters, which are intended to promote exchange, inspiration, creativity and the willingness to take risks, we are on the right path to experimentation and the promotion of innovation.

⏩ 4.4 New Times – New Tasks for Human Resources

4.1.2   New Roles Create Change: the Manager Process and Organization Development

The following interview with Norman Brix, Manager Process and Organization Development at OTRS, shows that our strategy is not confined to inspiration, but is actionable through daily concrete steps.

What does the Manager Process and Organization Development do, and why does a company like OTRS need such a role right now?

"Under process and organization development, I advise and support the Management Board with regard to strategy, organization, resource planning, project management and business issues. This includes analyzing and evaluating the organizational structure; evaluating and implementing methods and tools for organizational development; and considering ideas for change, as well as how they might be implemented.

This is especially important in order to meet the current and future requirements of the market, legal entities and competitive landscape.

So far, these requirements have been met by the high commitment of our employees. However, this approach primarily leads to a focus on one's own workflows, while the inter-organizational interaction becomes extremely limited. In addition, this makes for a high level of human resource needs, and it requires employees to act within the framework of a personal network in order to meet corporate goals.

The employee-driven approach only works until the processes necessary to control the company have not exceeded a critical size. The Management Board recognized that this was happening and, with the establishment of my position, took a measure to make the company's organization and processes 'fit for the future'."

What are the biggest challenges in your work?

"The aim is the analysis of all business areas to identify optimization potential in the company structure and process organization. This also includes identifying problems and conflicts in departments or across divisions. Here it is crucial how – in what way – one deals with the findings. Conflicts must be taken seriously, channeled and resolved together with the teams. This requires a great openness by all employees. Ideally, I would have the full acceptance of the staff, but at a minimum I need their constructive participation. That's the only way I can work effectively.

Another challenge is to find the balance between the need for processes, structures and organization, and the free, independent action of the employees. This is especially true for OTRS and is an essential component of the corporate culture. It is extremely important to us to preserve the spirit and agility that made OTRS successful over the past years and not to curb it through over-regulation. Structures simply for the sake of structure, we reject very clearly. With all the necessary professionalism we want to remain a company that lives the idea of freedom, not only for its product, but also internally. This includes, among other things, our flat hierarchies, the culture of open doors and wide-reaching self-management. We want to preserve all of this and, of course, work efficiently and in a structured way at the same time."

Can you give examples of initiatives that have emerged as part of your work?

"In addition to the development of the mission/strategy, the Communication Management initiative is of great importance, in my opinion. The focus here is on improving our internal communication and communication culture. This is becoming increasingly important, especially in light of our international orientation. Another example is the Enterprise Knowledge Management initiative, which enables us to make knowledge of the company more accessible to all employees.

The Business Process Management initiative has now described the main processes of all departments in BPMN-specific language. The processes are available to the employees centrally and bring transparency to the workflows of all departments. As a result, workflows can be optimized and information gaps can be closed. The models can also be used to automate workflows, which means that we are already working on an "automation" initiative. This deals with the corresponding technical solution.

It is interesting to see how the initiatives are now interlocked and complementary, creating synergies in their interaction. In this way, the Business Process Management, Communication Management and Enterprise Knowledge Management initiatives are coming together to create a quality management team that combines the quality requirements of all the initiatives and is based on a holistic quality concept."

This annual report has a central theme of digital transformation. What contribution does your position have to this, in concrete terms?

"In describing my position or explaining the tasks associated with my role, I spoke at the beginning of making the business organization and processes 'fit for the future.' This is not just at the periphery of digital transformation, but is essential to it. In my function, I adjust the structure and process organization of the company, which sharpens it accordingly and prepares it for digitalization. All of the considerations that I have provided, particularly in the strategic nature, take into account digitalization as a high priority.

Successful implementation is another one of my main tasks in the company. The aforementioned initiatives enable us to push forward with digital transformation so that we can keep pace with the changes in the market. For example, the Automation initiative (see also 4.1.2.1 BPM and Digital Transformation), which has been created through business process management, is a very specific measure in which we deal with the technical solutions. Just like the Enterprise Knowledge Management initiative where we provide knowledge in a digital way."

4.1.2.1 BPM and Digital Transformation

As part of striving for continuous improvement, the BPM project group takes up the broad field of business processes that are important to our organization. This group was formed in 2015 and consists of colleagues from all departments. Johanna Mandl and Nils Leideck, as the leading managers of this group, explain about the work in a concrete way.

DIGITAL TRANSFORMATION

What is BPM and how does it actually work?

"BPM stands for business process management and answers key questions about how a business operates, such as 'Who does what, when, how and with what?' In other words, BPM provides structure and a clear understanding of value chains in companies, and visualizes them by means of a unique language: BPMN or Business Process Model Notation.

In the age of digital transformation, customer needs and user behavior are changing very quickly. By linking internal and external processes, BPM can help to adapt/develop products better and faster based on new customer requirements. In addition, the description of external processes can be used to identify potential risk factors more clearly.

BPM enables companies – including OTRS – to network processes, data and people. The construction of such a networked company is a procedural and technological focus of digital transformation. Of course, the best process does not work without constructive cooperation between all involved; this also includes our international branches.

Over the past two years the project team has been engaged in the identification, modeling, and continued optimization of existing business processes.

Digitizing a process also means "packing it into software" and automating it, which may complicate agile adaptation or change. This is why every process is evaluated to determine how valuable its digitalization is."

What positive effects from the BPM project are already recognizable?

"We see that the big picture becomes even clearer for all employees, because the entire value chain is questioned and a process is visualized in such a way that it is easy to understand.

The digitalization of processes has contributed to a different kind of quality assurance. Through visualization and teamwork, processes are questioned in a different way. We see ourselves as a team of experts who can deliver and supply important quality needs.

For us, this is a very important step in the growing understanding of what impact a question/work may have on a colleague/department. As a result, communication with each other has also changed positively.

As the manufacturer of software that enables the linking of tickets and process management, we have also been able to benefit from the development of our software. The design and implementation of processes have resulted in a qualitative improvement of our software, as we adapt it to BPMN standards with a focus on simple usability.

As part of our advancing transformation process, we will continue to develop with an eye toward BPM: We are implementing new software to help simplify company-wide collaboration internally. As far as our own software product is concerned, more and more processes will be introduced there. This automation makes work easier and better clarifies responsibilities."

4.2 OTRS: Internationally Digital

As an internationally-operating company, we take our subsidiaries along the path of change with us, always aware of the fact that different subsidiaries in different cultures may also have different priorities. For this we are in close dialogue with our international managers. This is not only to find out what matters to them, but also to integrate them into the processes and activities that are taking place in the home office. After all, OTRS is also internationally digital.

4.2.1 USA and Singapore

In February 2017, Fujitsu launched a Global Digital Transformation Survey and received responses from 1,600 business leaders in 15 countries. The survey highlighted the key factors for the success of digital transformation, but also illustrated the challenges it faces and skills required to make it a success. For Germany, the USA and Singapore only marginal percentage deviations in the evaluation were found: the focus is almost identical.

Thus, **increased revenue** is called the greatest benefit of the digital transformation. Also an **improved and closer customer relationship**. A **globally-oriented team** with the right qualifications sees the USA as the most important success factor, while Singapore attaches great importance to a lean **organization and processes**. However, it is indisputable that both are essential. **Marketing** is the most important functional area for digital transformation in organizations. A major obstacle is the **lack of agility** in companies.

More than a third of companies believe that it is important to have a **strong technology partner** to achieve digital transformation. The technology partners must have strong **technological competence** and an **understanding of the organization**. **Professional knowledge** of digital technologies is considered to be very important, but so too are **creativity** and **imagination**.

We have asked our local managers what their personal impressions and experiences are and how they assess the status of the OTRS Group in this context:

Matthew McIntosh, USA
"Digital transformation is an important issue in North America, but at the moment people are talking more about data protection, data security and data management. Companies stumble when it comes to international standards, such as DSGVO. Even though no regulations have entered into force here, the ideas have driven digital change forward enormously. The myriad of data protection violations we have seen in the past six months have led to further uncertainty. The issue of IoT has not just led the charge, but has also brought further challenges into play.
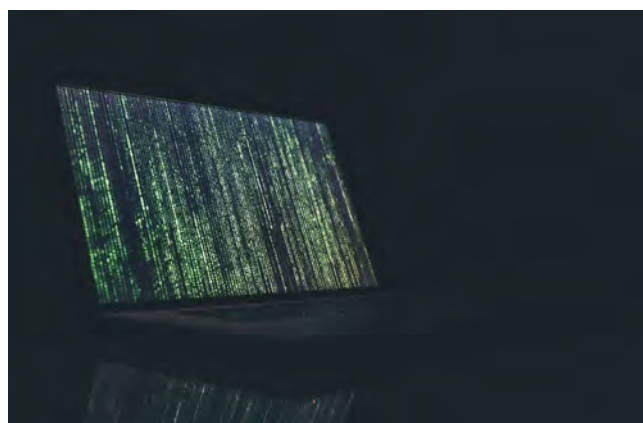
In my opinion, OTRS has undergone an astonishing journey in terms of DT in the last twelve months — no question. Of course, there have been hiccups. But when I see how our global BPM (business process management) efforts have gained prominence and how we use significantly more effective technologies, like Alfresco and ownCloud, to run these processes and simplify our work, I can only say that it's a very exciting time here! I believe that, with the planned further development of OTRS, we are even better able to support our customers in their digital transformations."

Udo Kampelmann, Singapore and Hong Kong
"Singapore is ranked #1 in the Asian Digital Transformation Index – followed by South Korea, Japan, Hong Kong, Taiwan, Malaysia, China, Thailand, India and the Philippines. This is one of the reasons why, according to the World Bank, Singapore is also one of the most 'business-friendly' economies on Earth.

Digital transformation is an active conversation in APAC. Executives are fully-aware of the impact of the dissemination of information and communication technologies on the business environment.

Without a doubt, companies will master the challenges of digital transformation such as lack of knowledge, lack of strategy and resource availability.

Digital transformation can increase productivity, automate processes and enable innovation. As in many other companies, OTRS also has its own perspective on digital transformation. I am convinced that we need to put the customer at the heart of our strategy. Identifying processes that help improve our business is the key to advancing digital transformation in the right way. The value of digital transformation cannot be measured by spending on software and tools. If our group continues to think globally and act locally, digital transformation will be carried out correctly. In the end, OTRS Asia will be more loosely coupled with — but still closely connected to — headquarters."

4.2.2 Mexico and Brazil

Mexico
For Mexico, as well as for all other countries, we cannot simply let go of our current business models, processes and policies to invent something new: "We have to eat while we dream" (Ivan Gomez). The task now is to create a culture that rewards ideas and enables rapid failure and learning. For Mexico, this brings a special challenge — the need to flourish in times of uncertainty.

The analyst Macario Schettino predicts that, in a few years, Mexico will be the seventh largest economy in the world, surpassing Russia and Brazil.

The necessary steps have already been taken to define the necessary economic and educational reforms. The key tasks now are to build the knowledge and technology that are needed to increase productivity. So above all, we must learn how to deal with change and uncertainty in Mexico.

In the past entrepreneurs were satisfied with the government's mandate and saw it as somewhat of a guarantee of their own survival. Today, however, it is a question of adaptation.

A recent IDC study confirmed that 70% of companies in Mexico are somehow looking for a formalized way to understand the impact of digital transformation. Only 6% are looking for a way to question their business model. The journey goes far beyond the implementation of an ERP or CRM system or even artificial intelligence.

Nevertheless, digital transformation is on the rise. Mexico, the partner country of the Hannover Messe, the world's leading industrial technology exhibition, is pushing for change and is working in cooperation with companies from Europe to support companies and educational institutions with concepts of digital development. Here, digital change has its own address: the Ciudad Creativa Digital in Guadalajara.

This is what our local manager says:

Francisco Cruz, Mexico
"In general, digital transformation is a really important issue for the Mexican market, especially if you define the term correctly. This is to say, we must not look at DT as complete unless we also 'convert' our entire approach. It is not just about optimizing reaction times, efficiency, productivity or higher quality. In fact, Mexico is excitedly becoming even more actively involved in this process, as it is one of the countries that will move forward quickly. The challenges that arise here are, above all, related to the internal structures of companies, the resistance to change and a low level of acceptance. We should start with processes that help us understand and decide where we want to go and how, and then use the technology to support it. This is about changing the way we do things and not just improving them.

At OTRS, I see a "work in progress." Change is evolving and should be seen as a living entity. A big step has been taken by defining and implementing processes. It takes a lot of effort to accomplish this task with a global mindset, but I see good first results.

One of our biggest challenges is to identify the changes that really help us to develop. All the changes of the past years have shown me that we are on the right track, but it is far from over!

And with respect to the headquarters: Yes, I feel the freedom to act independently, and I would say this is a must. It is also the good thing about working in a global company with such diverse subsidiaries and challenges around the globe."

Brazil
The Brazilian economy is on a (slow) growth path. The economy of the largest country in Latin America needs to be modernized and its infrastructure needs to be expanded. Digital transformation will also play an important role here.

Against the backdrop of radical changes through digitalization, reliable partnerships, such as those between Brazil and Germany, are particularly important and valuable. The Brazilian industry has recognized the need for new technology-based approaches, especially in production. Today, more than half of the companies are aware of the importance of Industry 4.0 and digitalization across all industries. The focus is on improving the production process and increasing productivity. The opportunities resulting from a holistic design of the supply chain and the development of new business models remain largely unaffected.

The focus on increasing efficiency for Brazilian companies has been the logical first step of digital change. Now, the focus is on the development of new smarter products or business models. Thus, the holistic digitalization and networking across all production areas are becoming more and more of a necessity in order to be able to survive in global competition. A survey among Brazilian technology companies has shown that 43% of companies today are not yet able to identify which technologies have the greatest potential to maintain and increase competitiveness in the future (Source: Fraunhofer IAO).

This is what our local manager thinks about it:

Matheus Assis Baeta, Brazil
"I see digital transformation as an issue with a significant impact on the Brazilian economy, a market where technological growth trends appear to be asymmetrical compared to industrialized countries. While the IoT is becoming increasingly important in areas such as production, agriculture, manufacturing processes and international regulations, it is only demanded by larger or highly specialized players. I can imagine, for example, that the DSGVO and larger European companies that adhere to the EU directives will have an impact on the Brazilian market as this becomes standard. In this respect, we seem to have more time to observe the effects and then react appropriately.
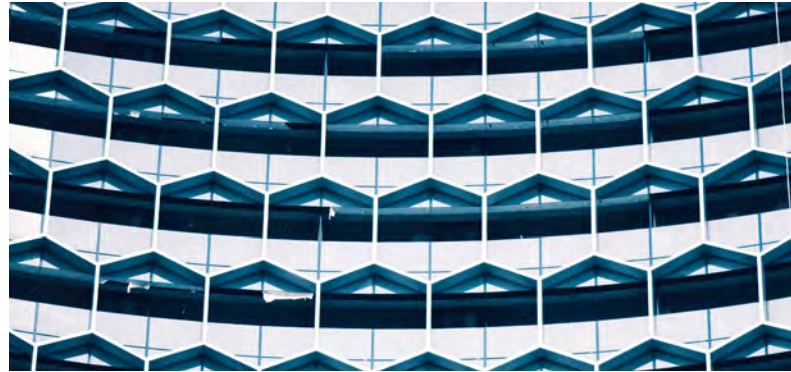
Digital transformation is a constantly evolving topic in which technologies and processes meet to maximize efficiency on a holistic level. Such processes need to be reviewed in a timely manner in order to meet internal needs and external requirements.

The same applies to technology. As a company that strives to provide the best possible tools to its employees, we need to look closely at them to distinguish the actual added value from the subjective perceived value. A successful example was the change from ownCloud to Alfresco.

More important than the independence of OTRS Brazil is, to me, being able to adapt well to the local market. After all, I would not directly aim for OTRS Brazil to be independent of the head office, but would rather help OTRS adapt to the local market and at the same time improve the core competence that brought us here."

4.3 Skills for a Digital Time

"

We can't change the wind, but we
can adjust the sails.
Aristoteles

"

In order to keep up with the demands of change and personal transformation in today's environment, and to continually focus on new ways of working, we need three traits:

Will, Ability and Speed.

In a changing world it is no longer about having just those skills that are needed to succeed in one's current role. Rather, it is essential that these skills are further developed and expanded.

To have will means tenacity. It is precisely this tenacity that is needed now to try out new things again and again, to question oneself and to take risks.

Digital change requires a new speed – a higher gear. And this pace will not fade: Digital life is moving faster. Faster thinking, faster evaluation and categorization of large amounts of data, rapid decision-making are all becoming increasingly important.

4.3.1 New Talents Need New Leadership

How can leadership work...?

Gamification

Big Data

Mobility

Digital Transformation

Social Media

Crowdfunding

Self Expression

Team-oriented

Inspiration

Generation XYZ

Perspective Sharing

Added Value

We are talking about Millenials and Generations X, Y and Z. Their needs have changed in terms of work environment, career opportunities and leadership demands. These last generations have more or less grown up with digitalization. Do they need different leadership, or does the digital change mean that, for today's leaders, a new skillset is necessary? It is certainly clear that, in an age of digital change, the leader needs different qualifications, a different culture and a different sense of self.

As a company with a low average age of 36.6 years (By comparison, the national average is 43.4 years. Source: Federal Statistics Office), we are very much focused on not only observing the characteristics and differences of the individual generations of employees, but also monitoring the momentum of change that has been initiated. Without reflecting on traditional guiding principles and their adaptation to current needs, long-term employee retention cannot work. This means that our executives must also undergo accurate monitoring of their managerial competencies – for themselves, but also for the employees assigned to them.

One of the most elaborate current leadership research projects was conducted by DDI in collaboration with The Conference Board and EY. Known as The Global Leadership Forecast 2018, it included data from 2,488 organizations and more than 28,000 executives. It outlines changes in the field of leadership.

While not every executive needs to be a technical expert, he or she must be able to understand the impact of digital technology on their business and, more importantly, anticipate it in the future. Above all, however, today's leadership needs social skills such as a very high degree of adaptability and the ability to act hyper-collaboratively. The use of data to make better decisions is also of importance, as is the ability to identify and develop other digitally-savvy executives.

As a software company, we have a special affinity for digital technologies. They accompany and support our daily work, not only as a tool for communication and documentation, but also for reporting. In this dynamic environment flexibility is a clear must-have qualification.

Still a topic of discussion in companies, it has been proven over the years that organizations with a larger number of women in management positions are 1.4 times more likely to have sustainable, profitable growth.

In recent years we have been successful in increasing the proportion of our female workforce, and we are currently well above 22%. Our hierarchy is flat: There are only a few proven leadership positions, and these are not manned only by male colleagues.

Heterogeneous teams, especially age-heterogeneous, benefit from the value of Generation X. Most companies ignore their value, although they are almost as digitally-savvy as Millennials. However, they bring with them more of the conventional leadership qualities that are comparable to those of a baby boomer, such as talent promotion.

One of the most controversial issues is the impact of performance assessments. In most companies an annual employee review is held, which often involves ratings. When this is done, a high level of leadership quality is required to give the employee regular feedback, which opens up the possibility for reflection and further development. The most important point of the study, however, is that the benefit from such a review is not about the ratings themselves. Rather, the added value comes when the ratings are replaced with a conversation that focuses on future development and growth.

The lack of demand for evaluation and a concern over negative ratings leads us to question the usefulness of annual performance reviews. Giving continuous feedback, staying in dialogue and giving an immediate assessment is more valuable for long-term employee motivation and psychological safety.

The positive impact of mentoring on the success of employees and executives is significant. A formal mentoring culture allows companies to capture much more of the important knowledge that may be lost when an employee leaves the company, avoiding a major and growing problem for many companies.

The topic of mentoring is always a discussion. Particularly with new employees, we want to achieve fast and trouble-free integration through mentoring. The close accompaniment of a mentor helps newbies get to know the company and become productive faster. In the context of newly-acquired positions, mentoring has also held a firmly-anchored position at OTRS, offering the person who is transitioning support and the chance to continuously reflect on the characteristics of the new role.

In the age of digital transformation, many companies are blurring time and national boundaries, which removes limits to global cooperation. International teams that work, communicate and achieve goals from different places in the world and across different time zones are now (almost) part of everyday life. This requires, among other things, new work and time models that, along with required flexibility, allow companies to adapt to the often changing business environments.

Dynamic workplaces, no longer exclusively found in a classic office or even a home office setting, are becoming more and more popular. These enable companies to organize themselves in a decentralized way and thus act effectively and quickly. As a result, virtual teams are being created.

Key elements of virtual teams are results-oriented collaboration, predominantly abandoning face-to-face communication and, in turn, increasing the use of digital communication media.

However, important factors, such as motivation, leadership and control, are given new meaning when working at a distance, and must be taken into account when using virtual teams. Team implementation must be adjusted accordingly.

The core feature of our organization is decentralization. From the outset we have worked with virtual teams. We also completed individualized teaching and learning paths, when it came to working efficiently and successfully, which has led to the creation of a healthy corporate culture. Fifteen years after the company was founded, we see success and are constantly on the move.

Dealing with virtual teams is demanding: We understand not only the use of technologies and the concepts of organizational control, but also people with the right skills to generate added value from a distance. This is equally true for team members and leaders alike.

Source: https://www.ddiworld.com/glf2018

4.3.1.1 VUCA and NOPA – the New Rules of Digital

The business world of today is characterized by four main terms:

Volatility – Uncertainty – Complexity – Ambiguity

Abbreviated to **VUCA**. This has led to the fact that management teams can no longer be structured and practiced in a conventional way.

In particular, the ever shorter half-value of targets and the high expectations of employees who seek to design a work/life plan that's individual to themselves require massive rethinking and questioning of previously valid rules of management. This is the only way in which companies can act effectively throughout the change process and insist on a forward-looking approach to a digitally-transformed company. It is helpful to reframe all incidents and events as development assistants, as invitations to develop personally, as a team, as an organization and ultimately as a society. The fact that the pace of daily work has increased enormously is clearly noticeable. But as we already know from time management principles, it is not the urgent tasks, but the important ones that are worthwhile. And so it is crucial to be aware of one's own speed and to decide when to embrace this fast-paced atmosphere, particularly as it pertains to decision-making and implementation processes; and it is also important to know when it is time to slow the pace down, such as when integrating people into change, strategy or vision processes.

But what ways of thinking and acting are important to ensure effective leadership of the digital paradigm shift in a company?

The answer to **VUCA** is **NOPA**:

Networking – Openness – Participation – Agility

Networking is one of the most important competitive factors. In this context, companies actively participate in dialogue with other companies, without the superficial pursuit of having a concrete goal. Networking stands for information exchange and knowledge growth.

With **Openness** structures are created for employees to develop more autonomy in greater scope and with confidence. They do so without fear of losing control and with the provision and dissemination of information that creates transparency.

Participation means actively taking employees into account in an openly-communicated framework for relevant decisions or even meeting together.

Agility is created by changing leadership control and embracing autonomous work. Self-organized teams recognize and analyze errors on their own.

Executives are still responsible for the same tasks – just differently. And this is above all a question of one's mindset.

Stemming from these requirements are new management models, such as ambidexterity. This "two-handed" management approach, which can make companies agile and adaptable in the long-term, is dedicated to solving the dilemma of balancing between expanding the core business and encouraging innovation. With ambidexterity the balancing act between flexibility, discovery and new ideas versus the refinement of stability and efficiency succeeds. The approach combines hierarchical leadership in the traditional framework with networked co-creation in an innovative context. As a result, it contributes to a change in corporate culture, as silos are torn down and collaboration between employees is facilitated. Ambidexterity brings the field of tension between exploitation and exploration into a productive balance.

4.3.2 Design Thinking and Other (Agile) Methods

> "
> If you have an apple and I have an apple and we exchange these apples,
> then you and I both always have an apple. But if you have an idea and I have an idea
> and we share these ideas, then each of us will have two ideas.
>
> **George Bernard Shaw, Nobel laureate in literature**
> "

Digital change has produced a multitude of new processes, creative approaches and methodologies that are far-reaching. But not all of these are old wine in new wineskins ...

Design Thinking ...
One of the most popular is design thinking as an approach to promoting creative ideas. Depending on the subject matter, a variety of methods are used in design thinking, but it is mainly composed of the following components:

- A clearly-structured process takes place in iterative loops, creating an early prototype.
- Clearly defined values of the brainstorming phase that include
  - Work visually (be visual)
  - Only one speaks (one conversation at a time)
  - Promote crazy ideas (encourage wild ideas)
  - Hold criticism back (defer judgement)
  - Quantity is important (go for quantity)
  - Build on the ideas of others (build on the ideas of others)
- Interdisciplinary teams with multifaceted views on the topic are included.
- Mobile room concepts, which include working while standing and writing on whiteboards, are used.

In marketing we are increasingly working with design thinking, such as when designing the new website. This included the creation of groups of people with specific characteristics and behaviors, called personas, who we expected would be our users.

We've used it again as we optimize the OTRS Interface. This is where customer journey mapping has been used and where interaction histories were explored and created with the customer through the use of interviews or other feedback.

These steps are becoming ever more important for customer retention and sales success as we more regularly digitalize customer communication in increasingly more diverse communication and sales channels.

 ... and other (agile) methods
We are working more with **cross-functional teams**. This is a new leadership model which allows for temporary "executives." The work in these groups is organized in a time-limited way to create a small network in which all possible employees are integrated.

In our **internal communication** we work with newsletters and blogs instead of "hanging out."

And instead of **formal meetings**, we increasingly want to promote a hierarchy-free exchange with stand-up and short meetings for project teams. We prefer and plan to embrace MeetUp-like events, professional community exchanges and open forums in the future.

4.3.3 Challenges for Internal IT and the Customer Solution Team

The fact that digital transformation is directly linked to the IT Department seems obvious. But this connection is much broader than perhaps suspected. Digital transformation is not only an issue of technology, but rather a complex, holistic approach that must invoke action by teams across all disciplines in order to meet the challenges of the future.

In conversation with Mathias Röhl, Director of Global Managed Services and head of the Customer Solution Team, we learn what it will take to achieve digital transformation.

1. Cross-departmental collaboration and proactive solution searches

In the software-defined IT work environment it is often difficult to directly allocate errors to a specific person or group. Mutual blaming by the different areas of responsibility does not make progress easier; it only increases the frustration level. But a tool that really monitors everything from A to Z is still a dream of the future.

We are aware of this issue. For instance, it might occur between our Development Department and the Managed Team (i.e., the operational staff responsible for the infrastructure). That is why we are pushing for cooperation between the various teams. We evaluate incidents from the past in order to find concrete solutions that can be avoided in the future. With the increasing number of managed systems, it is no longer possible to find errors in individual cases; this preventive work is all the more important to us now. It is an integral part of our future orientation, long-term quality assurance measures and optimization.

With our approach, we integrate different perspectives and merge them in order to achieve the best possible result. Finger-pointing is not an option for us and, through strengthened cross-departmental cooperation, does not take hold.

2. Plan and invest in new technology in a targeted manner instead of just making purchases

In a well-functioning network, the many components that make it up must be configured optimally. If they aren't, conflicts will occur. Current challenges, such as workload transfer, require new technologies and can bring new problems to the entire corporate network. This means, in plain language, that we can't simply and quickly acquire new technology. Rather, it is necessary to invest and plan purposefully.

In order to serve our customers, we work with service providers, because our focus is on the fully-managed OTRS Solution, for which we need large capacity data centers. Cooperation with these providers transitions them to strategic technology partners.

A good example of this is the cooperation with a service provider that operates a data center in Finland. For us, this was the optimal offer for new customers in Asia, because, with a new cable on the northern route that leads to Asia via the Bering Sea, there is significantly less traffic. With this information, our next customer in Asia will work with a data center in Finland instead of having to deal with a provider in Asia that we don't know and can't check on for reliability and security. Quality factors such as ISO certification, of course, always play an important role.

3. Understanding of roles as a basis for comprehensive further development

IT professionals live and work in a complex world. To understand their own special place in it, they must first penetrate the entire IT cosmos. With training courses that extend beyond the individual employee's area of responsibility, one can gain a better understanding of all IT roles. Often, however, there is too little time for comprehensive measures of this nature.

At OTRS, IT staff also learns through cross-team exchanges. Talking to each other is the key. Over the past two years, the individual roles within the team have been very clearly identified. The Customer Solution Team initiated various measures to achieve the same mindset among colleagues. Only with a unified understanding of what service means and how it is to be provided can we work together constructively. Learning to work successfully also means gaining an understanding of what others are doing.

4. Work-life balance despite highly-available services

Minimal and preferably no downtime is the declared goal nowadays, despite the fact that everyone knows permanent availability of services is not realistic. Yet, hardly any employee in the company has an exact idea of what guaranteeing the highest possible "uptime" means.

The resulting pressure is primarily extended to the IT staff. However, the same performance that is expected of technology cannot be transferred to humans. The manager is therefore responsible for protecting his employees from excessive expectations. This involves organizing processes and procedures in such a way as to ensure the best work-life balance. He also serves as a role model in this matter. Above all, it is important to create a company-wide understanding, by means of communication, that the permanent availability of services and employees cannot and will not be our goal.

5. Flexibility yes, but not at any cost

The great importance of flexibility is indisputable. Companies are in constant flux and therefore need flexible internal structures and working methods. Of course, this also applies to the IT Department. We need to be flexible in order to be able to react quickly to changes. Here we distinguish between an internal and external approach.

Within the department flexibility means having the ability to react to new requirements. The implementation of a new strategy requires, for example, the transfer of tasks that were originally located in other departments or the support of other departments when it makes sense in terms of content and interfaces. For example, the Customer Solution Team also advises on pre-sales issues. This means that the Consulting Team is now free of bottlenecks and can use its resources differently.

Cross-departmental flexibility must be well-vetted when it pertains to our Development and Managed Teams. These units need to find ways to work flexibly without compromising the stability of our managed solution. The quality of our solution and making sensible choices are our top priorities. Flexibility should then come to bear if it has a clear and long-term added value.

Externally, flexibility for us refers to provider consolidation. We believe that sustainable cooperation can be done with a maximum of two hosting providers.
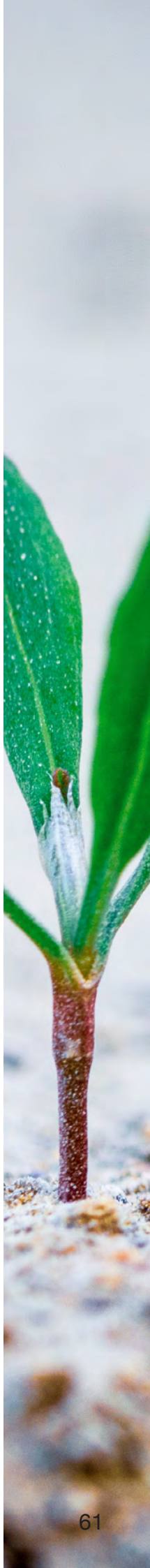
6. All-in-one solution? Not really.

Controlling all business needs through a single software solution is not possible today, and most likely won't be in the future. That's why an important keyword is integration. For our software, we have long recognized its ability to integrate with other systems as an advantage over other solutions on the market. Interfaces that connect other tools to our software make it possible to set up wide, flexible and interdisciplinary solutions.

However, I find it important that we not only refer to our technology in this way. Our biggest asset is our employees. And just as we can't work within a silo, we can't expect our employees to be able to do everything themselves either. Of course, we need employees with special expertise and an understanding and awareness of interfaces. But, just as our software is a true team player, integrating perfectly with existing solutions in companies, our experts also work in the same way. They integrate the competencies of others into their field of action when necessary, and dare to look outside the box, so they can take advantage of their innovation potential.

4.4 New Times – New Tasks for Human Resources

The Human Resources Department is one of the most important cooperation partners in the process of digital change. It is their job to create working conditions in which the employees of tomorrow can embrace digital cooperation and use technologies quickly and naturally to accomplish this.

The Deloitte study "Human Capital Trends 2017" identified a number of key issues that we have been dealing with for a long time:

Careers and Learning
The concept of career is being reinvented, critically questioning previously static career paths. And there are also fundamental changes being made in vocational learning, because the half-life of learned skills is becoming ever shorter. On average, skills today are valuable for five years. So a targeted, simple and continuous learning process must be integrated into the work environment.

Cognitive Recruiting Tools
Appropriate software tools make it much easier to find the right employees. But social networks and analyses also help companies position themselves as a global brand. The attractiveness of the employer is an important element when competing for top talent.

Agile Networks
Building an "organization of the future" is one of the biggest challenges for the Human Resources Department. In particular, they must develop flexible ecosystems and networks that can reorganize themselves as needed. The term for this is organizational agility, and it can be a significant competitive advantage. Above all, they must understand how to create digital jobs where employees can collaborate and communicate in a virtual and independent way. ⏩ **4.1.1 Digital Culture**

The HR Department at OTRS, albeit classically human resources, has always been the Human Relations Department at its heart. Because that's what we're all about. Especially in times when great distances – temporal or spatial – can be so easily bridged, it is obviously important to set a counterpoint to this permanent and seamless accessibility, in order to protect the personal space of the individual. In other words, the individual work-life balance is not only the responsibility of the employee, but also our concern, which we support with appropriate measures.

Additionally, of course, digital change has consequences, and not only in administrative terms! It is about changing roles, job profiles, offers for employees, contracts, employer branding, flexible working hours and rooms. Additionally, continuing education remains one of the most important needs as it supports the company's change process, draws one's attention, opens one's eyes, promotes creativity and, of course, determines the methods by which changes are implemented.

INTERVIEW

Senior Manager of Global Human Resources, Kathrin Triebel, not only has the responsibility for OTRS AG, but is (virtually) on the road to contribute to the worldwide adoption of updated structures and a new "personnel" era. She shares her thoughts on the various ways she's approaching this.

Are there noticeable changes in recruiting that are due to the dynamics of digital transformation?

"Yes, they exist, and this question can be seen and answered from two perspectives.

For one, the way in which employees are found or sought and how they are approached has changed. We are not only talking about using search channels, which, of course, are more multi-faceted, but also about the quality of the conversation, which is now much more direct. Overall, the whole process has been intensified and extremely accelerated.

The second, in my perception, is that there has been a shift from purely professional qualifications to skills that can be described in the broadest sense as "digital intelligence." In particular, there is a willingness to deal with change in a constructive way, and also an openness to moving away from what is known and comfortable to venture into something new. It is important to us that the applicant has a good capacity for introspection. This is very important in the context of our "learn from one's mistakes" culture, because it allows the continuous learning process to work.

Last but not least, it is important that the new colleagues integrate well, but can also be well integrated. This requires openness, adaptability and empathy, which manifest themselves through communication.

We are no longer talking about power within a position, but about responsibility for our own contribution to the company's value. This is very much in favor of new generations, who are more focused on a challenging and meaningful task than with a beautiful title."

Do you have an example of this "acceleration" in recruiting?

"Yes, quite specifically. We were looking for a service engineer in Mexico. Through a recruitment agency (a common aid in Mexico for finding suitable candidate profiles), we had received the CVs of three promising applicants. As part of our quarterly management meeting, during a "Sunday walk," a conversation between the Board and General Manager was struck up about one of the applicants. The applicant was contacted directly and invited to a personal conversation the next day. The conversation with two board members, the General Manager and the applicant took place in an unusual but also "live" setting, which was very satisfactory. After a technical review by the director of the responsible department, a positive decision was made. I then took over the remaining process, and the applicant began work two weeks later."
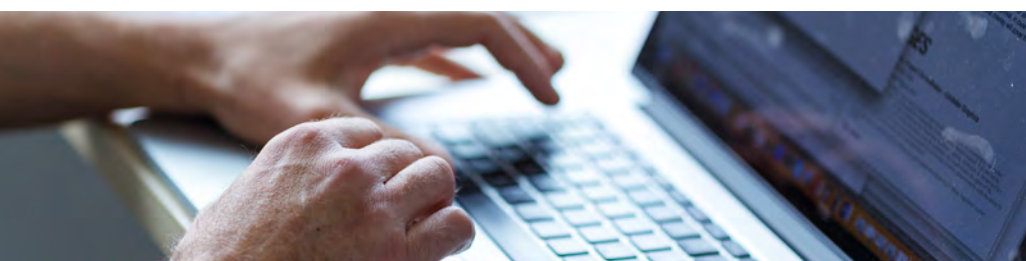
Which work structures within OTRS that are "in-progress" based on the change processes are of significant interest to you, and what measures do you take to support these from your side?

"The projects in which the original role and position are removed, which also dissolve the departmental affiliation, are for me the best examples that we are open to new organizational and work structures.

We try to work directly and indirectly, with the advice of our responsible managers, to ensure that such projects are initiated, and find the corresponding participation by motivated employees. That means our support is also needed in the form of making recommendations on expected team dynamics.

Our aim is to define topics that are of general entrepreneurial interest and which are less related to the traditional tasks and duties defined by the department. The more these projects are actively pursued, the more clearly digital progress can be seen.

Of course, appropriate qualifications are also necessary. It is less about the correct use of technologies, but rather about method competence and the willingness and ability to find and use alternative approaches and settings for projects.

However, as an important note, I see a fundamental understanding of the goal that we want to achieve as a company, and not only from a purely economic point of view. It is our understanding that digital transformation is the vehicle that will make entrepreneurial success possible in the long run. And, of course, its success needs motivation and active participation. However, this won't happen naturally; rather, we must try to promote it by fostering an atmosphere of openness in which everyone, with his personal concerns, ideas and wishes, finds a platform from which he can communicate. At the same time, this can also be a place for support and assistance — and I don't mean exclusively for work-related topics."

How do you measure the success of your activities?

"As a personnel person, you are naturally trained to develop a flair for atmosphere. In other words, I very often observe the climate in working groups and teams intuitively. But that does not lift us from the obligation to occupy and document this feeling with numbers. And for this, two metrics are still of crucial importance: sickness leave and fluctuation rate. We collect and evaluate these numbers on a regular basis."

For 2017, the numbers look like this:
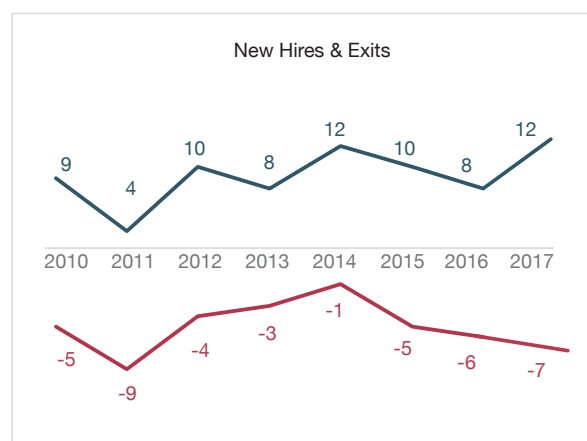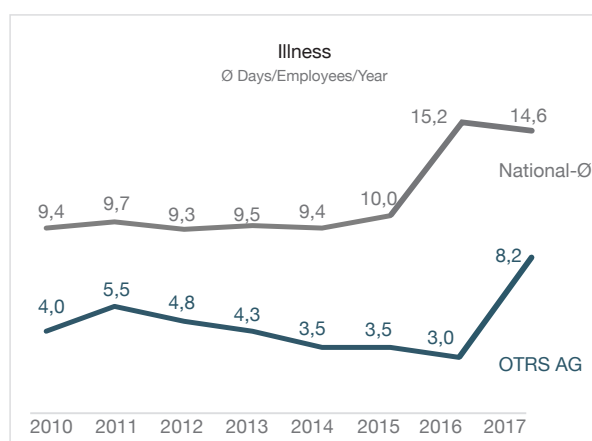
How has your role changed since you started working at OTRS?

"While my work initially had an administrative focus, we also understood ourselves internally as a service department. Today, my task profile has changed significantly to be more along the lines of consulting and monitoring.

Now the creation of a contract or a certificate and payroll accounting, which, of course, are almost exclusively digitized, occupy only a small part of my working time.

Advising managers and employees on project implementation, conflict situations and much more is now the focus of my work. I am also involved in the expansion of cooperation and communication with all departments, especially internationally. Last but not least, part of my responsibility is representing the company externally in the context of employer branding.

Personally, I have noticed that my preference for employment gaps on CVs has clearly increased through my work at OTRS. This is because I was given the freedom to learn how enriching it is to go not straight, but rather on a curved path, through professional life, so that one might change and reinvent oneself again and again. Creatively dealing with your own potential is exactly the way that digital transformation is internalized. We have some exciting examples of this at OTRS."
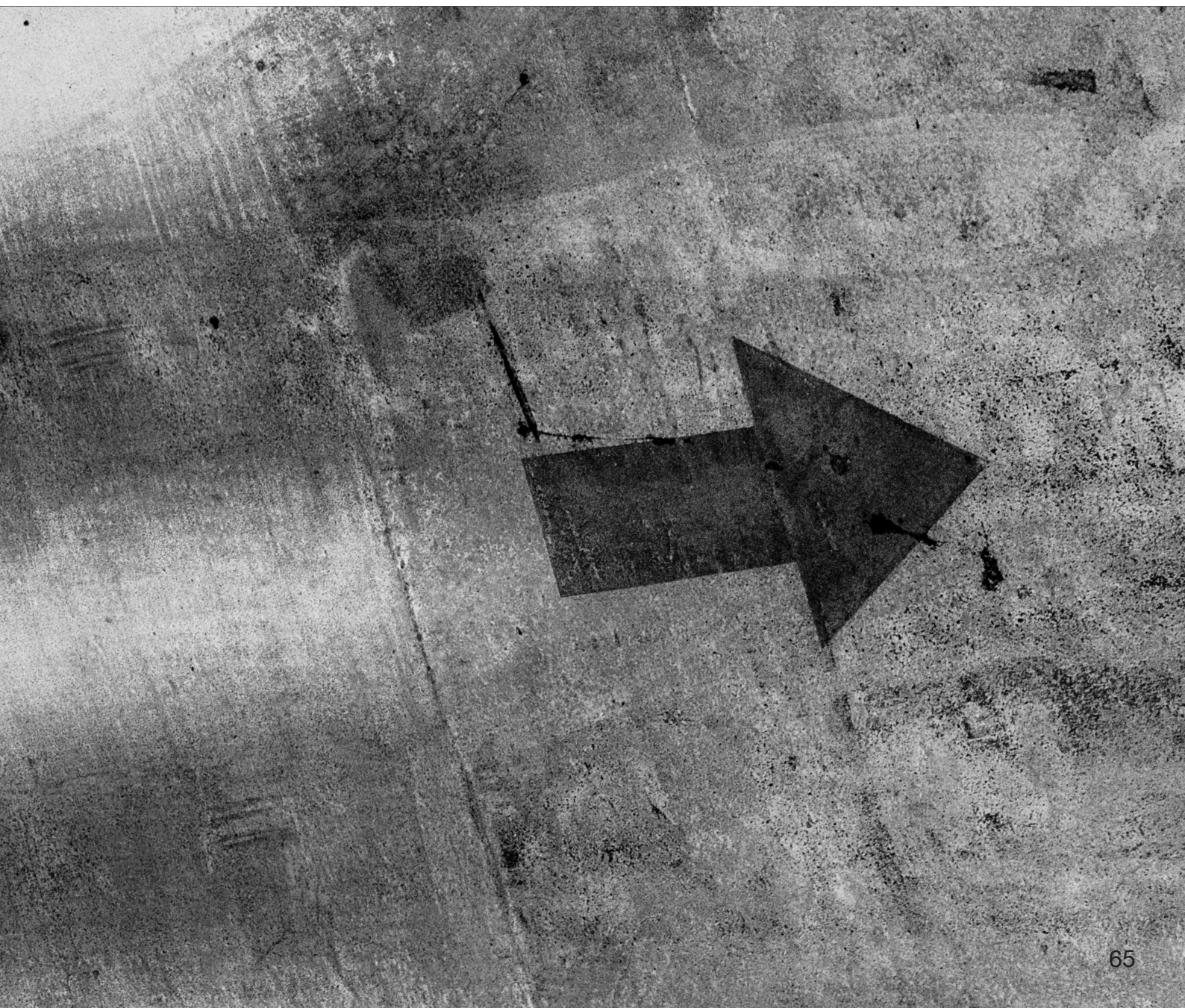
4.4.1   Curriculum Vitae in the Digital World

Graduation
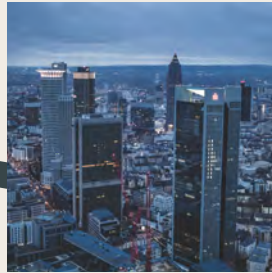
Training in banking
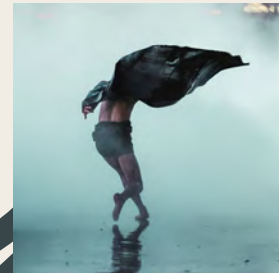
Studies in the field of performing arts

Investment banking
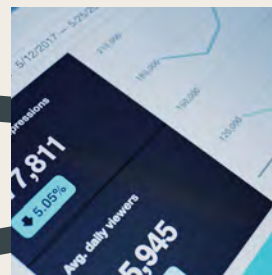
Risk management

Sales/Key Accounting
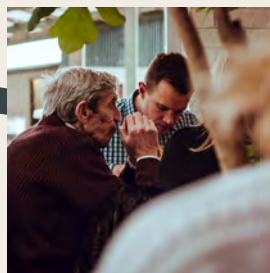
Family time
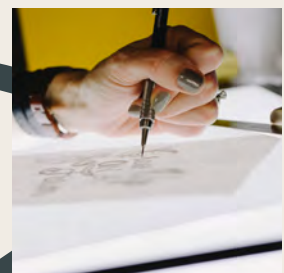
Advertising agency

Marketing at OTRS

Graduation
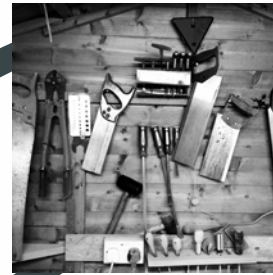
Training in crafts

Alternative military service

Studied at a technical university

Sales

Management of a record label
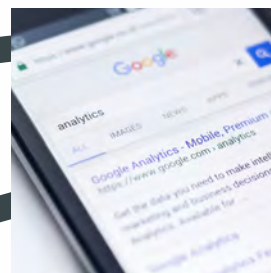
Manager for digital marketing
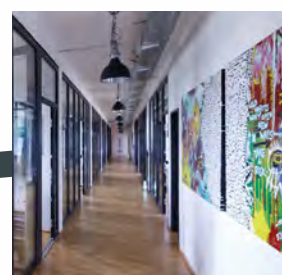
Marketing at OTRS

05

CONTENTS

"

The process of scientific discovery is, in effect,
a continual flight from wonder.

Albert Einstein
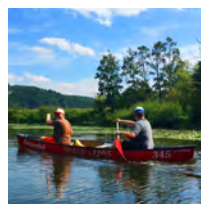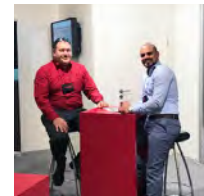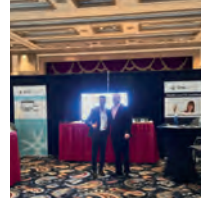
„

Fusion 17

Kick-off Event

PINK17

SDI17MX

Annual Report

it-sa 17

Bootcamp

IT-Expo

TODAY
TOMORROW

ANNUAL REPORT
2016

5   Summary 2017

5.1   Milestones

2017. A year full of events for the OTRS Group. Although this is commonly claimed as each year ends, 2017 was a really special one that was marked by groundbreaking developments and important moments in many areas. Key steps have been taken for the further development and expansion of our software, as well as for the expansion of the company. The year had everything: exciting international events, nice meetings and interesting news.

First Quarter

The new year opened for OTRS AG in **January** with an employee event. Management gave an overview of important projects, topics and business objectives for the coming financial year. The meeting location was the company's headquarters in Oberursel. After the presentation by management, a joint dinner took place, which offered an opportunity for stimulating exchange. The event was rounded off by an accompanying entertainment program, ending the evening with a festive atmosphere.

In **February**, there was breaking news from Asia for OTRS. We would be focusing our business on Southeast Asian countries, such as Brunei, Indonesia, Cambodia, Laos, Thailand, Vietnam, Malaysia, Myanmar and the Philippines. In order to provide our international customers service quality at the highest OTRS Level and to grow in different markets, OTRS Asia Pte. Ltd. was established in Singapore. In the future, all inquiries from the above-mentioned countries will be able to receive local service.

From 19 to 21 **February**, the IT Service Management fair and conference "Pink17" took place in Las Vegas. As a gold sponsor, OTRS presented ways to simplify internal and external business processes with OTRS. In addition, Christopher Kuhn, COO of the OTRS Group, introduced new ideas on the subject of ITSM during his talk "Communicate. Connect. Change. Service Management Evolved."

There was also pleasant news in terms of OTRS Partners: there was growth in Europe. The Hungarian company, OTRS-Megoldások, had been offering OTRS Services on the Hungarian market since 2014 and specialized in installation, consulting, setup and support of OTRS. The OTRS-Megoldások team translated the software into Hungarian and was also responsible for the 1,000th pull request on GitHub.

Second Quarter

OTRS started **April** with an important appearance at the IT-Expo in Zurich. At the two-day trade fair for business software, security and document solutions, OTRS AG presented how OTRS provides more efficiency for help desks and can be used sensibly to support the entire service management offering. In addition to live demos, visitors were able to find out about the possibilities and benefits for their company on-the-spot through discussions with OTRS Experts.

Great news also came from the OTRS Academy in **April**. The first training in Beijing was fully booked and provided participants with valuable OTRS knowledge in their native language. Many more trainings were held in China during the year. Additionally, a Spanish-language training class in Colombia and a Portuguese-language OTRS Certification program were announced.

OTRS Do Brasil Soluções Ltda. (Brazil) organized an OTRS Administrator Training that was held from 25 to 28 **April** in the Brazilian capital, Brasilia. For all participants, this was an extensive introduction to OTRS, covering all areas of the software, from installation and conceptual design, to configuration, optimization and OTRS Process Management.
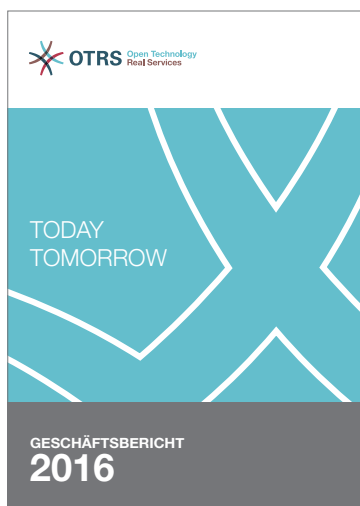
On 15 **May** OTRS AG published its annual report for 2016 and the forecast for the current financial year. The company was able to announce an increase in sales revenue of just under 14%. In the outlook for 2017, consistent further development of the software and continuously-targeted internationalization were announced. This was the first publication of the annual report that was also in English, underpinning the company's international orientation. OTRS AG wants to shape and develop the open-source software market.

There was additional reason to celebrate in **May**. The official opening event of our Singapore office, OTRS Asia Pte. Ltd., was held on 29 May. There was a subsequent three-day training event too. On the first day participants were presented with a lot of exciting information about the security features of OTRS. The training then provided a detailed overview of the software and its possible applications. The event attracted visitors from various industries and countries, including the technology companies Acer from Taiwan and Accel from Singapore; banking sector companies, such as DBS Bank and UniCredit Bank AG from Singapore; and CyberSecurity Malaysia.

Q2

Third Quarter

OTRS Bootcamp time! From 31 **July** to 04 **August** it was time for OTRS Bootcamp. The event was a complete success. In our training center in Straubing participants came together to enjoy a bit of adventure, laser snipers and professional workouts. This was, of course, in addition to the 4-day OTRS Administrator Training that included the OTRS-certified Administrator Exam. It was an exciting, supportive program for all participants.

On 29 **September**, OTRS AG published its half-year report for 2017. The company recorded an increase in sales revenues in the first half of the year by 4.8% compared to 2016. For the second half of the year, it was announced that investments would remain at a high level. Overall, R&D expenditure was expected to rise by 11.5% over the course of 2017.

In early **September** the beta phase of the new OTRS version, **OTRS 6**, was launched.

Another important event took place on 28 **September** in Mexico. OTRS AG took part in this year's IT Service Management conference and exhibition, **SDI17MX**, as a gold sponsor. The ITSM conference focused primarily on best practices, the future of service desks and developing a stronger customer focus. As an ideal solution to rapidly changing ITSM standards, the team at our Mexican subsidiary, OTRS S.A. de C.V., presented **OTRS Business Solution**™. Francisco Cruz, general manager of OTRS S.A. de C.V., gave a lecture on the evolution of the service desk and the associated customer experience. Among the other speakers at **SDI17MX** was the former Mexican president.

Q3

Fourth Quarter

The fourth quarter started with another highlight of the year. On 10 **October**, OTRS Group introduced a new product to its portfolio: **STORM** powered by **OTRS**.

STORM stands for Security Threat Operational Response Management and supports the work of CERTs, SOCs, cyber defense centers and in-house IT security teams. It is the perfect tool for handling, managing and evaluating security incidents, using databases and functions for exchange, analysis, evaluation and storage of structured information.

To work in cyber defense teams, **STORM** offers sophisticated templates for security processes, such as security incident management; a highly-frequented platform for exchanging experiences with the OTRS Cyber Security Community; and a carefully compiled bundle of functions for security-critical workflows. In its new product OTRS AG brings together two of its core competencies: the technology for efficient incident management, which has proven itself in **OTRS** worldwide for many years, and great expertise in IT security processes, that was created over years of close collaboration with authorities and international companies, such as the Federal Office for Security in Information Technology (BSI) and ENAV (responsible for air traffic control in the Italian airspace), respectively.

So **STORM** powered by **OTRS** was, of course, also the star of the company at it-sa 2017 from 10 to 12 **October**. Participating in the IT security fair and congress this year was the company's first appearance at this corporate security event. The product attracted a great deal of interest among the event's 12,780 attendees.

The annual IT service conference "FUSION17" took place from 31 **October** to 03 **November** in Orlando. The event has become an excellent platform for OTRS on the topic of enterprise service management. The company was able to successfully present how its software meets these requirements optimally.

At the end of the year, or more specifically on 21 **November**, there was a lot of news about **OTRS** as software. The new major release **OTRS Business Solution™ 6** was available.

Version six offers **OTRS** users a multitude of modernized usability features and enables users in more than 170,000 companies worldwide to facilitate their daily work. In addition, it offers comprehensive support for systematic service management in companies: it provides pre-defined service processes according to ITIL v3 (IT Infrastructure Library), the globally proven collection of best practices in IT Service Management.

Q4

5.2   365 Days of Software Development and More

On 21 November 2017 a new major release was launched with OTRS 6. It included many new functionalities and also served as a basis for further groundbreaking changes, which will be published in version 7.

Many basic functionalities will be further expanded or perfected with the upcoming release. As always, adjustments and further developments take place at the different levels for our product lines. Having already worked on the development plans for the next release, we will also give a brief overview of version 7 that is to be published in the current year.

The following functionalities are part of OTRS 6, which was published in the first stable version on 21 November 2017, or are currently still in active development for OTRS 7.

5.2.1   OTRS 6 Free

In the freely-available version of OTRS 6 Free, various adjustments have been made which, most notably, improved scalability and performance.

Scalability & Performance
- The session memory has been improved in such a way that it no longer contains authorization information. This should lead to significant performance gains for large systems with many agents and groups.
- The ticket number counter has been moved from the file TicketCounter.log to the database. This allows OTRS to process incoming emails much more quickly and send multiple emails at once.
- The speed of the web upload cache has been improved.
- The performance of the generic agent when deleting old execution times has been improved.

Security
- Configurability of "Bcrypt" for agent and customer password hashing.

Collaboration with external systems
- Web Service- Improvements
  - Extend the REST and SOAP provider configuration to support additional response headers.

- New function to filter events before calling invoker.

- New way to return ticket data in the response data of a web service.
- Extension of the web service debug log to an automatic scavenging function.
- Adds new operations TicketHistoryGet and SessionGet.
- Improvement of the default web service configuration.
- Improved authentication, proxy and SSL handling in SOAP and REST transport.
- Enhanced usability of the web service debugger.
- New possibility of more flexible naming of the SOAPAction.
- Improved SOAP output generation.
- Prevents the use of non-valid web services in the provider.
- Change the word "webservice" to "web service."
- Error handling for the generic interface has been added.
- New error management for the generic interface.
- Improved functionality of the XSLT mapping.

- Email Enhancements
  - New way to configure default headers for outbound email (sendmail::Defaultheaders).
  - New way to use multiple named captures in postmaster filters.
  - Added possibility to use multiple named captures in Postmaster filters.
  - The ticket title can now be set via a postmaster filter.
  - Support for the setting of owners and managers via the postmaster filter, also for follow-ups.
  - Extension of the postmaster filter to repeatedly enable automatic responses when setting X-OTRS-loop to no/false.
  - All email communication is now queued for dispatch and processed by a dedicated scheduled daemon task. In the event of an error, multiple retry attempts are scheduled to resolve temporary problems.
- Extension of the "Action menu" in AgentTicketZoom to allow for the possibility of inserting an external link.

Installation & Administration
- Renewal of the system configuration mechanism as well as the implementation of a completely new graphical user interface.
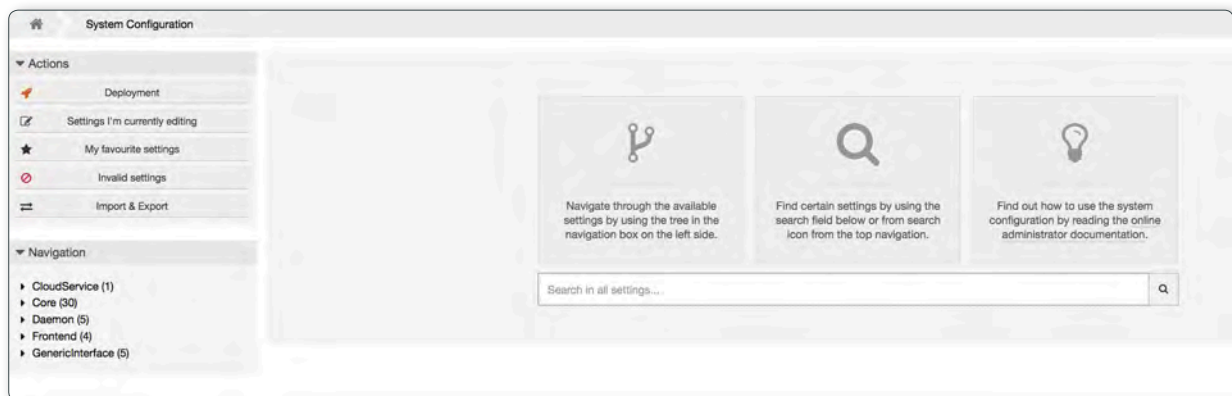
- New way to check changes before they become active.
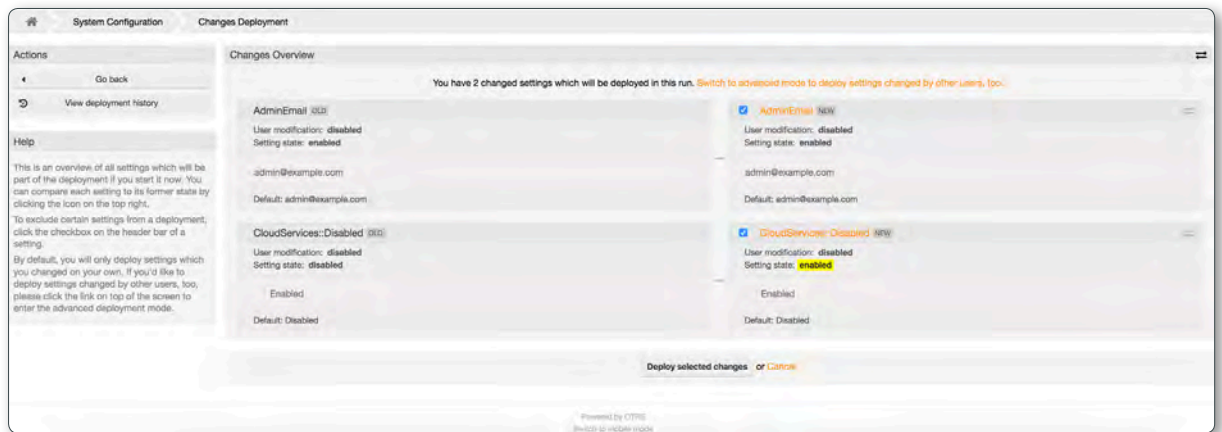
- Exclusive editing of settings. Other administrators cannot edit the same setting at the same time.
- For faster access, settings can be favorited.

- New console commands for viewing and upsetting settings (Maint::Config::Dump and Maint::Config::Rebuild).
- New way to distribute configuration status to all nodes in a clustered environment.
- New command admin::Package::UpgradeAll, which can be used to update all installed packages at the same time – also done via the Package Manager screen.
- Revision of the main administration menu.
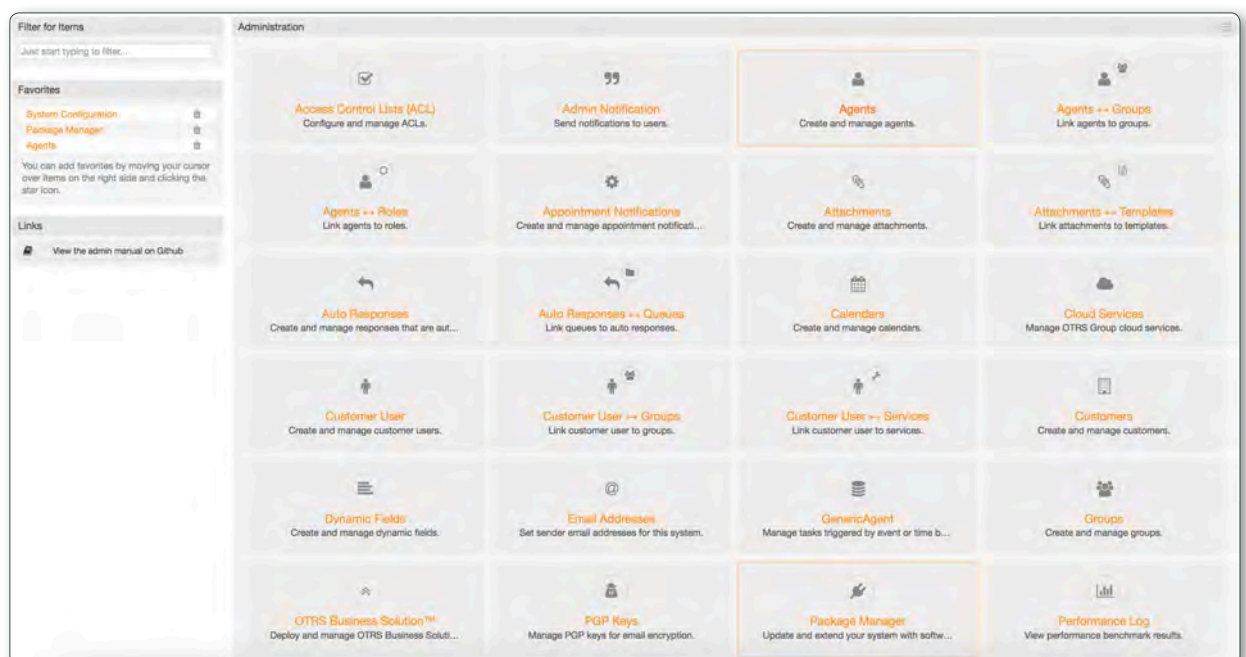
- Revision of the personal settings menu.
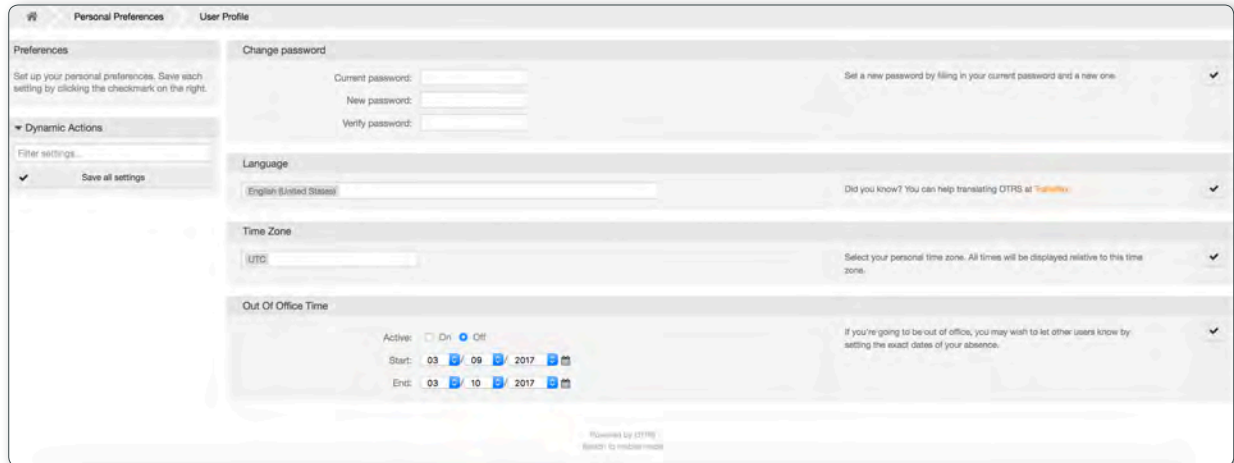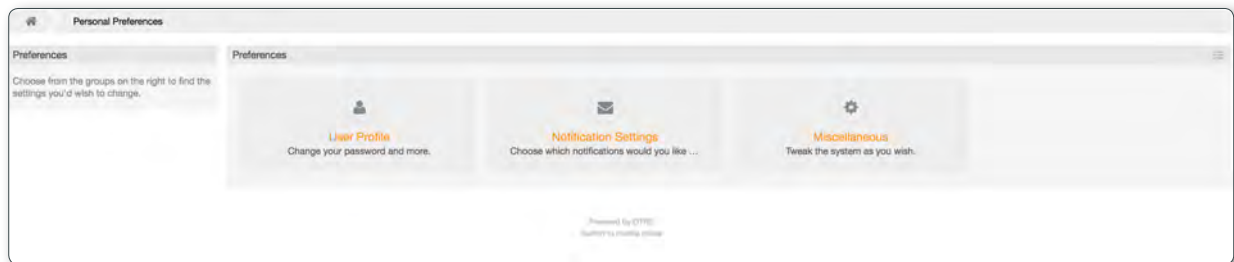
- Improved agent and customer authentication using the SHA-512 password digest method.
- New support for multi-level customer and customer user relationships.
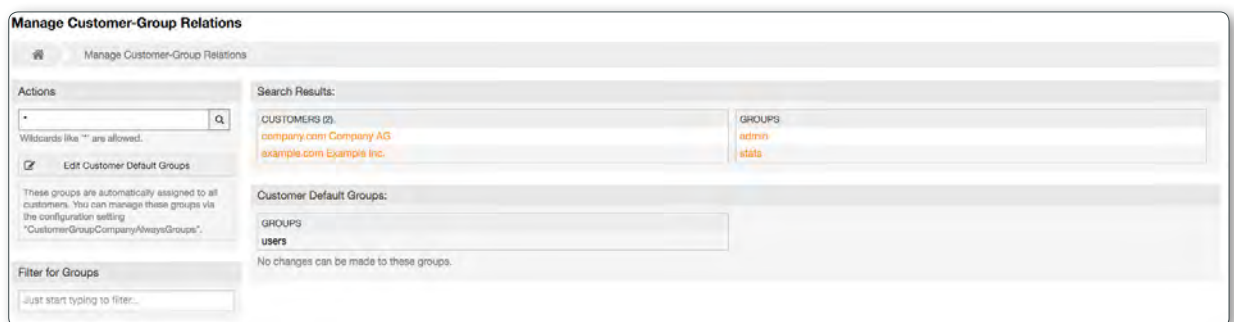
- Added ability to use the auto-complete search for the customer ID selection in the user management frontend.
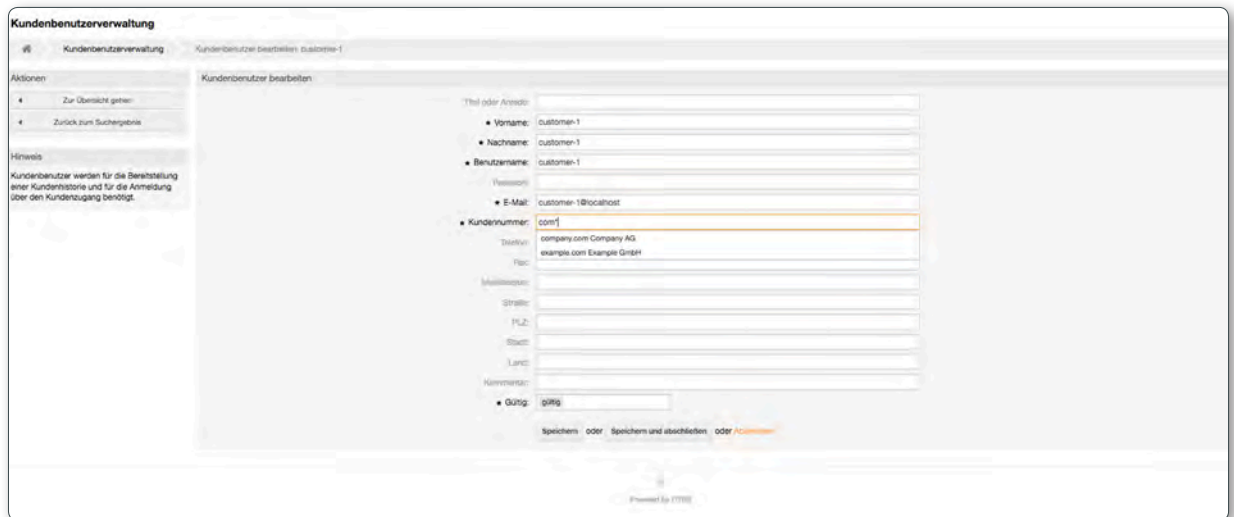
- Improved command maint::Ticket::InvalidUserCleanup. The command can now both unlock tickets from invalid users and (optionally) change their status to ensure they are not overlooked.
- New loop protection per email address (PostmasterMaxEmailsPerAddress).
- New console command to display configured queues.
- Added a completely new protocol mechanism for email communication. The dashboard-like display allows administrators to quickly see what is wrong in their system related to receiving and sending email. The account map can be used to determine which email accounts may be experiencing problems and why. Detailed logging should help them find out how an email was processed by the system before it runs in a particular ticket.
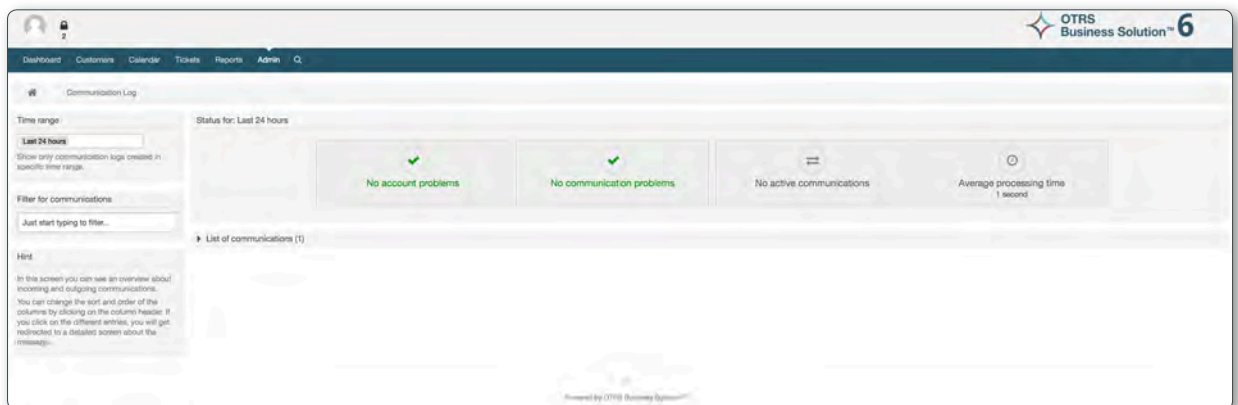
Productivity
- Correct time zone support. Time zones can be configured both system-wide and per-user.
- Improvements in handling tickets
  - The option to save unfinished ticket masks as drafts for later reuse was added.
  - Completely revamped ticket zoom view with a new, fresh design and emphasis on content. User avatars were introduced as a visual aid for easier identification of the article sender. Settings regarding the display of articles are now shown in a separate dialog.
  - Renunciation of dubious and confusing article types. Introduction of the concept of communication channels as a source for ticket articles (e.g., email, telephone, chat, etc.). The visibility of the items for customers can now be determined by a simple check box.

- Usability of the ticket history improved.
- Reworked the feature add-on "OTRSAdvancedTicketSplit". Now it is possible to choose which type of ticket to use when you split a ticket: telephone (standard), email or process ticket. A selection of the specific processes is also offered for process tickets. However, only the fields from the original ticket that are configured in the first activity dialog are copied.

- Supported the search for ticket numbers and ticket titles in views for split tickets and ticket collection action. An auto-completion list can be used to fill the ticket number field with a single click — this speeds up editing and limits the possibility for errors. In the split ticket view, there is also a Customer ID search filter option that limits the results to tickets that belong to the same customer as the source ticket.

- Splitting the "sender" and "title" columns into ticket overheads.

- It is now possible to call up all supported article actions directly in the view "large" in the ticket map.

- Linked objects can now be deleted directly from the ticket zoom.

- The ticket search and statistics can now use the "wait until" time as a filter.
- Ability to restrict zoom and print views in the customer interface.
- New tickets can be automatically blocked for the agent who created the ticket.
- Ticket notifications can now be sent to the agent who created the ticket.
- New recipient groups for ticket notifications added: "All recipients of the first item" and "All recipients of the last item."
- Configuration option: which ticket status types in the table of linked objects should be displayed by strikethrough.
- Ability to define service IDs and SLA IDs as standard attributes for ticket search.
- Reworked the feature add-on "OTRSTicketCloseRedirect." With a new system configuration setting, it is now possible to stay in the ticket zoom after an action that closes the ticket (instead of being forwarded to the last ticket overview or dashboard). This is now controlled by the new system configuration setting "Ticket::frontend:: RedirectAfterCloseDisabled."
- Reworked the feature add-on "OTRSUserDefaultQueue." With a new system configuration setting, it is now possible to select a queue in the new telephone, email or process ticket.
- Reworked the feature add-on "OTRSAppointmentCalendar" (diary). OTRS now offers a calendar implementation that allows agents to manage and view multiple calendars and their appointments.
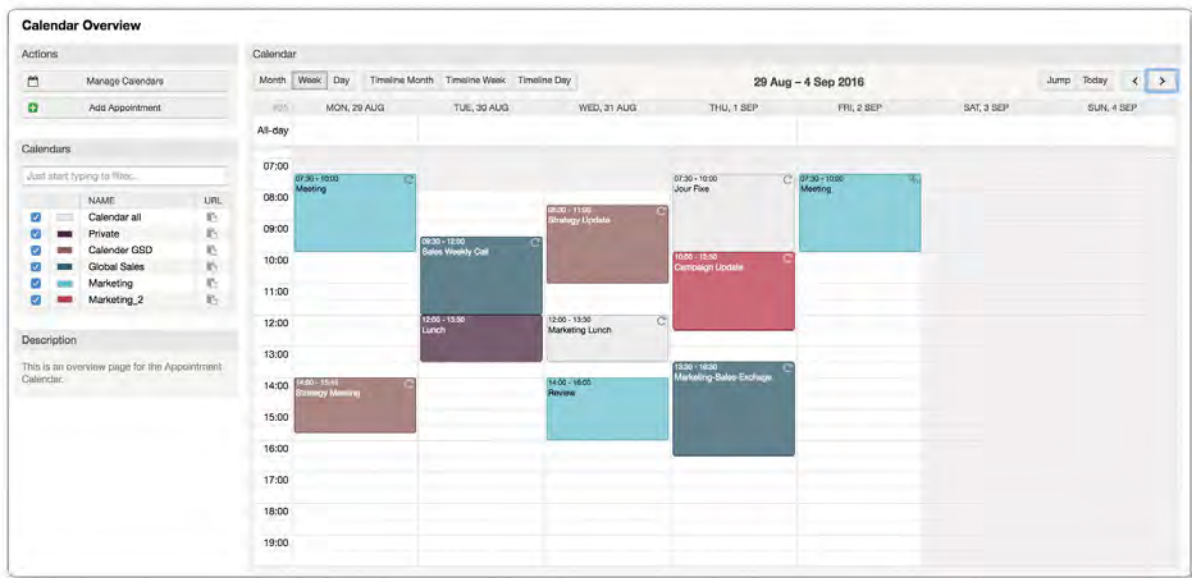
- Improvements in working with customers
    - Support for dynamic fields for customers and customer users.
    - This allows you to attach additional data fields to customers and customer users without having to make any manual changes to the database.

- Updated OTRS Address Book. It is now possible to search for all configured customer and customer user fields.

- Customer User Center
  This works like the existing customer Information center, but puts the focus on all data from a single customer user instead of a complete customer (company).

- The selection of customers has been improved in different views through auto-completion fields.
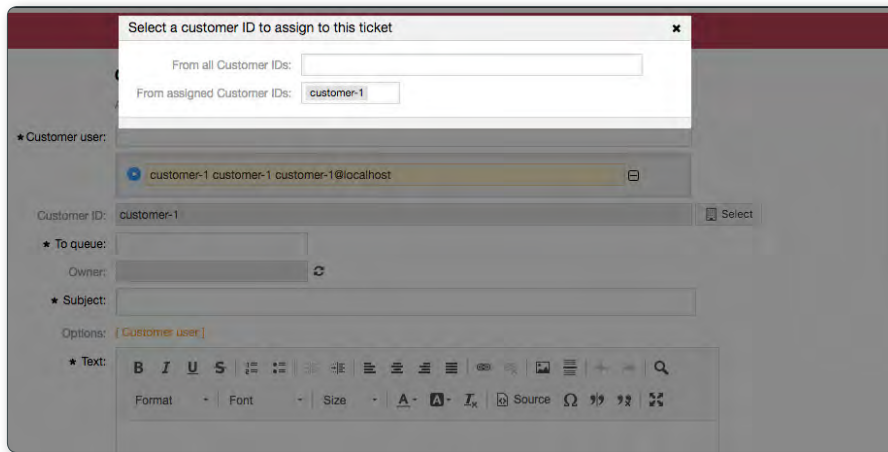
- Correct Chinese name formatting.
- The OTRS custom spell checker has been removed in favor of using the built-in spell checker in various browsers.
- Email articles now support the display of their transfer status in the agent ticket zoom. Messages with errors are flagged as such and automatic notifications are triggered for relevant agents.
- To re-send messages with errors, you can use a resend email screen.
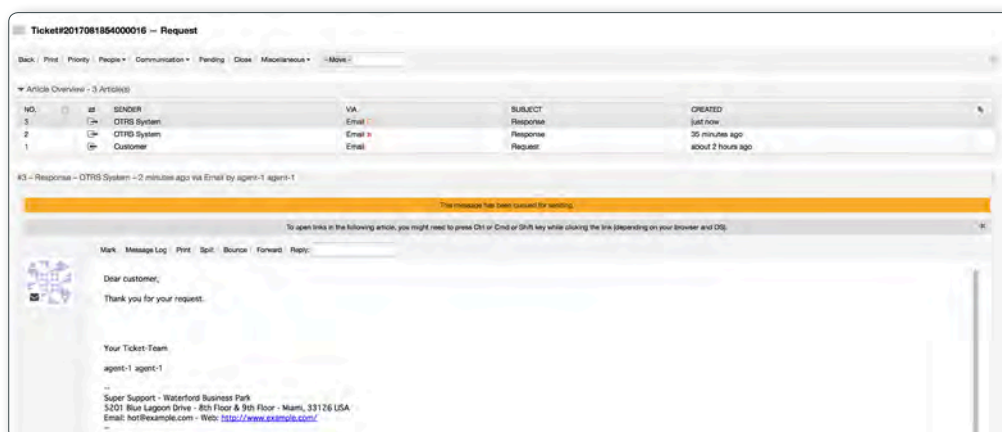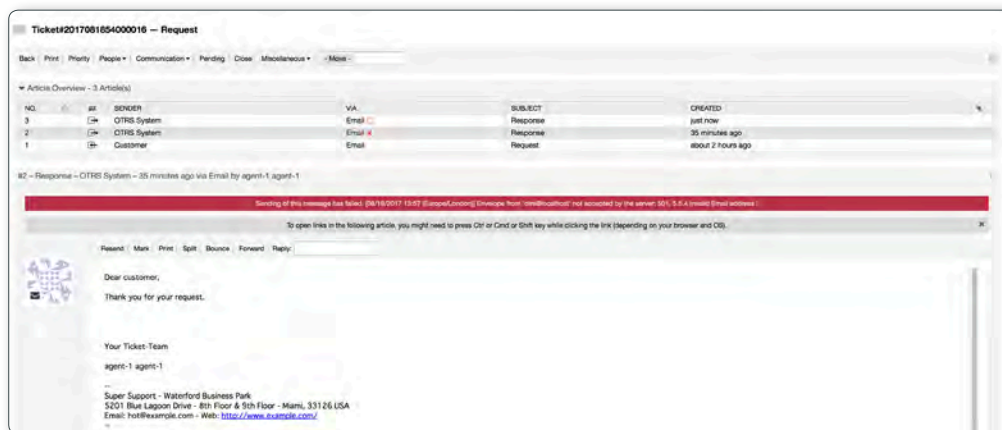
- New option for dashboard widgets to mark them as mandatory.
- This option allows administrators to configure dashboard widgets that the agents cannot disable individually.
- The contents of the CCI dashboard widget can now be filtered.

Ease of Use & Accessibility
- It is now possible to upload several files in the agent and customer interface using drag & drop.
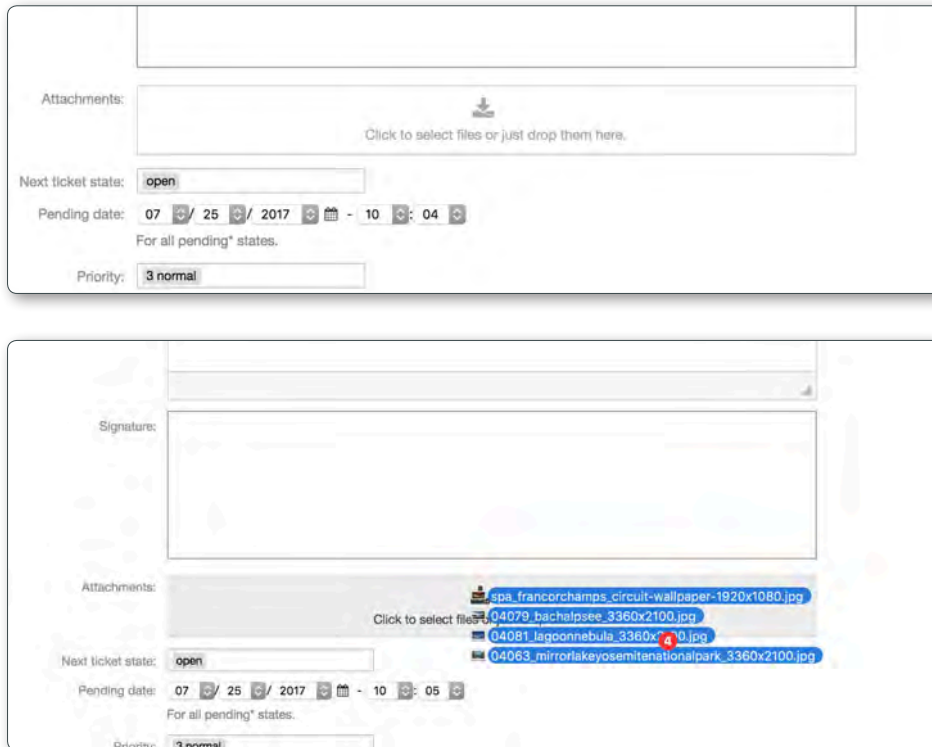
- A high-contrast skin for the visually impaired was added.

5.2.2 OTRS Business Solution™ 6

The **OTRS Business Solution**™ **6**, our solution for professional use in the business environment, experienced some exciting innovations to help incorporate the latest technologies.

Collaboration with external systems
- Added a feature to integrate chat with websites. This feature is limited to administrators and provides code that allows public OTRS Chats to be integrated into any website. Many display parameters, such as color and text, can be customized using an automatic generator for the code snippet.
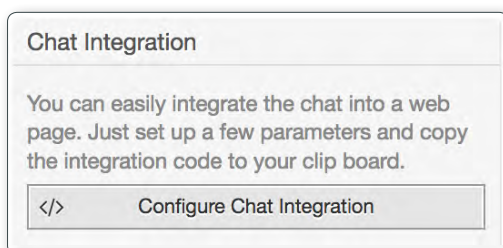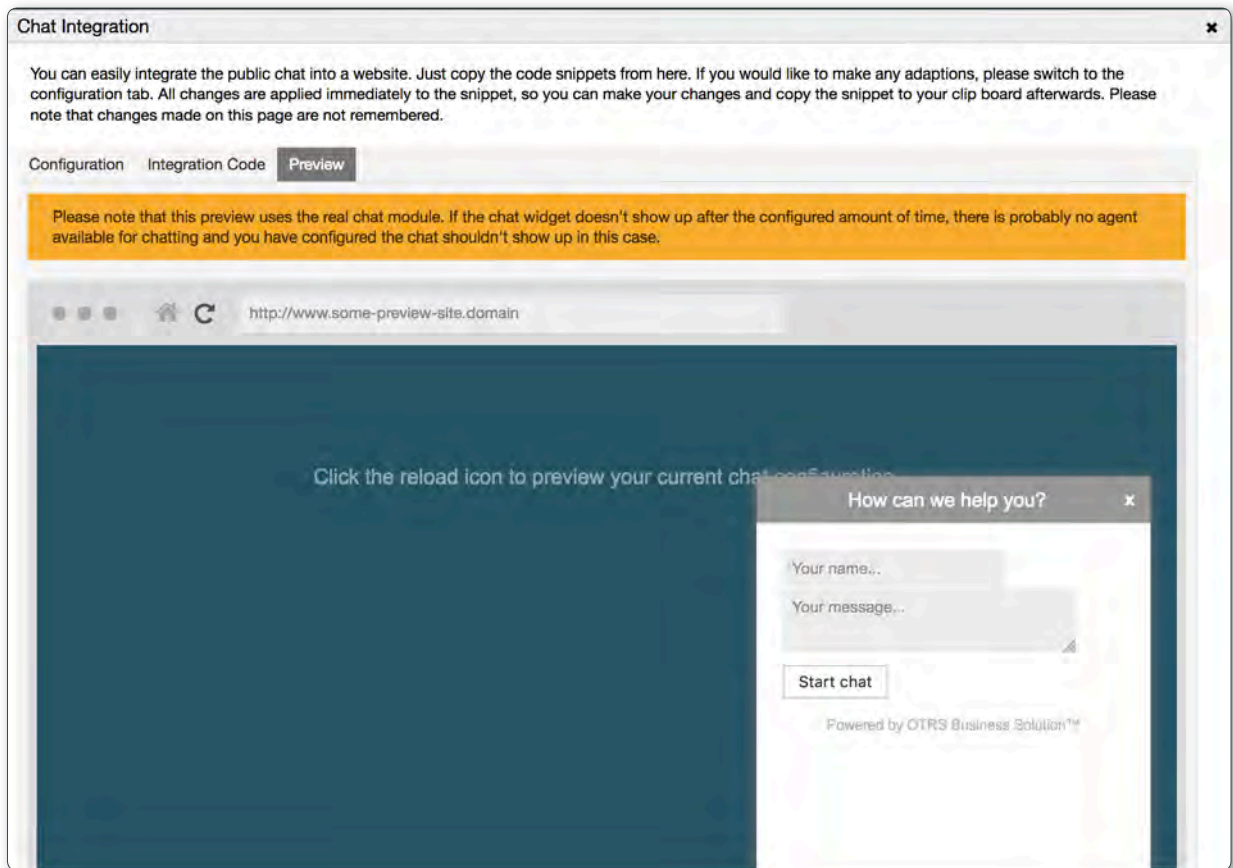
Installation & Administration

- Additional business enhancements for the new system configuration module
  - Configuration settings are versioned and can be restored to previous versions.

  - The administrator can specify which global configuration settings can be overridden by the user in their personal settings.

- Additionally, administrators can view and reset overridden settings by the user.

Productivity

- New Type "web service" for dynamic fields has been added. This allows data from remote systems to be used as values of dynamic fields without custom programming.
- New SMS communication channel for creating tickets and sending articles via the OTRS SMS Cloud Service has been added. Implementation of a URL-shortening function, a phone number blacklist function and an SMS cloud service debugging mechanism. Improved SMS notification transport and cloud service call performance.

- Added and renamed multiple ready-to-adapt processes. Examples:
  - Service Design::Availability Management (proactive)
  - Service Design::Availability Management (reactive)
  - Service Design::Catalog Management
  - Service Design::Continuity Management
  - Service Design::Service Design Coordination (individual design)
  - Service Design::Service Level Management
  - Service Design::Supplier Management
  - Service Operation::Access Management
  - Service Operation::Event Management
  - Service Operation::Incident Management
  - Service Operation::Problem Management
  - Service Operation::Request Fulfillment Management
  - Service Operation::Service Validation and Testing
  - Service Transition::Change Evaluation
  - Service Transition::Knowledge Management
  - Service Transition::Release and Deployment Management
  - Service Transition::Service Asset and Configuration Management
  - Service Transition::Service Transition Planning and Support

5.2.3   OTRS::ITSM

The following functionalities are part of OTRS::ITSM 6, which was released on 21 November 2017 in the first stable version.

ITSM Core
- Adaptation of the code for OTRS 6.
- Improvements and bug fixes for OTRS::ITSM 6.

ITSM Configuration Management
- Adaptation of the code for OTRS 6.
- Improvements and bug fixes for OTRS::ITSM.
- Improved display of admin area groups for ITSM administration modules.

ITSM Change Management
- Adaptation of the code for OTRS 6.
- Added function in ITSMConfigurationManagement to create new versions to suppress special attributes.
- Improvements and bug fixes for OTRS::ITSM 6.

5.2.4 Outlook for the Years 2018/2019

The time after launching a new release is not, as you know, a lull for developers; rather quite the opposite, as work ramps up on the subsequent version. Software development is also becoming increasingly complex and challenging. Especially in the age of digital transformation, it is always about innovation and the using the most current technologies. We are aware of this and are continuously conducting research on trends (e.g. WebSockets, client side rendering or single-page applications) and the competition. We aim to implement OTRS Releases both quickly and, above all, with the best possible quality. This is the basis for the following glimpse into emerging technologies.

As complex development must be tackled quickly, and in order to do that, the development team must grow, it is essential to improve the efficiency of collaboration ever further. We use a number of tools and automatic mechanisms to fully and automatically check the quality of our code. For example, hundreds of checks are automatically applied to each newly created line of code before it is included in our master repository. If even one check is not successful, the code is automatically rejected and the developer must rework it.

Another important factor is the fully-automated and constant testing of our software. We use a specially developed test environment that tests the current codebase continuously. For example, several million individual tests are applied per day to the OTRS Version currently under development in order to find and report errors in almost real time.

Productivity
- Automatic start of processes
- New external interface
  - 100% corporate identity and design
  - Create individual pages easily
  - Public information without login
  - Service catalog with guided ticket creation
  - References to foreign resources
  - Full-fledged customer and service center
- Lightning fast and intelligent search using approximate string matching
- Other social media channels
- New agent interface

Collaboration with external systems
- Fully automated web service and script activities in processes
- Sending emails via web service

Security
- Combating hacker attacks, such as brute-force attacks

In addition, language assistants like Alexa & Co. and the ubiquitous chatbots show us very clearly that the subject of artificial intelligence (AI) has already penetrated many economic areas. We know their importance will increase significantly within a short period of time.

At OTRS we see great potential for even more service optimizations by leveraging this field. This is why AI is already firmly anchored in software development thinking.

OUTLOOK

06

Report of the
Supervisory Board

REPORT OF THE SUPERVISORY BOARD

Burchard Steinbild

Dear Shareholders,

The following report of the Supervisory Board will inform you of the Supervisory Board's activities in fiscal 2017 and the results of the audit of the 2017 annual financial statements of OTRS AG.

In the past fiscal year, the Supervisory Board performed in full all the controlling and consulting duties incumbent on it in accordance with the law, the Articles of Association and its Rules of Procedure. Furthermore, the Supervisory Board advised the Management Board on its running of the company and carefully monitored it on the basis of written and verbal reports from the Management Board and joint meetings. The Supervisory Board was always involved, in both a timely and adequate manner, in all decisions of fundamental and strategic importance. An intensive and always open dialog was the hallmark of the cooperation.

The Management Board reported to the Supervisory Board regularly, promptly and comprehensively on all key issues of ongoing business development, revenue, the financial position and results of operations, relevant aspects of company planning including financial, investment and HR planning, the strategic development of the company, changes in the risk situation and risk management. Events of particular significance to the position and development of the company and the Group were always discussed in good time. All measures by the Management Board subject to the approval of the Supervisory Board were examined, discussed and decided on. The cooperation between the Management Board and Supervisory Board was characterized by great trust.

The work in fiscal 2017 was founded on the meetings of the Supervisory Board and the verbal and written reports by the Management Board. Following thorough examination and consultation, the Supervisory Board voted on the reports and resolutions proposed by the Management Board to the extent that this was required by law and the Articles of Association. In individual cases, the Supervisory Board adopted resolutions by circulation outside meetings.

Alongside the regular meetings, the Chairman of the Supervisory Board maintained regular contact with the Management Board and primed himself on the current business situation and key events. Given that the Supervisory Board has only three members, no committees were formed in fiscal 2017.

Meetings of the Supervisory Board and key issues discussed
The Supervisory Board held two meetings in person and a conference call to carry out its duties in fiscal 2017. With the exception of the conference call on 22 February 2017 that Prof. Oliver Hein was unable to participate in at short notice, all meetings were attended in full.

The Management Board regularly reported to the Supervisory Board on the situation and development of the company and on key transactions. The reporting obligations in accordance with section 90 of the Aktiengesetz (AktG – German Stock Corporation Act) were duly fulfilled in this context. The meetings in person were held on 11 May and 12 December 2017.

In addition to current business developments, the Supervisory Board's advisory and monitoring activities focused on the company's strategic orientation in the reporting year. Furthermore, key issues in the Supervisory Board's work in the reporting year were planning for 2017 and 2018, the Annual General Meeting and the company's revenue, earnings and liquidity development.

In its meetings, the Supervisory Board also discussed detailed reports on the business development of the company. The Supervisory Board comprehensively discussed all matters pertaining to the strategic orientation of the Group. Throughout the entire reporting year, the Management Board reported to the Supervisory Board regularly on the revenue and earnings situation and on risk management. Whenever deviations from earlier planning and projections occurred, these were explained to the Supervisory Board at length.

In the conference call on 22 February 2017, the Supervisory Board discussed renewing the contracts of the Management Board members Sabine Riedel and André Mindermann. The resolution on this matter was adopted the following day by circulation.

At the meeting held in person on 11 May 2017, the Supervisory Board examined and approved the annual financial statements and the management report for fiscal 2016. The 2017 Annual General Meeting was also a priority at this meeting. Furthermore, at this meeting the Management Board reported extensively on the intended business policy and corporate planning, including in particular the financial, investment and HR planning at the company and its subsidiaries. Potential deviations in actual developments from previously reported objectives were discussed in detail, stating the reasons, the course of business and, in particular, the revenue and earnings situation of the company and its subsidiaries.

At the meeting held in person on 12 December 2017, the Management Board reported extensively on the business development of the OTRS Group. The possible establishment of a subsidiary in Hungary was also discussed. Moreover, the Management Board presented the future tax risks in connection with international transfer pricing within the OTRS Group. Another key issue at the meeting was the medium-term planning for the capital market strategy.
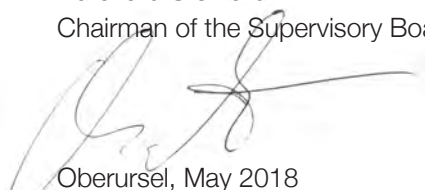
Audit of the 2017 annual financial statement

VEDA WP GmbH Steuerberatungsgesellschaft audited the 2017 annual financial statements prepared by the Management Board in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) and the management report, and issued each with an unqualified auditor's report. The audit certificate was issued on 23 May 2018.

The Supervisory Board received the annual financial statement documents and the auditor's report in advance and discussed them extensively. The auditor delivered his detailed report to the Supervisory Board in person at its meeting on 23 May 2018, where he also answered questions from the Supervisory Board's members to their satisfaction. As required by law, the Supervisory Board examined the 2017 annual financial statements for the company, including the management report, prepared by the Management Board. This did not give rise to any objections. The Supervisory Board approved the annual financial statements in accordance with section 172 sentence 1 AktG on 23 May 2018. The annual financial statements of OTRS AG have thus been adopted.

The Supervisory Board would like to thank the Management Board and all the employees of the OTRS Group for their hard work and performance over the past fiscal year. The Supervisory Board would also like to thank the shareholders for their interest and continuing trust in our company.

Burchard Steinbild
Chairman of the Supervisory Board

Oberursel, May 2018

07

CONTENTS

A mathematical truth is neither simple
nor complicated in itself, it is.

Émile Lemoine (1840 - 1912), French mathematician

7 Management Report

7.1 Basic Information on the OTRS Group

7.1.1 Locations

At OTRS we are growing – internationally and worldwide – for our mission and thus for our customers.

Each (new) location brings the opportunity to place our product portfolio and spirit in a new business context and culture and thus meet the individual requirements of the respective country.

…and we are growing successfully…

7.1.2 Mission Statement

We give companies the freedom to be successful.

We believe that companies must be flexible to stay successful. When daily routines are embedded in reliable and transparent structures, it creates freedom for the creativity that helps companies grow.

- OTRS brings structure into dynamic business environments.
- OTRS adapts to the requirements of each company and not the other way around.
- OTRS provides companies with the DNA that supports the natural evolution of their processes.

We offer our customers Solutions as a Service.
By this we mean the ability to choose from a variety of configuration options and supplementary features, exactly the ones you as the customer need for your scenario – complemented by consulting services and training.

Solution   =   Software   +   Service

| Continuous development including user input | Optimal use smooth operation |
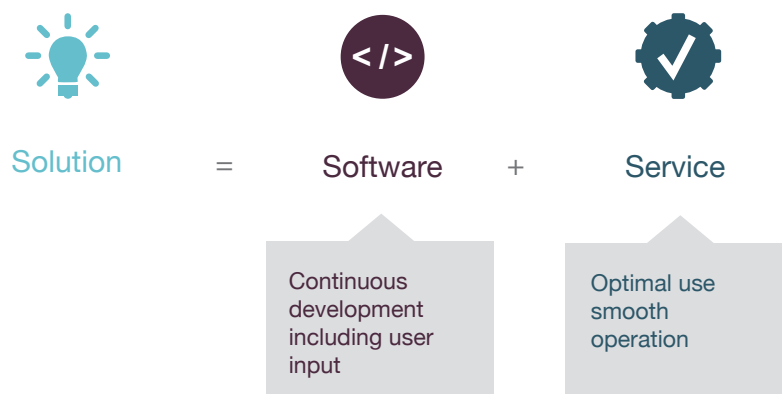
Our core competences are:
- Customer Service
- ITSM and
- Corporate Security

7.1.3　Goals

In accordance with the strategic orientation of the OTRS Group, we pursue several objectives in parallel:

Software
We always strive to update the software permanently and adapt it to the requirements arising in its different areas of application. In doing so, we consider whether there are short-term trends or major changes in IT development. Because OTRS is designed for the long haul, we also assess trends in sustainability for us and our customers.

In principle, it is necessary to differentiate between changes to the OTRS cores, which are decisive for the performance of the software, and its add-on functionalities that can be used to meet different customer requirements. As a rule, a new release provides customization on both levels.

Market development
We are in line with our goal of international orientation through the structured expansion of our worldwide network of branch offices. In the decision for setting up a subsidiary, the market opportunities that will result for OTRS solutions are decisive. As an option, we also strengthen our network of partners, drawing on expertise and experience with local conditions.

Organizational development
In addition to the further development of a globally attractive product range and the correspondingly expanded sales channels, international growth also requires the foundation of a comprehensive organizational culture with dedicated processes that make planning, implementation and control comprehensible and reproducible.

Topics such as corporate communication, process management and employer branding are the main focus here.

This allows us to implement – internally and externally – our company's vision, which is to create a reliable structure in dynamic corporate environments.

7.2 Business and General Conditions

7.2.1 Main Activities and Sales Markets

OTRS AG is the world's largest service provider for the OTRS service management suite. The company advises customers around the world on the introduction, development and ongoing operation of these solutions. OTRS is a service desk system developed as an open source project under the free A-GPL v3 (Affero General Public License v3) license. The OTRS service desk system efficiently manages email inboxes and telephone inquiries in companies with high volumes of electronic or telephone inquiries. OTRS AG is the owner of the source code.

Given the complexity of the software and its use in companies, not to mention the specialist knowledge required, customers need special expertise and support in order to run it efficiently. As the owner of the source code, OTRS AG therefore also offers its customers comprehensive business support in addition to its software solutions. OTRS AG provides IT service management solutions ("ITSM") as well. We advise and support our customers in the integration, optimization and ongoing development of ITSM solutions and software-supported business process optimization. OTRS AG's portfolio for customers also includes the technical and HR outsourcing of end-to-end, computer-aided business processes. OTRS users include companies, government agencies and organizations from all sectors and all countries. OTRS has so far been installed more than 170,000 times in 38 languages. 40% of DAX 30 companies use best practice service management solutions based on OTRS Service Desk and OTRS::ITSM. In total, OTRS has been downloaded from its own servers over 1,700,000 times. This is only a fraction of the actual download numbers as the OTRS software (open source) can also be downloaded from other OTRS servers not owned by the company.

7.2.2 Development of the Economy as a Whole and the IT Sector

As in previous years, digitization and – above all – its implementation are a major challenge for companies. Interestingly, however, significant change is failing to take place. This is not because of a lack of technologies that can be easily implemented, but rather it is because of the absence of the willpower needed to completely rethink organizational structures.

Furthermore, the EU General Data Protection Regulation, which became effective in May 2018, has demanded many organizations' attention and catapulted IT security to the top of the list of relevant IT issues.

For the OTRS Group, this is a key confirmation of its strategic orientation and focus.

Relevant IT trends and their significance to corporate investment on the markets that matter to us are a significant factor in the ongoing development of the software, and in selecting the functionalities to be considered. They are also a driving force in the expansion of our market presence. This is because investment is only worthwhile where we can effectively develop our activities, i.e. where we can identify sustainable success through marketing and sales.

The German economy is still riding a powerful upswing with the strongest economic growth seen since 2011. Gross domestic product grew by 2.2% last year – a faster rate than in previous years even though there were fewer working days than in the previous year.

Economy at a Glance*

Changes in gross domestic product, production and new industry orders as well as Ifo Business Climate Index

	2013	2014	2015	2016	2017

Left scale: 6, 5, 4, 3, 2, 1, 0, -1, -2, -3
Right scale: 18, 15, 12, 9, 6, 3, 0, -3, -6, -9

Gross domestic product (quarterly) (left scale)
New industry orders (left scale)
Industrial production (left scale)
Ifo Business Climate Index - commercial sector (right scale)
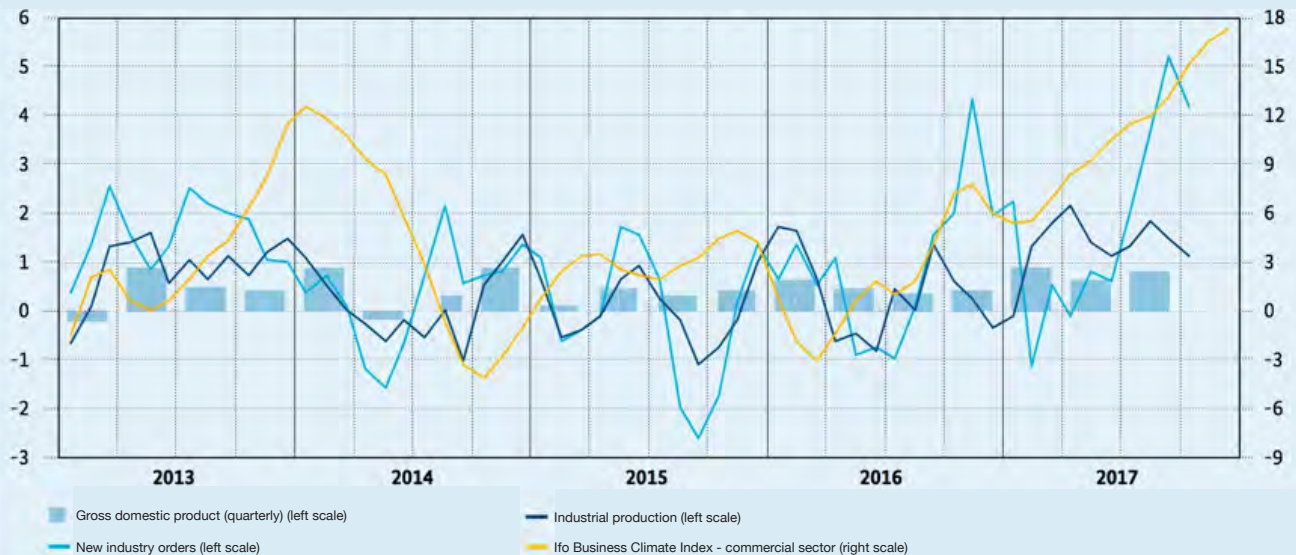
*centered Moving 3-month averages or quarters, seasonally adjusted, changes compared to previous period in full amount or balances by ifo

Source: StBa, Buk, ifo Institute.

According to bitkom, the ITC market is also continuing its growth. Information technology is a material driver in the ITC industry, with growth of 3.1% and revenue of EUR 88.8 billion expected in 2018. Demand is highest in the software segment (up 6.3%) and is expected to reach a volume of EUR 24.4 billion (source: bitkom: ITC market figures, February 2018).

The optimism deduced from various sentiment indicators has been confirmed by these figures. The economic recovery continued in the industrialized nations as a whole. GDP increased by 0.7% in the third quarter in the euro area, and by 0.8% in the United States (source: BMWi Schlaglichter, February 2018).

It is currently somewhat doubtful whether the US tax reform will have a long-term effect on growth, and its positive impact on international competition is uncertain. Forrester, for example, has corrected its forecasts for IT investment in the US. Spending on IT products and services will climb at a slower rate than originally assumed in 2018.

Andrew Bartel, Vice President at Forrester, attributed this to the economic downturn in the US: "While it is uncertain whether the US economy will actually enter a recession, the risks are sufficient to justify a slightly more conservative forecast for the IT market."

However, after a forecast of 9% as of the end of the year, it is now assumed that international spending on IT and IT services will rise by only by 6% (USD 1.7 trillion). By contrast, spending on software will outperform the average with an increase of 8% (source: Forrester Research).

7.2.3   Research and Development

The company made progress in developing and improving its software in fiscal 2017. EUR 1,399 thousand was invested in the ongoing development of the OTRS Application Software in the past fiscal year.

OTRS 6 Free

Productivity
- Draft Mode for Notes & Emails
- Time Zone Support on a per-user basis
- Resource Management
- Modernized OTRS address book with extended search and selection of multiple recipients
- Customer User Information Center

Usability
- Drag & drop multi file upload
- High-Contrast Skin for Barrier-Free Access

Installation & Administration
- New graphical user interface
- Renewed system configuration
  - Review Option
  - Create Favorites
- Renewed main administration screen with possibility to create favorites
- Renewed user preferences screen for personal settings

OTRS Business Solution™ 6

Productivity
- New ITIL Process-Templates
  - Management Service Design::Availability (proactive)
  - Management Service Design::Catalog (reactive)
  - Management Service Design::Continuity
  - Management Service Design::Service Design
  - Coordination Service Design::Service Level Management (individual design)
  - Service Design::Supplier Management
  - Service Operation::Access Management
  - Service Operation::Event Management
  - Service Operation::Incident Management
  - Service Operation::Problem Management
  - Service Operation::Request Fulfillment Management
  - Service Operation::Service Validation and Testing
  - Service Transition::Change Evaluation
  - Service Transition::Knowledge Management
  - Service Transition::Release and Deployment Management
  - Service Transition::Service Asset and Configuration Management
  - Service Transition::Service Transition Planning and Support

Installation
- Configuration settings are versioned and can be restored to previous versions.
- The administrator can specify which global configuration settings can be overridden by the user in their personal settings.
- Additionally, administrators can view and reset overridden settings by the user.

7.2.4   Business Performance

OTRS began as a purely open source company, and its business model allowed it to find success in the tough competition between open and closed source.

Meanwhile, nearly 30 years of open source software development have gone by, and the importance of open source software in the age of utility and mobile computing trends or the Internet of Things and big data has changed. Time to take a look back:

Open source has contributed significantly to innovation in software companies, with one example being the integration of elements from the open source software development process.

However, it is also clear today that open source software is not a standalone business model. Like any other software, open source software has to convince users with its functionality or, even better, its value. This is because open source software is not free, it is merely made available to users without a license fee. New Internet services, even if they were developed according to open source criteria, are under an OSS license and, in most cases, based entirely on an open source software stack, work according to the electricity principle: I pay for the service, for what I consume in various forms, whether by a monthly or transaction-based fee, or by leaving profile data (source: openBIT, Richard Seibt, 2014).

Open or closed source is no longer the question: it is about customer benefit.

OTRS has understood this, and turned the sophisticated, high-quality open source development approach into a professional and commercially viable solution, **OTRS Business Solution**™. This has enabled us to boost customer loyalty and thus achieve long-term planning security. In addition, we have been able to cultivate new markets – including internationally – in the field of digital transformation.

OTRS Business Solution™, the logical next step in the evolution of OTRS, has emerged as a successful model: With a high degree of flexibility that makes it easy to modify and integrate other systems, the **OTRS Business Solution**™ offers straightforward ticket management and tracking for companies and customers alike.

With the two variants **OTRS Business Solution**™, which companies install on their own systems, and **OTRS Business Solution**™ **Managed**, a solution that we host on servers in certified data centers and manage in full, we completely cover companies' assorted needs.

But just as trends and markets evolve, this strategy and its implementation are constantly becoming more defined in terms of product development.

For instance, the significance of outsourcing areas of IT has risen dramatically in recent years, and will continue to play a major role in the business world.

This is because managed services support the optimal allocation and utilization of resources, which further enhances profitability and improves operating efficiency. In addition, improving operational efficiency, effectively adjusting to dynamic business environments and enhancing profit margins has stimulated market growth. Implementing managed services reduces IT costs substantially, which improves organizational flexibility and gives customers a technical edge (source: Managed Services Market Analysis, Market Size, Application Analysis, Regional Outlook, Competitive Strategies and Forecasts, 2014 to 2020).

With our managed solution, we are keeping step with this development, which is proving highly relevant at the interface between digital transformation and increased security requirements while at the same time enhancing efficiency.

Our roadmap, the OTRS Evolutionary Path, does not just take into account the trends in IT development, but also adapts to trends in international markets. Our expansion strategy is therefore geared to setting up branches where we have identified markets that we consider to be low-risk and sustainable for our solution.

OTRS History

2001	2003	2006	2007	2009	2010	2011	2016	2017
Open Source Project	Market Entry EMEA / OTRS GmbH Bad Homburg Straubing	Market Entry NORAM	OTRS AG	Market Entry LATAM / Basic Board Frankfurt Stock Exchange	OTRS Inc. USA / OTRS S.A. de C.V. Mexico	Market Entry APAC	OTRS Asia Ltd. Hong Kong / OTRS Ltda. Brazil	OTRS ASIA Pte. Ltd. Singapore

7.2.5 Employees

The average number of employees (not including members of the Management Board) rose from 51 in the previous year to 56 as of the 2017 balance sheet date.

7.3   Net Assets, Financial Position & Results of Operation

7.3.1   Results of Operations

OTRS AG generated revenue of EUR 7,645 thousand in fiscal 2017, slightly less than had been planned. The increase in revenue of EUR 391 thousand (5.4%) as against the previous year (EUR 7,254 thousand) is in line with the company's sustainable growth strategy. Awareness of OTRS software as an extremely useful corporate governance tool is growing steadily.

The biggest revenue growth was achieved in recurring revenue, on the basis of our **OTRS Business Solution**™, which combines the standard version of OTRS with special features, security and software updates and support. Recurring revenue climbed by EUR 674 thousand (13.1%) from EUR 5,156 thousand to EUR 5,830 thousand, and now accounts for 76.3% of total revenue (previous year: 71.1%). Recurring revenue results from existing contracts with fixed terms, which are usually renewed after they expire. Similarly, an increase in such contracts with existing customers indicates future revenue growth in this segment. This is also reflected in payments received, which are first reported on the balance sheet as deferred income and then as revenue in the months after the balance sheet date. This deferred income, which represents future revenue, amounted to EUR 3,512 thousand as of the balance sheet date (previous year: EUR 2,833 thousand) and is reported as revenue in the subsequent months of the underlying contract.

The increase in recurring revenue gives OTRS considerably more planning certainty. In addition, income can thus be increased while the use of resources climbs at a slower rate, allowing economies of scale and improved margins and gross profit.

The decline in other revenue, in particular from customer engineering and consulting services in connection with the implementation of the OTRS Software by 13.5% from EUR 2,097 thousand in fiscal 2016 to EUR 1,815 thousand in fiscal 2017 is due to OTRS AG's strategic decision to focus mainly on recurring revenue. Revenue from customer engineering and consulting are seen as auxiliary revenue.

OTRS AG generates most of its revenue with customers in Germany. This increased by EUR 633 thousand (13.5%) from EUR 4,689 thousand to EUR 5,322 thousand. German customers therefore accounted for 69.6% of revenue in fiscal 2017 (previous year: 64.6%). By contrast, revenue with international customers declined by EUR 242 thousand from EUR 2,565 thousand to EUR 2,323 thousand. However, the revenue generated by the OTRS Group with international customers was up.

Steady and sustainable growth requires the software features to be constantly updated and improved. The company therefore again made progress in developing and improving its software in the past fiscal year. EUR 1,399 thousand was invested in the ongoing development of the OTRS application software in the past fiscal year.

EBITDA amounted to EUR 510 thousand in fiscal 2017 after EUR 534 in the previous year, with an operating cash flow of EUR 1,703 thousand (previous year: EUR 981 thousand). However, it should be noted that cash flow from operating activities increased by EUR 487 thousand as a result of the conversion of receivables from the subsidiary OTRS Inc., USA, into equity in the reporting period. OTRS Inc. had increased its equity by the equivalent of EUR 980 thousand in the reporting period. OTRS AG made its contribution partly in cash and partly by contributing receivables (EUR 487 thousand). EBIT amounted to EUR 128 thousand as against EUR 131 thousand in the previous year.

All expenses incurred in connection with the ongoing development of OTRS software reduced EBITDA, EBIT and net income as the capitalization of internally generated intangible assets is not permitted. This is because OTRS software is open source software, which prohibits capitalization in profit or loss.

Naturally, the largest cost item for a service company is personnel expenses. These amounted to EUR 4,348 thousand in 2017 (previous year: EUR 3,936 thousand), corresponding to a personnel expenses ratio of 56.8% (previous year: 54.6%). Average personnel expenses in relation to average headcount including management amounted to EUR 74.4 thousand in fiscal 2017 after EUR 72.2 thousand in the previous year. Revenue per employee declined as against the previous year to EUR 131 thousand (EUR 133 thousand).

7.3.2   Net Assets & Financial Position

Total assets rose by 16.6% year-on-year from EUR 5,294 thousand to EUR 6,171 thousand as of 31 December 2017. Balance sheet equity increased from EUR 1,700 thousand to EUR 1,835 thousand as a result of net income (EUR 135 thousand). The equity ratio was 29.7% as of the balance sheet date (previous year: 32.1%). With a total cash flow of EUR 571 thousand (previous year: EUR 59 thousand), the quick ratio, which shows the extent to which current liabilities are covered by cash funds and current assets, declined to 58.9% as against 68.0% in the previous year. Given that the support contracts included in current liabilities as deferred income (EUR 3,512 thousand) will not lead to future cash flows but actually constitute future revenue, the quick ratio is 309.5% compared to 321.0% in the previous year.

Selected key figures

Key figure	2017	2016	2015	2014	2013
Revenue growth in % year-on-year	5.4%	13.9%	20.9%	4.7%	20.6%

Capital structure

	2017	2016	2015	2014	2013
Equity ratio*	29.7%	32.1%	28.7%	20.5%	19.4%
Equity-to-assets ratio*	51.8%	60.7%	52.0%	32.0%	30.8%

* incl. deferred equity from convertible bonds

Financial/liquidity structure

	2017	2016	2015	2014	2013
Quick ratio	58.9%	68.0%	65.8%	73.0%	91.9%

Profitability

	2017	2016	2015	2014	2013
EBIT (EUR thou.)	128	131	58	147	257
EBITDA (EUR thou.)	510	534	458	484	586
Deferred income (EUR thou.)	3,512	2,833	2,348	1,924	1,453
Revenue per employee (EUR thou.)	131	133	125	115	138

Others

	2017	2016	2015	2014	2013
R&D costs (EUR thou.)	1,399	1,166	876	905	529
R&D cost ratio	18.3%	16.1%	13.8%	17.2%	10.5%

7.4 Report on Risks & Opportunities, Report on Expected Developments

7.4.1 Risk Report

Like any business undertaking, the (international) operating activities of OTRS AG entail not only opportunities, but risks as well.

OTRS AG's risk policy is geared towards the early identification of risks to the company as a going concern and other material risks, and the responsible handling of these risks. OTRS AG's goal is therefore to increase enterprise value in the interests of shareholders with the optimum possible risk-to-opportunity ratio. A company that knows its risks can also dare to seize opportunities. The risks we identify are integrated and assessed in our risk management system.

The controlling and monitoring of the individual areas of consulting, development and global managed services, in addition to the areas that do not generate cash flow directly, such as marketing and administration, are analyzed monthly and compared against the company's own planning and regularly updated forecasts. To the extent necessary, external indicators such as exchange rate changes, interest rates or inflation are taken into account in the analysis. Liquidity management includes a weekly status report to management. As part of an early warning system, key performance indicators are defined for risks that pose a threat to the company as a going concern, and changes or developments in these indicators are monitored on an ongoing basis. In addition to the risk factors described below, risks that are not yet known or risks that are currently considered immaterial could affect operating activities.

External business risks
External business risks mainly relate to market acceptance of the business model and, in the management's opinion, primarily entail opportunities.

OTRS solutions offer users significant cost savings potential as they do not incur license costs. The growing popularity of OTRS software and the company's broader market presence make OTRS AG's portfolio increasingly attractive, and allow every company access to the advantages afforded by OTRS without restriction.

By introducing **OTRS Business Solution**™, OTRS has established exclusivity and significantly improved customer loyalty. This has also allowed us to curb competition from external software service providers in their local markets and internationally.

The next step is to strengthen OTRS by increasingly emphasizing the difference between the free and the professional version due to greater functionality and user experience.

Internal risks
OTRS AG's value chain covers all stages of business activity, from marketing, development, sales and consulting to maintenance and training. Disruptions within or between these areas could lead to problems all the way up to the temporary interruption of workflows in one or more areas.

Furthermore, rapid company growth puts administrative, organizational and process structures at risk of not being able to adapt at the same rate. Especially with regard to the further development of effective processes within the structure and process organization, we are continuously investing in and adapting to the needs of our growing company. Experienced employees, proven management and control systems, targeted personnel and organizational development measures and the existing risk management system, which is adapted to the latest developments and requirements on an ongoing basis, ensure the highest possible level of control.

Financial risks

A deterioration in liquidity can lead to significant risks to companies, up to and including going concern risks. OTRS AG has good liquidity as of the reporting date. In addition to medium-term financial planning, OTRS AG also prepares rolling monthly liquidity planning. In the opinion of the company's management, there are currently no financing or other risks that could jeopardize the company as a going concern.

Bad debt risks

Bad debts are a latent risk. In extreme cases, they could jeopardize the continued existence of a company if allowed to accumulate. The risk of bad debts can increase in times of a financial market crisis. However, OTRS AG's economic success is not dependent on just a handful of customers; rather, it has a large number of very significant customers, which limits the risk of bad debts. We generally maintain a low-risk, heterogeneous customer structure, not concentrating on any specific sector or size of organization, which allows us to compensate for economic fluctuations.

Exchange rate risks

The international business activities of OTRS AG entail cash flows in various currencies. However, most transactions are performed in the euro area, hence currency risk is limited. Accordingly, international business is conducted through our branches, as a result of which exchange rate fluctuations in the respective countries are not significant to the OTRS AG.

7.4.2   Report on Opportunities

OTRS AG has a number of opportunities in the context of its global operating activities. An overview of the possible opportunities of future development is presented below:

International expansion

Our international branches are operating successfully. By adapting to the respective market situation and culture, we are well positioned to further expand our sales markets. In particular, the sales and service structure adapted to circumstances at the different locations has proved to be a promising strategy, which has enabled the Brazilian branch to quickly become a success. We are increasingly seeing – and **OTRS Business Solution**™ is a key factor here – that we are becoming more independent of downloads of the free version, as demand among new interested parties who have not used OTRS before is continuing to grow. We will continue to develop and expand our key markets in the current fiscal year as well. The strategy applied to the Asian market of founding wholly owned subsidiaries in Hong Kong and, in February 2017, Singapore has also been a success.

Cloud services

Cloud services means using software and its functionalities without installing it on local computers (managed solution). Software as a Service is used over the Internet from the provider's servers (e.g. Google, Facebook, etc.). Customers are billed according to their use of the service. This way, OTRS is also accessible to users with little or no technical knowledge of how to download and install software themselves.

Our cloud offering was initially developed as an SaaS solution for the North American market, as demand in Europe and Germany in particular had not yet matched the international level. We have observed a change in trends that prompted us to successfully transform the development of the SaaS solution into a highly efficient managed solution. SaaS 2.0 was completed in November 2015 and has been operational ever since. Customers willing to pay to use the system were already found in the beta phase and after its completion

The number of customers for our managed solution increased to 106 by the end of 2017. Thus, managed solution contracts account for 30% of our total contract volume.

It is becoming increasingly clear that cloud computing (the successor to SaaS) is the future. Newer technologies are also needed in order to be successful here. Efficiently launching cloud services is a complex process that can easily overwhelm the company providing that service. Softshell's CEO Gerald Hahn drew the following analogy: When it comes to cloud services, the "IT out of the socket" is more like "industrial high-voltage current." Just as most people have their stove connected by a professional electrician, companies should therefore always consult an IT specialist. The role of the cloud provider and its consulting services are crucial for the success of an IT project and thus a key future market for OTRS.

7.4.3   Report on Expected Developments

OTRS AG still has enormous potential for further growth. With **OTRS Business Solution**™, we have tapped a completely new market that gives us an excellent reputation in the field of professional business solutions. This makes it necessary to work more intensively on the optimization of our functionalities in order to remain competitive. The solid foundation of core functionalities allows us to build on this and (in the future as well) to compete with other professional solutions. The fact that OTRS is still an open source software and thus has access to input from the community has a positive impact in this sense.

What matters here is that we no longer just keep up with trends, but instead ourselves contribute to their development and thus become a pioneer. We have planned and implemented the necessary expertise of our development team in the long term, and can thus already tap into resources that make this decision viable.

In addition, we anticipate significant added value in the expansion of our global marketing activities, which are closely aligned to the respective needs of the individual branches and include global coordination. This way, individual market demands are successfully coordinated and implemented with regard to the marketing mix.

Revenue is set to rise again in fiscal 2018. The forecast total revenue for fiscal 2018 will exceed EUR 8 million for the first time.

Investing in the software will continue to be an important aspect in maintaining OTRS AG's competitive capability, the key to which is positive user experience.
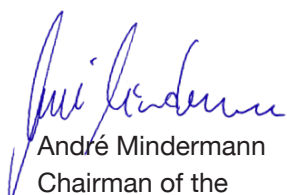
On the one hand, this includes various functionalities that have already been in planning and development since 2016, and that have been and will be gradually released in 2017 and 2018, such as omnichannel communication. On the basis of a comprehensive survey of our customers and with reference to various studies on the use of communications channels, we are working to continuously expand and prioritize individual channels.

We have successfully optimized the onboarding process, in which customers make first contact with our products by taking part in a free trial. This is then expanded to include key business scenarios we have identified. This allows us to specifically appeal to different stakeholders with a variety of requirements, thereby underscoring OTRS's value added to promote sales.

Last but not least, we will also "renovate" our software's interface. Just like any other new media subject to trends in graphics, colors and structure, even software needs a facelift from time to time. This is firstly because scientific research shows that a user's experience of a product is indirectly also linked to its design, and is not due to actual use alone.

Secondly, digital usage habits have changed drastically. The desire to access data at any time from anywhere has created a market for a wide variety of devices. This means developing new forms of usability that focus on streamlining and simplification, i.e. that are quick and easy to use. We aim to achieve this goal with the right interface design.

Oberursel, 25 April 2018

André Mindermann
Chairman of the
Management Board of
OTRS AG

Christopher Kuhn
Member of the
Management Board of
OTRS AG

Sabine Riedel
Member of the
Management Board of
OTRS AG

Balance sheet as of 31 December 2017

Assets

	EUR	Fiscal year EUR	Previous year EUR
A. Fixed assets			
I. Intangible assets			
1. Internally generated industrial and similar rights and assets	636,894.00		855,258.00
2. Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	2.00		786.00
3. Goodwill	439,238.00		534,517.00
		1,076,134.00	**1,390,561.00**
II. Tangible assets			
1. Other equipment, operating and office equipment		147,566.50	115,506.50
III. Financial assets			
1. Shares in affiliated companies	2,276,763.80		1,254,516.79
2. Loans to affiliated companies	42,651.91		40,428.35
3. Equity investments	2.00		2.00
		2,319,417.71	**1,294,947.14**
B. Current assets			
I. Inventories			
1. Orders in progress	12,416.95		2,983.50
2. Payments on account	682.10		2,181.51
		13,099.05	**5,165.01**
II. Receivables and other assets			
1. Trade receivables	1,085,264.15		993,101.77
2. Receivables from affiliated companies	23,376.89		549,014.54
3. Other assets	23,323.52		50,793.89
		1,131,964.56	**1,592,910.20**
III. Cash-in-hand, central bank balances, bank balances and checks		1,421,454.54	850,728.59
C. Prepaid expenses		61,385.40	43,683.11
		6,171,021.76	**5,293,501.55**

Equity and Liabilties

	EUR	Fiscal year EUR	Previous year EUR
A. Equity			
I. Subscribed capital		1,916,300.00	1,916,300.00
II. Net accumulated losses		-82,078.08	-216,955.00
B. Provisions			
1. Other provisions		424,305.02	425,871.37
C. Liabilities			
1. Trade payables	147,908.72		96,141.92
-of which with a remaining term of up to one year EUR 147,908.72 (EUR 96,141.92)			
2. Liabilities to affiliated companies	0.00		3,790.91
-of which with a remaining term of up to one year EUR 0.00 (EUR 3,790.91)			
3. Other liabilities	252,771.80		235,357.75
-of which taxes EUR 224,981.31 (EUR 194,404.66)			
-of which social security EUR 6,087.48 (EUR 3,095.54)			
-of which with a remaining term of up to one year EUR 252,753.10 (EUR 235,357.75)			
-of which with a remaining term of more than one year EUR 18.70 (EUR 0.00)			
		400,680.52	335,290.58
D. Deferred income		3,511,814.30	2,832,994.60
		6,171,021.76	5,293,501.55

Income Statement

for the period 1 January 2017 to 31 December 2017

	EUR	Fiscal year EUR	Previous year EUR
1. Revenue		7,645,369.31	7,253,615.42
2. Increase in orders in progress		9,433.45	-40,930.50
3. Other operating income		329,863.48	292,298.96
-of which income from foreign currency translation EUR 23,448.54 (EUR 1,037.50)			
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	-319.27		-87.20
b) Cost of purchased services	1,316,550.37		1,140,370.75
		1,316,231.10	**1,140,283.55**
5. Personnel expenses			
a) Wages and salaries	3,771,480.41		3,440,018.60
b) Social security, post-employment and other employee benefit costs	576,415.26		496,277.45
-of which in respect of old age pensions: EUR 13,874.53 (EUR 15,551.15)			
		4,347,895.67	**3,936,296.05**
6. Depreciation and amortization			
a) On intangible and tangible fixed assets		382,245.97	401,765.82
7. Other operating expenses		1,805,543.94	1,885,327.69
-of which expenses from foreign currency translation EUR 2,127.46 (EUR 15,194.68)			
8. Other interest and similar income		2,744.88	2,128.40
-of which from affiliated companies EUR 2,223.56 (EUR 570.57)			
9. Write-downs of long-term financial assets and investments classified as current assets		0.00	1,240.99
10. Interest and similar expenses		-4,566.09	32,228.48
11. Taxes on income		-1.08	0.00
12. Earnings after taxes		**140,061.61**	**109,969.70**
13. Other taxes		5,184.69	9,020.36
14. Net income for the year		**134,876.92**	**100,949.34**
15. Accumulated losses brought forward from the previous year		216,955.00	1,058,304.34
16. Withdrawals from capital reserves		0.00	740,400.00
17. Net accumulated losses		**82,078.08**	**216,955.00**

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Gross statement of changes in fixed assets as of

31 December 2017

	Acquisition/ production cost 1 Jan. 2017 EUR	Additions EUR	Disposals EUR	Acquisition/ production cost 31 Dec. 2017 EUR	Cumulative depreciation and amortization 1 Jan. 2017 EUR	Depreciation and amortization in the fiscal year EUR	Disposals EUR	Cumulative depreciation and amortization 31 Dec. 2017 EUR	Reversals of write-downs in the fiscal year EUR	Book value 31 Dec. 2017 EUR
A. Anlagevermögen										
I. Intangible assets										
1. Internally generated industrial and similar rights and assets	2,109,383.01	0.00	0.00	2,109,383.01	1,254,125.01	218,364.00	0.00	1,472,489.01	0.00	636,894.00
2. Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	6,470.69	0.00	0.00	6,470.69	5,684.69	784.00	0.00	6,468.69	0.00	2.00
3. Goodwill	1,428,466.57	0.00	0.00	1,428,466.57	893,949.57	95,279.00	0.00	989,228.57	0.00	439,238.00
Intangible assets	**3,544,320.27**	**0.00**	**0.00**	**3,544,320.27**	**2,153,759.27**	**314,427.00**	**0.00**	**2,468,186.27**	**0.00**	**1,076,134.00**
II. Tangible assets										
1. Other equipment, operating and office equipment	340,867.01	108,000.97	23,476.67	425,391.31	225,360.51	67,818.97	15,354.67	277,824.81	0.00	147,566.50
Tangible assets	**340,867.01**	**108,000.97**	**23,476.67**	**425,391.31**	**225,360.51**	**67,818.97**	**15,354.67**	**277,824.81**	**0.00**	**147,566.50**
III. Financial assets										
1. Shares in affiliated companies	1,254,516.79	1,022,247.01	0.00	2,276,763.80	0.00	0.00	0.00	0.00	0.00	2,276,763.80
2. Loans to affiliated companies	40,428.35	2,223.56	0.00	42,651.91	0.00	0.00	0.00	0.00	0.00	42,651.91
3. Equity investments	1,242.99	0.00	0.00	1,242.99	1,242.99	0.00	0.00	1,240.99	0.00	2.00
Financial assets	**1,296,188.13**	**1,024,470.57**	**0.00**	**2,320,658.70**	**1,242.99**	**0.00**	**0.00**	**1,240.99**	**0.00**	**2,319,417.71**
	5,181,375.41	**1,132,471.54**	**23,476.67**	**6,290,370.28**	**2,380,360.77**	**382,245.97**	**15,354.67**	**2,747,252.07**	**0.00**	**3,543,118.21**

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Notes to the
Annual Financial Statement

General information

The annual financial statements of OTRS AG were prepared on the basis of the accounting provisions of the Handelsgesetzbuch (HGB – German Commercial Code) in accordance with the generally accepted principles of proper accounting.

The regulations of the German Stock Corporation Act were also complied with in addition to these provisions.

The annual financial statements are **structured** in line with the provisions for corporations in accordance with the German Commercial Code and the Aktiengesetz (AktG – German Stock Corporation Act), including in particular sections 266, 275 HGB and sections 150 to 161 AktG. Practical expedients dependent on size provided for by the German Commercial Code regarding structure and reporting have been applied in some cases.

The income statement was prepared using the total cost (type of expenditure) format.

The company is a small corporation in accordance with section 267 HGB. Practical expedients dependent on size for **small corporations** have been applied in some cases.

The company's shares were admitted to trading in the First Quotation Board of the Frankfurt Stock Exchange on 23 December 2009, and included in the Entry Standard of the Frankfurt Stock Exchange on 29 June 2012. The company's shares have been included in the Basic Board of the Frankfurt Stock Exchange since 1 March 2017.

Information on the identification of the company according to the registry court

Name according to registry court:	OTRS AG
Registered office according to registry court:	Oberursel
Registered in:	Commercial register
Registergericht:	Bad Homburg v. d. Höhe
Register no.:	HRB 10751

Accounting disclosures including measures under tax law

Changes in accounting policies since the previous year
The accounting policies used in the past were applied essentially unchanged in the annual financial statements.

Accounting policies
Unless stipulated otherwise by law, the annual financial statements contain all assets, liabilities, prepaid expenses, deferred income, expenses and income. Asset items have not been offset against liability items, nor expenses against income, nor property rights against property charges.

Measurement was based on the **going concern** principle. Assets and liabilities were **measured individually**. Measurement was performed in line the **prudence principle**; taking into account all foreseeable risks and losses originating before the balance sheet date, even if they only became known between the balance sheet date and the preparation of the annual financial statements.

Profits were only recognized if they were realized before the balance sheet date. Expenses and income for the fiscal year were recognized regardless of the date of payment.

Fixed assets include only items that are intended to be used for business operations on a permanent basis.

Internally generated intangible assets were capitalized at development cost provided the latter can be clearly allocated, defined and amortized.

In accordance with the option under section 248(2) sentence 1 HGB, **internally generated intangible assets** are capitalized at production cost in the form of development costs in accordance with section 255(2) a) HGB, provided that these can be clearly allocated and defined. The amount capitalized includes the development costs incurred between the manifestation of technical feasibility and completion of the intangible asset. Development costs include the direct costs, appropriate portions of production overheads and general administrative expenses that relate to the production period. Internally generated intangible assets are amortized on a straight-line basis over their planned useful life from the date of completion.

Purchased intangible assets are measured at acquisition cost plus incidental purchase cost, less any acquisition price reductions and amortization.

In previous years, the difference by which the consideration paid to acquire an entity exceeded the value of the entity's individual assets less liabilities at the acquisition date was recognized as goodwill. Goodwill is amortized over its expected useful life.

Tangible assets are recognized at acquisition cost plus incidental purchase costs less depreciation if applicable.

Depreciation is recognized on a straight-line basis over the expected useful life of the assets.

Impairment is recognized if the impairment of fixed assets is expected to be permanent in order to recognize them at the lower of cost or market at the reporting date.

Movable fixed assets with a value less than EUR 410 are written off in full in the year in acquisition in accordance with the tax regulation of section 6(2) sentence 1 of the Einkommensteuergesetz (EStG – German Income Tax Act).

Financial assets were recognized and measured as follows:
- Shares in affiliated companies and other investees and investors at cost
- Loans at nominal value

To the extent necessary, financial assets were recognized at their lower value at the balance sheet date.

Inventories are reported at the lower of acquisition or production cost and current value on the balance sheet date.

Receivables, **other assets** and **securities** were measured in line with all discernible risks.

Bank balances and **cash-in-hand** were recognized at nominal value.

Payments made before the balance sheet date were recognized as **prepaid expenses** if they represent expenses for a specific period after this date

The **share capital** and **capital reserves** are recognized at nominal value.

Other **provisions** were recognized for all other uncertain liabilities. Provisions were measured at the necessary settlement amount in accordance with prudent business judgment, sufficiently taking all discernible risks into account.

Liabilities were carried at their settlement amount.

Income received before the balance sheet date was recognized as deferred income if it represents income for a specific period after this date.

Principles for translating foreign-currency items into euro

The annual financial statements include foreign-currency items that were translated into euro.

Receivables and liabilities in foreign currency are measured at the middle spot exchange rate on the balance sheet date. The exchange rate on the date of the transaction was recognized if this was lower (for receivables) or higher (for liabilities). Expenses and income from exchange rate differences were recognized in income.

Tax accounts and deferred taxes

Taxes are calculated on the basis of the tax accounts, which differ from the annual financial statements according to commercial law. The differences result firstly from the amortization of the goodwill recognized in previous years from the contribution/merger of OTRS GmbH and Enterprise Consulting Beratungsgesellschaft für Unternehmensorganisation und Informationsmanagement mbH into the company, which was recognized at carrying amount for tax purposes, and secondly from the capitalization and amortization of internally generated intangible assets in accordance with section 248(2) HGB, which are prohibited from capitalization for tax purposes.

The company exercises the practical expedients dependent on size in accordance with section 274 a HGB, and does not recognize deferred taxes from the above differences between accounting and tax carrying amounts or from tax loss carryforwards.

Disclosures and notes on individual items of the balance sheet and income statement

Gross statement of changes in fixed assets for the individual items of fixed assets

The structure and development of assets including depreciation and amortization in the fiscal year for each item of the balance sheet are shown in the statement of changes in fixed assets at the end of the notes.

Research and development expenses

Internally generated intangible assets are capitalized In accordance with the option under section 248(2) sentence 1 HGB if and to the extent that they qualify as assets and the development costs can be clearly allocated and defined in accordance with section 255(2) a) HGB. They are amortized over the expected useful life of five years.

Research and development expenses amounted to EUR 1,399 thousand in total in the reporting year. No development costs were capitalized in the reporting year.

Goodwill amortization

Goodwill acquired and capitalized in previous years is amortized over the useful life of 15 years expected in accordance with the business model. No impairment losses were required in the reporting year.

Disclosures on affiliated companies and shareholdings in other companies of at least 20% of shares

	Carrying amount Euro	Shareholding %	Result EUR thou.	Equity EUR thou.
Affiliated company:				
OTRS Inc., USA	2,183,073.00	100.0	1) -283	1) 196
OTRS S.A. de C.V., Mexico	1,476.50	50.0	2), 3)	2), 3)
OTRS LAB S.A. de C.V., Mexico	2,201.25	75.0	2), 3)	2), 3)
OTRS Do Brasil Soluções Ltda., Brazil	46,851.61	79.0	2), 3)	2), 3)
OTRS ASIA Ptd., Singapore	33,666.13	100.0	2), 3)	2), 3)
OTRS Asia Ltd., Hong Kong	9,495.31	100.0	2), 3)	2), 3)
	2,276,763.80			
Other investees and investors:				
OTRS Limited, Hong Kong	1.00	50.0	2), 3)	2), 3)
OTRS Shd Bdn, Malaysia	1.00	49.0	2), 3)	2), 3)
	2.00			

Notes:

1) = Provisional.

2) = Value not established when the financial statements were prepared.

3) = Disclosure is not significant to the presentation of the net assets, financial position and results of operations, and can therefore be waived in accordance with section 286(3) sentence 1 no. 1 HGB.

Disclosure on inventories

Inventories relate to work in progress not yet invoiced as of the balance sheet date in the form of consulting and development services rendered on behalf of customers.

Disclosure on receivables

Type of receivable as of 31 Dec. 2017	Total amount as of 31 Dec. 2017 EUR thou.	of which with a remaining term	
		less than 1 year EUR thou.	more than 1 year EUR thou.
Trade receivables	1,085.3	1,085.3	-
Receivables from affiliated companies	23.4	23.4	-
Receivables from equity investments	0.0	0.0	-
Other assets:			
- Miscellaneous	23.3	23.3	-
Total	**1,132.0**	**1,132.0**	

Other assets

Other assets essentially include security deposits of EUR 8.7 thousand (previous year: EUR 8.7 thousand), loans to personnel of EUR 7.4 thousand (previous year: EUR 4.5 thousand) and miscellaneous other assets of EUR 7.2 thousand (previous year: EUR 1.7 thousand).

Payments made before the balance sheet date were recognized as **prepaid expenses** (EUR 61.4 thousand; previous year: EUR 43.7 thousand) to the extent they represent expenses for a specific period after this date.

The deferral serves the reporting of profits on an accrual basis. The amounts are receivables by nature.

Equity

Disclosures on share classes

The share capital of EUR 1,916,300 is divided into:

	EUR	EUR
1,916,300 ordinary shares		
each with a notional value of	1.00	1,916,300.00
0 preference shares each with a notional value of	0.00	0.00
Total		**1,916,300.00**

The shares are bearer shares.

Disclosures on authorized capital

The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 900,000 by 31 May 2022 by issuing up to 900,000 new no-par-value bearer shares against cash or non-cash contributions on one or more occasions. The shareholders have pre-emption rights. However, the Management Board is authorized, with the approval of the Supervisory Board, to disapply shareholder pre-emption rights in certain cases.

Disclosures and notes on provisions

Other provisions developed as follows in the fiscal year:

Provision for:	1 Jan. 2017	Utilization	Unutilized amount reversed	Addition	31 Dec. 2017
Outstanding invoices	41,342.58	36,137.45	5,205.13	22,665.63	22,665.63
Remaining vacation	122,770.67	122,770.67	-	160,834.88	160,834.88
Management Board bonuses	88,250.00	88,250.00	-	97,950.00	97,950.00
Employee bonuses/ commission	76,657.54	71,948.17	4,709.37	71,149.51	71,149.51
Interest	26,268.73	26,268.73	-	-	0.00
Duty to preserve records	18,480.00	-	-	-	18,480.00
Audit of annual financial statements	16,800.00	16,500.00	300.00	19,300.00	19,300.00
Costs of preparing the annual financial statements	12,000.00	12,000.00	-	14,500.00	14,500.00
Occupational health and safety agency	10,800.00	10,298.13	501.87	11,400.00	11,400.00
Supervisory Board remuneration	7,500.00	7,500.00	-	5,625.00	5,625.00
Financial accounting	5,001.85	5,001.85	-	2,400.00	2,400.00
Total	**425,871.37**	**396,675.00**	**10,716.37**	**405,825.02**	**424,305.02**

The net method was applied on first-time recognition of provisions if discounting was required.

Disclosure on liabilities

Liabilities with a remaining term of up to one year amount to EUR 400,608.52 (previous year: EUR 335,290.58).

Type of liability as of 31 Dec. 2017	Total amount zum 31.12.2017	of which with a remaining term		
		less than 1 year	1 to 5 years	more than 5 years
	EUR thou.	EUR thou.	EUR thou.	EUR thou.
Trade payables	147.9	147.9	-	-
Liabilities to affiliated companies	0.0	0.0	-	-
Liabilities to equity investments	0.0	0.0	-	-
Other liabilities	252.7	252.7	-	-
Total	**400.6**	**400.6**	**-**	**0.0**

The total amount of liabilities secured by liens or similar rights is EUR 0.00 (previous year: EUR 0.00).

Other liabilities

Other liabilities essentially include VAT liabilities of EUR 147.4 thousand (previous year: EUR 134.6 thousand), wage and church tax liabilities of EUR 77.6 thousand (previous year: EUR 60.0 thousand) and employees' social security liabilities of EUR 6 thousand (previous year: EUR 3 thousand).

Deferred income

Deferred income (EUR 3,511.8 thousand; previous year: EUR 2,832.9 thousand) includes payments received for support contracts and services with total terms of up to one year to the extent that these relate to the following year.

Contingent liabilities from unrecognized liabilities in accordance with section 251 HGB

There were no such contingent liabilities as of 31 December 2017.

Other unrecognized financial commitments

Other financial commitments mature as follows:

	Maturing			
Type of commitment:	2018	2019	2020	2021
- Rental commitments	143	133	97	30
- Lease commitments	246	143	45	0
Total	**389**	**276**	**142**	**30**

Revenue

Revenue breaks down as follows in accordance with section 285 no. 4 HGB:

By area of activity:	2017	2016
	EUR	EUR
Managed IT services and support	5,829,757	5,156,226
Consulting services	1,404,475	1,529,104
Customer development	391,888	504,592
Other	19,249	63,693
Total	**7,645,369**	**7,253,615**

By geographically defined market:	2017	2016
	EUR	EUR
Germany	5,322,432	4,688,995
Rest of world	2,322,937	2,564,619
Total	**7,645,369**	**7,253,615**

Disclosures on changes in net income

The company generated net income for the past fiscal year of EUR 134,876.92, which is offset against the remaining loss carryforward.

Changes in net income break down as follows:

Appropriation of profits:	2017	2016
	EUR	EUR
Net income for the year	134,877	100,949
Accumulated losses brought forward from the previous year	216,955	1,058,304
Withdrawals from capital reserves	0	740,400
= Net accumulated losses	**82,078**	**216,955**

Restriction on distribution

The total amount restricted from distribution in accordance with section 268(8) HGB is EUR 636,894. This breaks down as follows:

	2017	2016
	EUR	EUR
Capitalized internally generated intangible fixed assets	636,894	855,258
Total restriction on distribution	**636,894**	**855,258**

Other mandatory disclosures

Names of members of the Management Board and Supervisory Board

The following people were members of the Management Board in the past fiscal year:

Mr. André Mindermann (Chairman)	Frankfurt am Main	Business graduate
Mr. Christopher Kuhn (member)	Bogen	Businessman
Ms. Sabine Riedel (member)	Friedrichsdorf	Business graduate

All members of the Management Board are entitled to sole representation with the power to conclude transactions with themselves on behalf of the company as representatives of a third party.

The Supervisory Board comprised the following members:

Mr. Burchard Steinbild (Chairman)	Beckeln	Mathematics graduate
Mr. Thomas Stewens (Deputy Chairman)	Bad Vilbel	Economics graduate
Prof. Oliver Hein (member)	Frankfurt am Main	Computer science graduate

Total remuneration of members of the Management Board and Supervisory Board

In accordance with section 288(1) HGB, the total remuneration of the members of the Management Board has not been disclosed. The total remuneration of the members of the Supervisory Board amounts to EUR 5,625.

Advances and loans extended to members of the Management Board and Supervisory Board
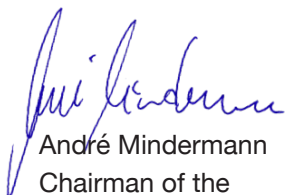
A loan of EUR 4,448.50 was granted to the member of the Management Board Ms. Riedel. The interest rate is 2.00% p.a. No collateral was posted for the loan.

No advances or loans were granted to the other members of the Management Board or the Supervisory Board.

Average number of employees in the fiscal year

The average number of employees at the company in accordance with section 267(5) HGB was 56 (previous year: 51). The number of employees (not including members of the Management Board) was 56 as of 31 December 2017 (previous year: 50).

Oberursel, 25 April 2018

André Mindermann
Chairman of the
Management Board of
OTRS AG

Christopher Kuhn
Member of the
Management Board of
OTRS AG

Sabine Riedel
Member of the
Management Board of
OTRS AG

Auditor's Report

To OTRS AG

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes – including the accounting and the management report of OTRS AG, for the fiscal year from 1 January to 31 December 2017. The accounting and the preparation of the annual financial statements and management in accordance with the requirements of German commercial law are the responsibility of the company's officers. Our responsibility is to express an opinion on the annual financial statements including the accounting and on the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with the applicable financial reporting framework and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the accounting, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting policies applied and significant estimates made by the legal representatives as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal provisions and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with these requirements. The management report is consistent with the annual financial statements and the legal requirements, and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Munich, 23 May 2018

VEDA WP GmbH
Wirtschaftsprüfungsgesellschaft

Roland Weigl
German public auditor (Wirtschaftsprüfer)

TRANSFORMATION

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