

Business and IT Solutions for People and Organizations

**Business Services
IT**

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**Stacey Cerniuk
CEO**

BIO: Stacey Cerniuk is the founder, President and CEO of Annex Consulting Group. He has a Bachelor of Science degree in Computing Science from Simon Fraser University and 25 years of IT industry experience as a business analyst, project manager, management consultant and entrepreneur. He was a Forty Under Forty winner recognizing the top business people in British Columbia under the age of 40.

Stacey is actively involved in a number of industry associations and academic programs. He is a member of the Project Management Institute and has been a certified Project Management Professional (PMP) since year 2000. He is a member of the Society of PMPs of Greater Vancouver. He is

a member of the International Institute for Business Analysis. He is on the Advisory Council for the University of British Columbia's Certificate in Project Management and Certificate in Business Analysis programs. Both programs won the Canadian Association for University Continuing Education (CAUCE) national Award of Excellence. Stacey is on the Program Advisory Group for PM-Volunteers.org, an organization that matches volunteer project managers with not-for-profit organizations. He is a mentor for S.U.C.C.E.S.S., helping new immigrants find work and adapt to Canadian culture. He is a Past President of CIPS Vancouver, one of the largest associations of IT professionals in Canada, and served on the Board for eight years. Stacey is a member of Young Presidents Organization (YPO).

His community involvement extends beyond the professional sphere to the soccer pitch where he has coached boys select soccer for twelve years. He enjoys exercising and recently completed Tough Mudder Oregon.

About Annex Consulting Group

Every company should understand its purpose for existence. At Annex, our purpose is to help people and organizations by providing business and IT solutions that contribute to their success. Annex is an IT recruitment and project delivery company specializing in application development, project management, network infrastructure, business analysis and management consulting services. Annex has completed 1,500 IT projects for 325 different clients since 1998 with an industry-leading 97% customer satisfaction rating. Annex has two offices in British Columbia with locations opening soon in Alberta and Washington State. Annex has received significant industry

acclaim such as fastest growing companies in Canada five times and fastest growing companies in British Columbia seven times.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Cerniuk, what is the concept at Annex Consulting Group?

Mr. Cerniuk: Annex is an IT recruitment and solutions company. We operate just like a regular recruitment firm does. However, we also offer solutions like some of the big multinational consulting companies. Usually a company in the IT industry is either one or the other; we are actually a hybrid organization that offers both types of services.

CEOCFO: Is there much cross pollination with your clients or is each section pretty much autonomous?

Mr. Cerniuk: There is cross pollination, for sure. It depends on the needs of the client. We can provide them with one person to do a project or we can outsource a full team solution for them across the spectrum of IT and in related areas such as management consulting.

CEOCFO: Do you find that your clients like the fact that you are in both arenas?

Mr. Cerniuk: Yes. I think it has really benefitted us. Some of the recruitment firms that we compete with are good at what they do, but they do not necessarily have hands-on IT industry experience. Therefore, clients will use them as a commodity to identify a person to perform a specific task. However, with us it is a different conversation because we come from the industry. We understand their needs and can help to determine if they need

a person or a full-blown solution. It is a different conversation and a different level of respect from the client. It is a big differentiator.

CEOCFO: Is there a typical customer for you?

Mr. Cerniuk: We are based in Vancouver, so I would say it is the British Columbia top 100 largest companies. Although we have two offices in this province, we are opening soon in another province and after that in Seattle. So our target market is about to change. Typically, the short answer would be larger clients or customers experience significant growth or change in the Pacific Northwest, although we currently have projects on the go across Canada, in the U.S. and in Europe right now.

CEOCFO: Why is this the time for expansion?

Mr. Cerniuk: I will give you two answers. One is that we have spent the last 24 months building the foundation getting ready for expansion, so it has been planned for a while. We have been creating a stronger foundation so that we can build a bigger house with optimized processes and more staff; all of

the things that we needed to do in order to take this footprint and move it into different cities. That is the business part. The other part, from a personal perspective, is that my kids are now both sixteen and I am "less cool" than I used to be. So if I am going to another city like Seattle for a day or two it is less of an impact on my family than it was before. In the past I wanted to be a Dad and that took priority over being a CEO.

CEOCFO: Would you tell us a little bit about the range of services that you provide? What are some of the common solutions or common areas that you work with and perhaps an area people would be surprised can be addressed?

Mr. Cerniuk: Fifty percent of our business is highly technical in nature. That includes software development, net-

work infrastructure and anything requiring someone who has highly specialized technical skills. The other fifty percent is more consultative. That includes management consulting, project management and business analysis to help an organization understand how they can get better through the use of technology. Something that maybe would surprise people is that we started off primarily as a project management organization and in our market, where our head office is located, I think we do more project management work outside of the engineering and construction industry than any other company in the province. It is something that we are very good at.

"Annex has ninety-seven percent customer satisfaction. We have been told by IBM and Microsoft that it is the highest customer satisfaction rating for IT professional services in Canada... Why Annex may get attention is because we have been able to consistently grow faster and for longer than our competitors. We provide both recruitment and solutions. We are taking market share. We are expanding geographically. We are introducing new service offerings. We have the highest customer satisfaction rating in our industry in Canada. Annex is a great place to work for our employees. We have a good story to tell."- Stacey Cerniuk

CEOCFO: What is the key to getting it right in all of your areas?

Mr. Cerniuk: That is a great question. Annex has ninety-seven percent customer satisfaction. We have been told by IBM and Microsoft that it is the highest customer satisfaction rating for IT professional services in Canada. Therefore, we very often get it right. The key is not so much matching the right person with the right project, although that is important. This is IT. IT has a reputation for having problems. There is a famous study by the Standish Group from more than ten years ago that says sixty-six percent of IT projects fail. They either come in late or over budget or they do not deliver what was expected in terms of scope or quality. Therefore, having a ninety-seven percent satisfaction rate is quite unusual. What we have talked about internally here is that problems will

happen. This is IT after all. So, assuming that issues will arise, it is how we address those challenges that helps us get it right. We have a very comprehensive service management process. It is a form of project management that gets initiated if there is an issue. It includes proactive steps as well as guidelines how to deal with problems when they occur. We are able to do this because we do have that background, as I mentioned, in the industry. We have been there. Many of us come from the industry where we have done numerous projects. We have seen lots of issues in our careers. Therefore, if something pops up we can jump in and get things back on track.

CEOCFO: How do you attract the people from the technical side, but also with the people skills which are so important when you are dealing with clients?

Mr. Cerniuk: That is another very good question, Lynn. It is the perfect question, in fact! That is because here at Annex, we have said for years that an IT professional's hard skills on their resume will get them their first assignment with a client, but it is that person's soft skills that will get them

repeat business with the same customer. So we look for people who have natural soft skills and who communicate well. It does not matter if English is a first language for them or not. It is more important to ask if they can they get their point across, do they have good emotional intelligence, do they have empathy, do they get along with people and are they charismatic. We want to work with people who are compatible with others, fit with the client's culture, and build long-term relationships. In fact, we always say that we are in the relationships business, not the IT business.

CEOCFO: What is the Annex Alliance?

Mr. Cerniuk: The Annex Alliance is our membership of consultants. It started in Vancouver and has since grown significantly, mostly across North America, but we also have people all over

the world. It began in 1998 with me and about ten other people who were also independent consultants as I was at the time. It really was a consortium of like-minded people who were looking for work. We decided that we would help one another. As I said, there were only about ten of us at the time. I was the project manager in the group and I said to the folks around the table, "If you find me work I will give you a piece of my hourly rate to say thank you." Similarly, there was a programmer, there was a network guy and there were others in various roles within technology. We just started looking for work for each other. Luckily, I was able to find many of those people work and the ten grew to twenty. Then the twenty grew to forty. It was kind of like the old shampoo commercial; "and so on, and so on." Now, we have twenty-five thousand people in British Columbia. We have a database of 200,000 people in Canada and two million people worldwide. It has grown by people saying, "These guys have a lot of opportunities, why don't you talk to them." We rank every Alliance member by skill type, such as a developer vs. a project manager vs. a tester. We also rank them using a ten layer competency banding system. For example, if you were doing renovations on your home and you needed a stone mason to create the rock work for your new fire place, would it not be fantastic if you had a list of all of the stone mason professionals in your area, sorted from best to worst? Then you would know who to call first. That is what we have for our consultants. So when a client asks for, say, a project manager, we start with our most successful, highest caliber person and we work our way down the list. Of course, as we go down the list our risk goes up and that means we may have to be more involved in the project to ensure its success.

CEOCFO: What has surprised you as the business has grown?

Mr. Cerniuk: Back when I created Annex the idea of a staff augmentation organization where a client would contact a single individual to do work was not really common. In fact, half the battle back in 1998 when we started

was convincing a client why they should use a contractor in the first place. Therefore, what has been surprising is that over time it is now very common for companies to have a mixed model of both employees and contractors. Clients bring in contractors to provide niche skills or complete temporary assignments. That market has grown significantly. Now, where once we were considered pioneers, at least in this local market, those companies sprout up like weeds, especially in a good economy which acts as fertilizer for new ventures. The amount of competition is staggering now compared to where it was. Despite that, we have managed to stand out from the crowd and be leaders in our market.

CEOCFO: How do you reach potential customers?

Mr. Cerniuk: We have a really strong referral program. In fact, it has been written up in eight daily newspapers and in various magazines across Canada. It has been described in a book on Canadian entrepreneurs. It is quite unique. Our referral program has generated much of our work. A lot of the work we do is either from referrals or repeat business from an original referral. Our referral program generates more than half of all the work that we do. Word of mouth is the best way of describing it. Don't get me wrong; we still do things to raise awareness such as sponsor events, attend networking functions, give industry presentations, and use social media. We also have a great sales team. However, much of what we do comes from client to client or consultant to client referrals.

CEOCFO: Do you see acquisitions in this part of your strategy going forward? Is there a general roll up in the industry?

Mr. Cerniuk: Yes. I usually get a couple of calls per quarter from companies looking to expand or private equity firms wondering what our plans are. I think for sure that will happen sometime down the road. From an industry consolidation perspective it is happening and it will continue. That is because IT is very busy and every business needs it. Even during the

financial downturn, from my company's perspective anyway, we remained flat and did not drop in revenue significantly. If we made it through the worst global financial crisis in seventy years by remaining flat, that tells me it is a good business model which will attract aggregation over time. From an Annex perspective, we are moving into a new geographic market early next year. We are looking at acquisition as a growth strategy to help us quickly ramp up in new markets.

CEOCFO: Why should investors and people in the business community be paying attention to Annex Consulting Group?

Mr. Cerniuk: We will grow by over twenty percent this year. We grew by over twenty percent last year. We grew by forty-two percent the year before that. We are on PROFIT Magazine's ranking of the Fastest-Growing Companies in Canada this year. It is the fifth time we have made that list in the last seven years. We were on the fastest growing list in British Columbia for seven consecutive years. We have been on Branham's list of largest tech companies in Canada for seven consecutive years. In the early days we grew in spite of ourselves. Now we are focused on managed growth. I think we are doing all of the right things from a growth perspective. This industry is changing because of competition and the introduction of tools like social media which allow companies to try to recruit people on their own. Therefore, we are going to market with a different strategy by focusing on our solution offerings. As I mentioned, we have that background and have actually been providing solutions for the last 15 years in addition to staff augmentation services. Why Annex may get attention is because we have been able to consistently grow faster and for longer than our competitors. We provide both recruitment and solutions. We are taking market share. We are expanding geographically. We are introducing new service offerings. We have the highest customer satisfaction rating in our industry in Canada. Annex is a great place to work for our employees. We have a good story to tell.



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