

How do companies effectively use their website for investor relations?

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Annual reports and the web

Annual Reports are still printed publications. From the first look it might appear that nothing has happened to the Annual Reports (AR) in the electronic age. This is not true. Even if the printed products still are on glossy paper they have undergone a lot of changes. But much remains to be done and few companies have dared to make full use of the everchanging new techniques. If you use the new techniques you will get more bang for your bucks!

In the production of an AR every stage today is computer-based. We have reached the point where all financial information is electronically based and stored: numbers, texts and pictures. The financial accounts are presented in both interim reports, filings to the authorities like the SEC and in annual reports. The same numbers are combined with comments and texts in different contexts. Even Internet,

Intranet and Extranet are different outputs from a common database.

The production has been speeded up, making it possible to hold AGMs earlier and thus also distribute dividends faster. A special effect is that second language versions (often English) are now available much earlier than they used to be.

As the ARs grows bigger year by year due to IFRS, CSR and corporate governance electronic versions make it possible to slim the basic publication and have tailor-made appendices for different stakeholders, printed or just as "print-on-demand" on the website.

The annual report is also an essential part of a company's website. In some countries, e g Sweden, it is even mandatory to have a corporate web site with reports and other information

The professional financial community is linked up to Internet. According to Hallvarsson & Halvarsson analyst

study almost all analysts, investors and journalists use the Internet every day and they value Internet as their prime source of information. Private investors are nowadays also wired, to an ever higher extent, at their work or elsewhere, through broadband or other connections.

The printed circulation of the annual reports are still high, but the actual use lies around fifty/fifty, paper vs computer. Even the receivers of the printed publication use the Internet version to look for a specific number or a certain formulation. Many have stopped archiving reports in paper format.

The distribution of the AR is partly digital. You can find the report presented in a corporate web site different formats for the most adequate presentation. The pdf-version is the most used one. It functions as printout, print on demand, available with no delay 7 days a week, 24 hours per day. The pdf's used to be divided into sections to minimize the size of the downloads, but are today 3-10 Mb documents. Sadly many companies don't use the facilities for bookmarks and miniatures and search engines. Another irritating factor is that the

numbering of pages is not synchronized with the printed version.

In HTML the Annual report is structured for reading online, changing page along the menu or through the Return-button.

For the number-crunching financial analysts the excel-version for tables simplifies their work.

The flexibility of the Internet allows for making the information more accessible. With the W3C/WAI standard (Web Accessibility Initiative) the visitor can tab navigate, change font size and even "read" the pictures if they have a describing text.

Accessibility is mandatory in the United Kingdom.

The first corporate websites were like billboards, and many web sites still are. That is not making use of the new dimensions in communicating on the Internet: interactivity, linking, searching, converting information into other media (printing, moving numbers into spreadsheets) etc. Faster and broader communication lines makes it possible to combine texts with pictures and even streaming media.

The new technique allows the visitor/user navigate a corporate website looking for information helped by links and search engines. The visitor also can put questions, make comments or order and subscribe to information.

An annual report could have links to information disseminated on a quarterly basis. It might contain links to exchange rates or price information for recalculation of the accounts. The Letter to the Shareholders from the CEO or the Chairman of the Board could be delivered as a speech in audio or video format. Some facts like the share price and turnover or the prime owners could be updated. Still the legal annual report must not be touched. The auditors have scrutinized and commented that version and nothing else

Many companies make appendices to the Annual report available on the web.

Sustainability reports, Social Reports or CSR reports have other target groups than the shareholders. From a distribution point of view they might be distributed in print just to special interest groups and made available for other on the corporate website.

From a communication point of view lack of phantasy, misguided cautiousness and legal restrictions make many corporate websites like the billboards of yesterday. But the web versions can be tailor-made for every stakeholder group, interactive for the visitor, accessible around the clock. You can even measure the reading of the report. This promotes higher efficiency in your financial communication with more bang for your bucks.

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The Webranking study

Hallvarsson & Halvarsson (H&H) this year publish it's tenth Webranking survey, in cooperation with the Financial Times and national business papers in 10 different countries. It all started 1997, with analyzing the top 120 Swedish listed companies corporate websites.. A quarter of the companies didn't even have a website, so the

survey just covered 92 companies. Sweden at that time was in the lead of using Internet and investment professionals were the early adopters.

In Webranking 2006 H&H will review 550 European corporate websites. The first step in the study is a survey with 500 financial analysts, investors and journalists about how they use the Internet and what they expect from an excellent corporate web site. The results are turned in to a review protocol with more than 100 items.

The most valued dimension is topicality. A website must be updated immediately. Due to the fast changing world of the Internet the review protocol is sharpened every year, with 20-25 per cent of the items being replaced or changed. The Webranking reviews the English language websites of the companies.

Check on: www.webranking.nu