



technologyone  
business software solutions

# 2007 Annual General Meeting Presentation

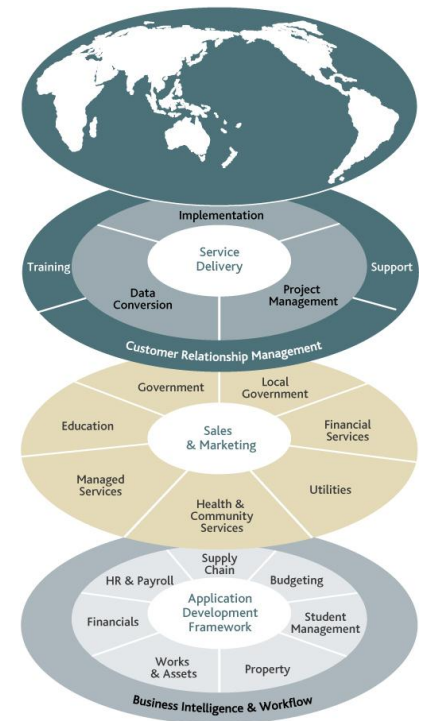
TechnologyOne Evolve

**Adrian Di Marco**  
Executive Chairman

November 2007  
[www.TechnologyOneCorp.com](http://www.TechnologyOneCorp.com)  
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- **Overview**
- Our Performance in 2007
- Significant Achievements
- Strategy for Growth
- Outlook

- TechnologyOne develops, markets, sells, implements and supports a broad range of enterprise applications & services:
  - TechnologyOne Financials
  - TechnologyOne Supply Chain
  - TechnologyOne HR & Payroll
  - TechnologyOne Works & Assets
  - TechnologyOne Business Intelligence
  - TechnologyOne Student Management
  - TechnologyOne Property & Rating
  - TechnologyOne Content Management
  - TechnologyOne Plus
- Presence in Australia, New Zealand, Asia and more recently United Kingdom
- Major supplier of enterprise applications in ANZ – 600+ major customers



# 600+ High Profile Customers

The Power of **One**





- We focus on seven industry markets in which our competitors have no significant advantage:
  - Local Government
  - State/Federal Government
  - Higher Education
  - Financial Services
  - Health & Community Services
  - Utilities
  - Managed Services

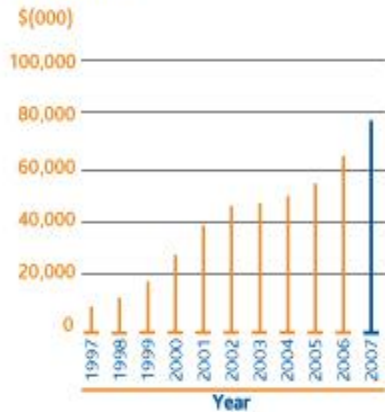
- Overview
- **Our Performance in 2007**
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- 2007 another Strong Year
  - Record Revenue \$78.4m, **up 18%** (\$11.9m)
  - Record Profit After Tax \$14.8m, **up 20%\*** (\$2.5m)
  - Record R&D \$13.8m, **up 9%** (\$1.2m), represents 18% of Revenue
  - Dividend increased to 3.75 cents (full year) **up 10%**
    - Seventh consecutive year of increasing dividend
  - Operating Cash Flow of \$17.7m (vs \$14.8m NPAT)
  - Balance sheet strong
    - Cash & Equivalents\*: \$28.8m (vs \$22.3m 30/06/07)
    - Debt/Equity: 4% (vs 3% last year)
  - Return on Equity 35%
    - Return on Equity (adjusted for non working capital) 66%
- Transparency of results – all R&D fully expensed

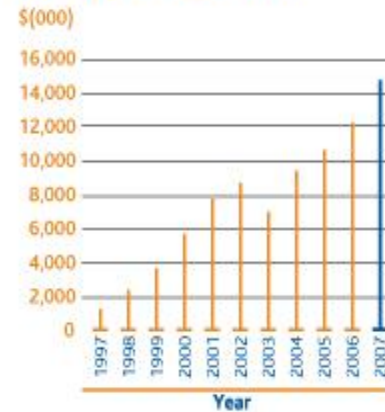
Historical 10 year annual compound growth is as follows\*:

- Revenue: 23% per annum compound
- R&D: 22% per annum compound
- Net Profit: 27% per annum compound

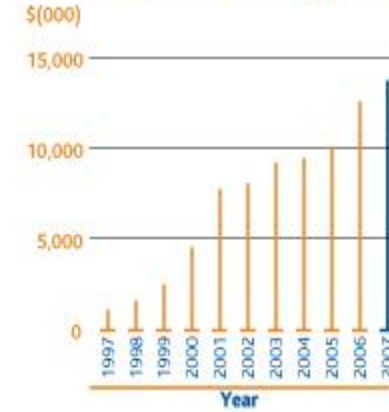
**Revenue**



**Net Profit After Tax**



**Research and Development**



**Dividend Per Share**





- Key indicators for 2007:
  - Total licence fees - \$18.3m, up 18% (\$2.7m)
    - Initial licence fees - New customers of \$14.4m, up 12% (\$1.6m)
    - Initial licence fees - Existing customers of \$3.9m, up 42% (\$1.1m)
  - Annual licence fees of \$25.6m, up 21% (\$4.5m)
  - Consulting services of \$22.5m, up 25% (\$4.4m)
- Approx 50% of our revenues generated from existing clients

- Diversity of revenue streams
  - Geographies
    - All states of Australia, New Zealand, Asia and more recently UK
  - Products
    - Financials, HR/Payroll, SupplyChain, Property, Students, Business Intelligence
  - Vertical markets
    - Local Government, State/Federal Government, Higher Education, Financial Services, Health & Community Services, Utilities, Managed Services
- Strong, very loyal blue chip customer base
  - We provide a mission critical solution
  - 50% of our revenues generated from existing customers each year
    - Annual licences, increase usage, new modules, new products, ongoing services etc..

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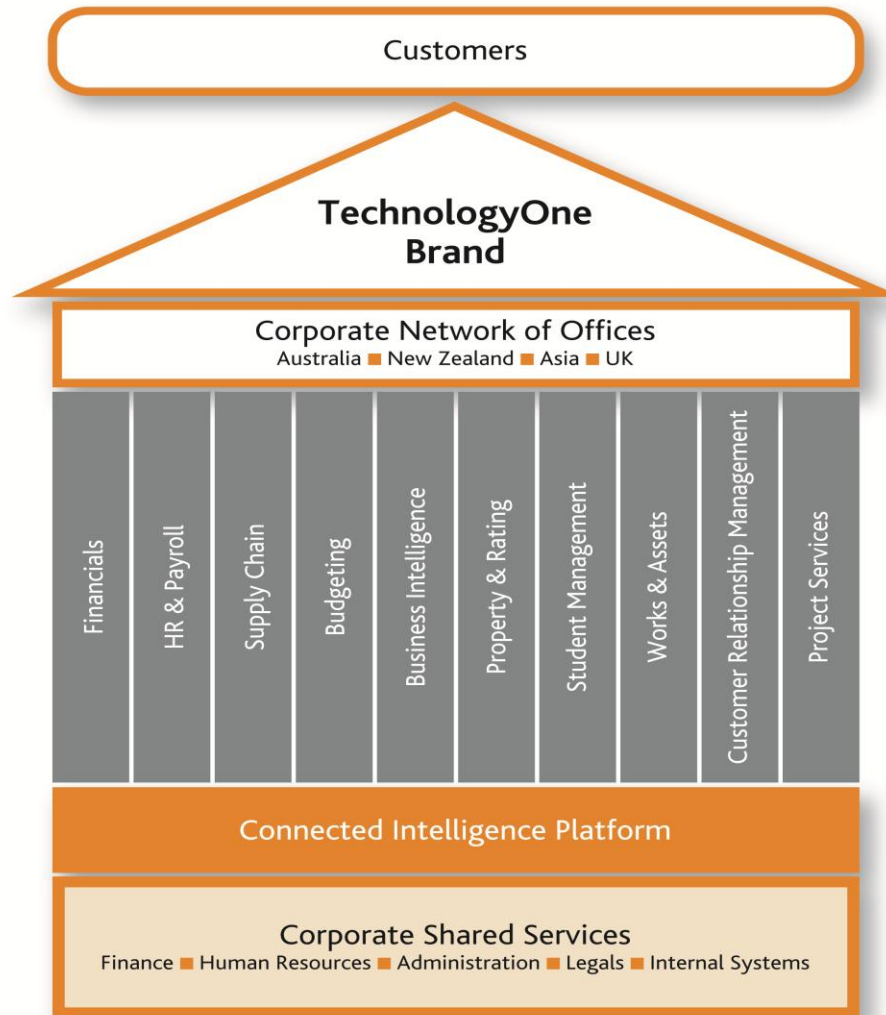
# Significant Achievements Last 12 Months

The Power of **One**

- New 'House of Products' business transformation
- Momentum of the Ci series
- Executive Team expanded
- United Kingdom
- R&D
- New Systems & Processes
- Change of Financial Year

# 'House of Products'

The Power of **One**





- General Managers for each product line to drive them to be 'best in class'
  - Integrated strategy of R&D, Marketing, Sales, Implementation and Support
  - 5 Year Business Strategy developed for each product
  - Long term product roadmaps developed, in conjunction with our customers and industry groups
  - Specific KPIs and targets by product

- Substantial restructure & re-alignment of the company
- Significant Change Management issues
  - Over the last 6 months
  - Continuing for the next 12 months
- Significant impact on all our systems & business processes
- Senior management team expanded with appointment of General Managers to run each business:
  - GM Student Management (appointed)
  - GM Property & Rating (appointed)
  - GM HR & Payroll (appointed)
  - GM Business Intelligence (appointed)
  - GM Financials (in progress)
- Provides us with a powerful 'model' to undertake strategic acquisitions that will deliver significant revenue growth

- Connected Intelligence (Ci) is the new generation of our suite of products
- Significant competitive advantage over our competitors
- Migration of existing customer to Ci accelerating
  - 600 customers in total
  - 300 Customers now committed to Ci
  - 280 live
  - Expect 98% of customers to migrate to Ci
- Allow us to offer our customers more products & services over the next few years
- Expect continuing strong increase in revenue from existing customers

- Executive Team expanded – Operating Officers (OO) as follows:
  - OO Sales/Marketing (existing)
  - OO Consulting (existing)
  - OO R&D (new appointment)
- Operating Officer role:
  - Ensure consistency across products
  - Drive 'best practice' for their respective disciplines
  - Ensure KPIs by product are met for their area of responsibility
  - Risk management by discipline (Sales, Consulting, R&D)
  - General Managers report to the Executive Team (ie Operating Officers)
- Next: OO Corporate Services to drive our Corporate Shared Services group:
  - Accounts, HR, Payroll, Internal Systems, Legals, Administration
  - Drive our significant investment in new systems & process over the next 3 years

- Geographical expansion continued to gain momentum
- Feedback continues to be very positive
- First sites lives in the UK are now strong references:
  - Allco Management UK
  - Bravura Solutions UK
  - Hereford, Worcester Fire & Rescue
- New strategic win : Institute of Education (IOE)
- Good pipeline developing
- Ambitious target to breakeven in 2008 financial year
  - One year earlier than expected



- R&D at 18% of revenue, fully expensed
  - Up 9% to \$13.8m, and increase of \$1.2m
- Connected Intelligence remains main focus
  - Migration of remaining products to Ci platform to be completed by June 2009
- Strategic initiatives on track
  - New Business Intelligence product now available
  - Proof of concept for new Customer Relationship Management (CRM) completed & progressing to next stage
  - Accelerated development of our Works & Assets product
  - Accelerated development of our HR & Payroll product
  - Early stage research on our next generation platform (after Ci) 'NextGen'
- Focus on developing 'add on modules' to all our existing products, to increase licence fees from existing customers

- New systems & business processes to meet the challenge of strong & continuing growth
- Objective: streamline, automate, control our business & create greater efficiencies as we grow
- Systems & business processes to be upgraded include:
  - Annual Support Renewals (90% complete)
  - Time Billing (90% complete)
  - 'House of Products' Management Reporting (80% complete)
  - Profit Forecasting (80% complete)
  - Utilisation Management (80% complete)
  - Customer Relationship Management (in progress)
  - Sales Pipeline Management (in progress)
  - Quotations & Sales Order Processing
  - Debtors & Accrued Receivables Management
  - Project Management
  - Customer Support
  - eLeave
  - Staff Performance Management

- Tendencies for deals to close around December & June, which leads to significant licence fee revenues in Nov/Dec and May/June
  - Government is a major part of our business
- New AIFRS requires contract signed by both parties before period end
- New Financial Year significantly reduces this problem

- Current year end: June 30<sup>th</sup>
- New year end: September 30<sup>th</sup>
- Transition period: July 1 2007 to September 30<sup>th</sup> 2007
  - 3 Months for transition purposes only
  - **Not meaningful period to draw any conclusions**
- First full year: October 1 2007 to September 30<sup>th</sup> 2008
  - Expected comparatives will be to the last full financial year
    - Comparative: Period July 1<sup>st</sup> 2006 to June 30<sup>th</sup> 2007
- First half year: October 1 2007 to March 31<sup>st</sup> 2008
  - Expected comparatives will be to the last half financial year
    - Comparative: Period July 1<sup>st</sup> 2006 to December 31<sup>st</sup> 2006

- Acquisition of Avand Pty Ltd
- Provider of Electronic Document Management (ECM)
- Extends our enterprise solution
- Adds another 120+ new council customers to our existing council customer base, taking it to 260 councils
- Significant challenges in year 1 as we integrate this business



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- Focus on our seven key markets
  - Goal to achieve a dominant market presence in each market
  - Re-align sales, marketing, consulting, R&D and acquisitions/partnerships
- Connected Intelligence (Ci) series of products
  - Increasing our 'win rate'
- 'House of Products' to drive substantial increase in Licence Fees for each of our products
- Acquisitions under the 'House of Products' model
  - Avand is the first acquisition

- **Financials/Supply Chain – continuing growth**
  - Significant driver for the business
  - Key product for every vertical we target
  - Connected Intelligence series coupled with our new integrated Business Intelligence product key to our continuing success
  - Capitalise on our competitors ‘confused strategy’ and customer dissatisfaction
  - Tier One opportunities opening to us
    - Focus to improve our products and services for larger Tier One sites
- **Higher Education – strong pipeline of opportunities in 2<sup>nd</sup> Half**
  - TechnologyOne now ‘last man standing’
  - Need to pro-actively manage opportunities and build infrastructure for growth
  - Good candidate for overseas markets
  - Extend product breadth to ‘add more value’ for our existing customers

- **Business Intelligence (BI) – strong pipeline of opportunities for 2008**
  - Official release late 2007
  - Powerful and unified BI across all our products, ‘out of the box’
  - Potential to be embraced by majority of our customers
  - Strong differentiator to our competitors
  - Strong opportunities going forward
- **TechnologyOne Works & Assets – strong pipeline of opportunities for 2008**
  - New product, needs to be carefully managed
  - Extend product breadth rapidly over next few years
  - Potential new markets for TechnologyOne

- **Local Government - highly fragmented market, challenging in the short term**
  - 3 major players - rationalisation inevitable
  - ‘Last Man Standing’ strategy
    - Increase focus on customer satisfaction
    - Property Ci and “One System” initiative
    - Increase solution breadth to provide a totally integrated solution: Works & Assets, Business Intelligence and partnerships
  - Open up a significant revenue stream in the next few years
- **HR & Payroll – challenging in the short term**
  - Focus to become ‘best in class’ - Not profitable over the next 2 years
  - Work with existing customers to achieve this
  - Significant revenue stream in medium term, as companies look for a totally integrated solution from one vendor

- TechnologyOne Enterprise Content Management - challenging for the next 12 to 18 months
  - Acquisition of AVAND, customer base of 170 customers, of which we only have 50 in common with us
  - Opportunity to cross sell into their customer base
  - Opportunity to cross sell into our customer base (600+ customers)
  - Increase the attraction of our enterprise solution
  - **EPS neutral this year as we align the 2 organisations & develop a 'go forward' strategy**



- UK – early days, continue to invest
  - 3+ times the Australian market
  - Breakeven 2008 financial year
  - Medium term strong contributor to growth
  - Critical to get first 10 sites – “early adopter” program initiated
- Long term – continue geographical expansion
  - USA or China

- Significant opportunities in our existing customer base
  - Powerful proposition: ‘provide customers with complete integrated solution from one company’
  - Cross-sell existing TechnologyOne products
  - Acquisition/partnerships of other third party products to sell into our customer base
  - Moving existing customers to our new Ci platform is critical
  - Looking at a more proactive and effective account management strategy to underpin this

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- Board Budget for 2007/2008 (after 3 month transition period):
  - Profit growth of 15% to 20%
  - Dividend increase of 10%
- Half 1 will be relatively quiet as large deals are all in Half 2
- Challenges
  - Successfully complete the transition to the new 'House of Products'
  - Manage costs in line with revenue growth
    - Staff costs (new & existing)
    - Continued expansion of senior management & executive team
    - New systems to handle scaling of our business
  - Manage investment in UK
  - Manage investment in 'Ci' series of product
  - Manage the Avand acquisition to EPS neutral

***These slides are now available from our web site:  
[www.TechnologyOneCorp.com](http://www.TechnologyOneCorp.com) under  
the investor relations section.***



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