



technologyone
business software solutions

2005 Annual General Meeting

Connected Intelligence

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November 2005

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Agenda

- 2005 Full Year Results
 - Summary
 - Highlights
- Significant Achievements
- Review of Operations
- Overseas Expansion
- Outlook
 - By Product
 - By Geography
 - Summary
 - Challenges in 2006
 - Long Term Outlook

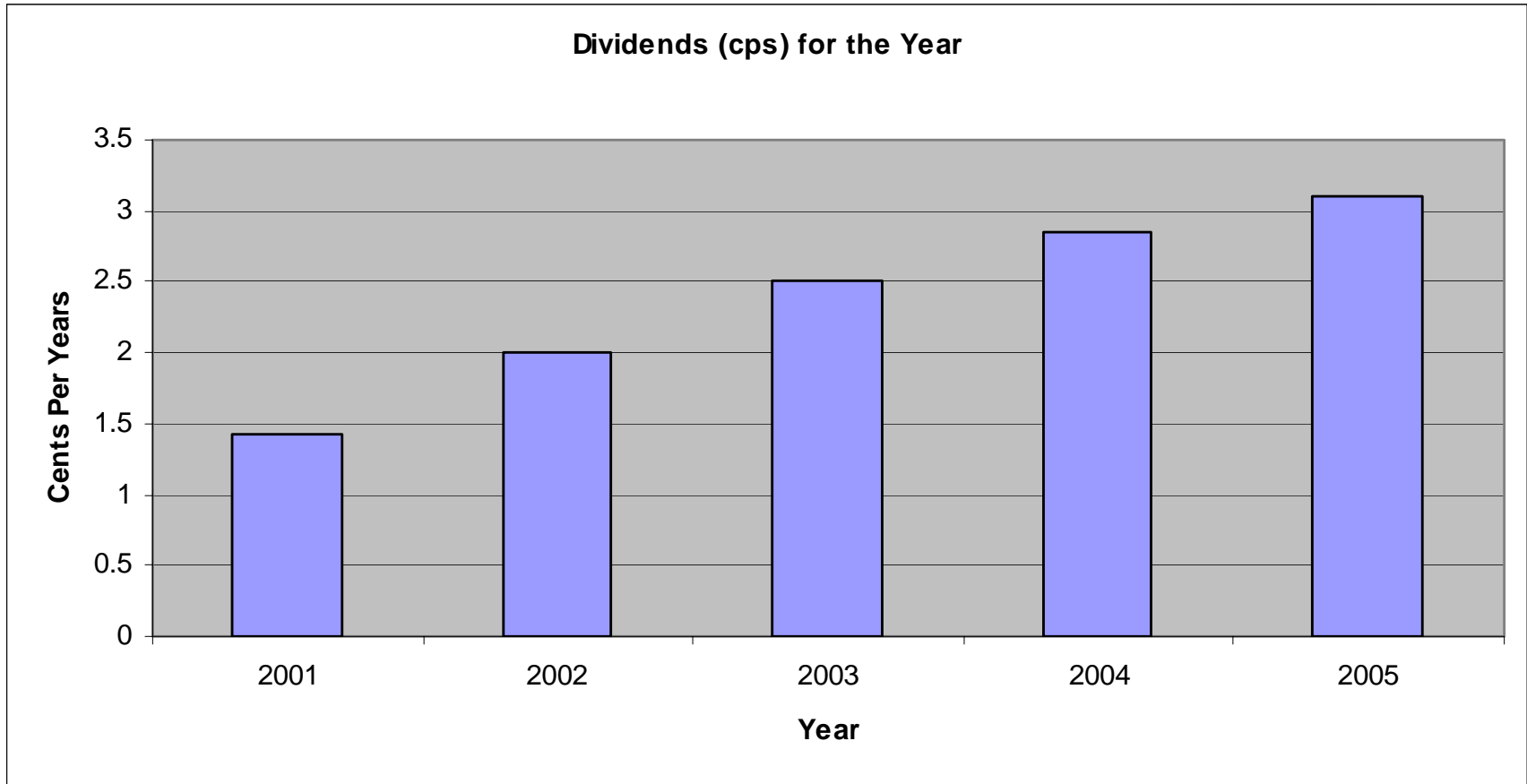
2005 Highlights

- 2005 a year of continuing growth
 - Record Revenue of \$55.8m, up 8%
 - Record Profit (NPBT) of \$14.3m, up 9%
 - Dividend of 3.10 cents fully franked, up 9%
 - Yield 5.6% ff on share price of 55cs
 - Strong Operating Cash Flow
 - \$11.1m compared to NPAT of \$10.3m
- Invested strongly in our future
 - R&D of \$10.2M approx 18% of revenue, fully expensed

2005 Highlights

- Adjusted ROE of 55%
 - Unadjusted ROE of 28%
- Debt/Equity of 3%
- Capital Buy Back program instigated
 - Manage our capital base in respect of options exercised now and in the future

2005 Full Year Results - Summary



2005 Full Year Results - Highlight

- Licence fees to new customers up 17%
 - Strong indicator of the increasing success of our Connected Intelligence product line
- 83 new customers
- Annual licence and support revenue of \$17.3m, up 20%
- Implementation and consulting services revenue of \$14.8m up 12%
- Project Services revenue of \$9.5m down 11%
 - Poor performance in NSW and Victoria
 - Revenue down \$1.5m and \$0.55m respectively
 - Problem being addressed

2005 Full Year Results - Analysis

- Technology One Financials (Finance One) suite revenue up 7%
 - Involved in almost all deals
 - Have not yet tapped into the full potential of our Supply Chain and HR/Payroll (People One)
- Technology One Rating and Property Management (Proclaim One) revenue up 18%
- Technology One Education Administration (Student One) revenue up 46%

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Significant Achievements

- Success of our new Finance One CI
- Organisational Changes

Success of Finance One CI

- Finance One Connected Intelligence (CI) – a new generation of financials to support a more devolved and empowered organisations
- 34 customers live on CI platform (at 1 October 2005)
- Another 42 customers in progress of implementing CI
- Product leadership position over our competitors
- Started the redevelopment of our other products to the CI platform
- Focus has been on new business
 - In 2006 calendar year will focus on our existing customer base, which will generate substantial consulting revenue stream

Organisational Changes

- Technology One continues to evolve and change
- Transition to a new executive team
 - Increased bandwidth to better manage our expanding business
 - Commitment to “Think Globally, Act Locally”
 - Better pipeline management
 - Better interaction between regions and head office
 - Strategic planning introduced across the company

Organisational Changes

- Changes made to better address the 'roll out' of new software to the market
 - Product Marketing – support our sales people in the field to win business
 - Product Service Delivery – support our consultants in the field to implement

Organisational Changes

- More changes planned over the next 12 months
 - R&D – changes to focus on delivering AWESOME software
 - Consulting – changes to focus on delivering EXCEPTIONAL customer service
 - Sales – dramatically increase the effectiveness of our sales organisation

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Review of Operations

Connected Intelligence

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2005 Significant Achievements

- Increased Sales
- Regional Achievements
- Continued R&D Program

Increased Sales

- 83 new customers
- Licence fees to new customers up 17%
- Strong indicator of the increasing success of our Connected Intelligence product line
- Significantly improved sales pipeline management

General Commercial (Australia Only)

■ 45 new general commercial clients:

- **5 Utilities** - CrossCity Motorway Pty Ltd, State Water Corp, Southern Rural Water, Papua New Guinea Harbours Limited, Adelaide Airport Limited
- **12 Corporate** - SMB Fleet Management, The Marketing Department, Mitsui Coal Holdings, Qld Motorways, QM Technologies, Ramsey & Bourne Pty, IVS Industrial Solutions, Michell, Melbourne Inner City Management, West Coast Eagles, Wesfarmers, Intech
- **3 Entertainment** - Film Australia Limited, Premier Media Group, Sydney SuperDome Pty Ltd
- **6 Finance/Insurance** - Allco Finance Group, Alliance e-finance, CreditLink, Australian Central Credit Union, La Trobe Home Loans, Police Association Credit Cooperative
- **3 Health** – Nursing Agency Australia, RFDS SA, Pearl Healthcare
- **3 Not for Profit** – Fusion, National Heart Foundation, Industrial Foundation for Accident Prevention
- **4 Retail** – Sydney Fish Markets, Bing Lee Electrics, Ed Harry Menswear, Westfuel
- **6 Technology/Communications** – AARNet, Odyssey Travel, Bravura Solutions, Outsource Australia Bureau, Technisyst, AeM Management,
- **3 Tourism / Hospitality** – Great Adventures, Australian Alpine Enterprises, Australian Commercial Catering

Local Government

- **14 new Local Government clients:**
 - Armidale Council
 - Clarence Valley Council
 - Snowy River Shire Council
 - Environmental Bay of Plenty Regional Council
 - Far North District Council
 - North Shore City Council
 - Mareeba Shire Council
 - City of Campbelltown SA
 - City of Holdfast Bay
 - The Barossa Council
 - City of Stonnington
 - Frankston City Council
 - Mitchell Shire Council
 - Moorabool Shire Council

State and Federal Government

- **12 new State and Federal Government clients:**
 - NSW Long Service Payment Corporation
 - NSW Office of State Revenue Project
 - ACT Department of Justice and Community Safety
 - Northern Territory Archives Service
 - Commerce Commission
 - Energy Efficiency Conservation Authority NZ
 - Ministry of Agriculture and Forestry NZ
 - NZ Ministry of Defence
 - Government of Samoa
 - Major Sport Facilities Authority
 - Workcover Queensland
 - Corruption and Crime Commission WA

Payroll/HR and Work One

- People One (Payroll/HR)
 - 37 new contracts signed
 - Sold as 'add on' to Finance One, not as best of breed
 - Played an important part in winning Finance One deals
 - 103 customers now using People One
- Work One (Asset and Work Management)
 - 17 Work One contracts signed
 - Very strong start for this new product
- Student One
 - James Cook Uni (JCU) – an important strategic win

- **15 new clients in New Zealand**
 - Port of Tauranga Limited
 - NZ Automotive Association Incorporated
 - Wellington Institute Of Technology
 - Ticketek New Zealand Limited
 - Pinnacle Group Limited
 - Commerce Commission
 - Energy Efficiency Conservation Authority
 - Ministry of Agriculture and Forestry
 - NZ Ministry of Defence
 - St George's Hospital
 - Environment Bay Of Plenty Regional Council
 - Far North District Council
 - North Shore City Council
 - Farmers Mutual Group Limited
 - Todd Petroleum Mining Company Ltd

- **4 new clients in Malaysia**
 - Hijrah Venture Holdings Malaysia
 - Khazanah Holdings Berhad
 - Nando's Chickenland Malaysia Sdn Bhd
 - Delcom Services Malaysia

Regional Achievements

- AUSTRALIA
- 62 deals signed with new customers in Australia across all regions
- Sales, implementation and relationship managers built around a vertical market focus
- Development of teams of specialists for areas such as Payroll/HR
- Improved Client Relationship Management to engage with clients at multiple levels
- Delivered an on-line client self-service support system

Regional Achievements

- NEW ZEALAND
- 15 new clients signed in the last 12 months
- Now one of the two major players in the local government market
- Opening of new office in Wellington enabled us to grow our market share in central government as well as other sectors

Regional Achievements

- ASIA AND THE PACIFIC
- Malaysian office had its most successful year in 2005 including signing a partnership agreement with a local organisation to represent us in Asia and the Middle East
- Won several large deals in the Pacific; this is now an area of focus for us

Continued R&D Program

- R&D continued at 18% of revenue, fully expensed
- Significant enhancements across all our products
- Introduction of domain teams to improve product quality and increase innovation and productivity
- Introduction of a new formal product roll out process
- Substantial effort expended on the next generation of our products called Connected Intelligence (CI) series

Continued R&D Program

- Technology One Financials (Finance One)
 - Delivered first release of our Connected Intelligence (CI) Series
 - CI significantly raises the bar in enterprise technology with its focus on being user centric rather than functionality centric
 - Focus on delivering multi-currency functionality for our launch into the United Kingdom and wider international markets

Continued R&D Program

- Supply Chain and Retail Management (Retail One)
 - Consolidated the retail management solution
 - Completed initial stages of migration to the Connected Intelligence (CI) platform
 - 2006 development will focus on finalising migration to the CI platform and delivering improvements to Supply Chain Management

Continued R&D Program

- Technology One Work and Asset Management (Work One)
 - New solution to complete our solution for local government and asset intensive industries
 - Totally integrated to our local government solution as well as Financials and Human Resource and Payroll
 - Provides clients with project management, work orders, asset maintenance, asset capitalisation, billing, timesheets and reporting
 - Further development will include delivery of a contracts module

Continued R&D Program

- Technology One Business Intelligence (Enterprise One)
 - Significant new direction
 - Business Intelligence “out of the box” across all our products
 - Lower cost of ownership; Technology One aware but also able to incorporate other non Technology One data sources
 - A separate R&D team based in Perth

Continued R&D Program

- Technology One Human Resources and Payroll (People One)
 - Two major new releases delivered to the market
 - Increased depth of functionality included:
 - Additional Human Resource functionality
 - Training
 - Automated forms
 - Integration to Work One
 - Market is looking to vendors to provide a totally integrated solution
 - 2006 development will focus on increasing the depth of functionality across all areas of the product

Continued R&D Program

- Technology One Rating and Property Management (Proclaim One)
 - Solution now used by local government authorities, utilities, ports and airports, commercial property managers and not for profit organisations
 - Three major new releases of the product
 - Development included internet self-service functionality
 - Improved functionality for NZ customers and full compliance with NZ legislation
 - Development in 2006 will focus on migration to the Connected Intelligence (CI) framework
 - Also investigating a mobile solution to provide field workers access to the property database

Continued R&D Program

- Student Administration (Student One)
 - Development focused on providing timely compliance with new government reporting requirements
 - Technology One the first vendor to provide its clients with the ability to comply to the new legislative requirements
 - Development in 2006 will focus on delivery of final legislative requirements and migration to the Connected Intelligence (CI) platform
 - Student Administration competitive environment has changed significantly in the last 12 months and we are working on a number of new medium to long term opportunities

Continued R&D Program

- New areas under investigation
 - CRM – Customer Relationship Management
 - Contract Management
 - Fleet Management
 - Property Management

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Overseas Expansion

- United Kingdom
 - Office opens early 2006
 - Country Manager identified and appointment in progress
 - Australian staff to go across as 'culture carriers'
 - Power of One business model to be adopted
 - Opportunities for substantial growth – market estimated to be 3+ times size of Australian market
 - 4 offices in 5 years; 100+ people
- South Africa
 - Local Government market as the initial entry point
 - Issue is 'Black Empowerment Partner'
 - Strategy to find a high quality partner
 - Still under investigation

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Outlook by Product

- Finance One CI gaining traction
 - 76 customers now signed up to CI
 - Increase win rate expected
 - Improving market conditions
 - Will need to carefully manage the roll-out of CI to our existing customers so as not to slow our 'win rate'
- Proclaim One
 - The new CI series coupled with Work One and tighter integration to Finance One/People One will continue to position this product strongly in Local Government
 - Currently three major players – expect consolidation will continue
 - Proclaim One CI to be available late 2006

Outlook by Product

- People One
 - Total of 103 clients now using People One (vs 53 last year)
 - Addition of HR functionality and the new CI series will position this product well in the future
 - Focus on product stability and user satisfaction over the next 12 months
 - Becoming critical in the sale of Finance One
 - Best of breed in 2007 financial year to become a 'sales leader'
- Supply Chain/Retail One
 - Reviewing our strategy
- Work One
 - Allows us to increase our penetration in existing markets and in time potentially open up new markets
 - Roll out of this new product being carefully managed

Outlook by Product

- Student One
 - Significant opportunities in 2005/2006
 - Callista and PeopleSoft 'melt down'
 - Student One CI will position us strongly – available late 2006
- Project Services
 - Re-look at the strategy going forward in NSW and Victoria
 - Re-align to add value to our products through Integrate One initiative
- Integrate One
 - Separate group to R&D that specialises in 'add ons' to our products
 - Spun out of our Project Services group
 - Potentially new modules will “spin out” or expertise in new verticals eg Property Management system

Outlook by Geography

- Australia
 - Market conditions continue to improve
 - Increase “win rate” expected
- New Zealand
 - Strong opportunities going forward
 - Increase “win rate” expected
- Malaysia
 - Target smaller deals to get into larger opportunities
 - Partners to access more deal flow
- United Kingdom
 - Early days – expect a slow start in 2006 , and to achieve profitability in year 3
 - Expect a loss of \$800k in year 1 and again in year 2.

Outlook - Summary

- Expect growth of 5% to 10% in 2006
- Assumptions:
 - Market conditions continue to improve
 - Increased win rate from CI
 - Increased penetration of Student One, People One, Proclaim One
 - Opportunities from Work One and Enterprise One initiatives
 - Limit our expenditure on the United Kingdom to \$800,000
 - No significant impact of AIFRS (Australian equivalent of International Financial Reporting Standard)
- Good first quarter

Long Term Outlook

- Growth will come because of our integrated strategy:
 - Focus on business software solutions
 - Financials, Supply Chain, HR/Payroll, Work/Projects, Student Administration, Rating and Property Management, Business Intelligence etc.
 - New Connected Intelligence series
 - Positions us well for the future
 - Compelling purchasing proposition “Putting more in the box”
 - Product breadth expansion and depth
 - Deep integration “out of the box”
 - Enterprise wide BI
 - Unique “Power Of One” business model
 - “One company develops, markets, sells, implements and supports”
 - Geographical expansion
 - United Kingdom market 3+ times size of Australia

These slides are available from the company's web site, under the Investor Relations section:

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