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2004 Results Presentation

Technology One

Business Software Solutions

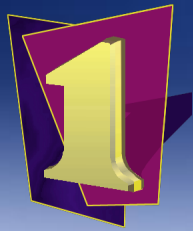


Connected Intelligence

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Executive Chairman

August 2004

Private and Confidential



Agenda

- 2004 Full Year Results
- Significant Achievements
- Product Road Map and Direction
- Outlook



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2004 Full Year Results - Summary

- Record Revenue of \$50.6m, up 7%
 - Impacted by performance of a number of business units
- Record Profit Before Tax of \$13.11m, up 30%
 - Tight control over costs was a key factor in our results
- Profit After Tax of \$9.48m, up 35%
 - Over provisioning of tax in prior year
 - R&D tax concession



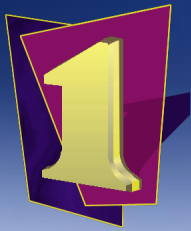


2004 Full Year Results - Summary

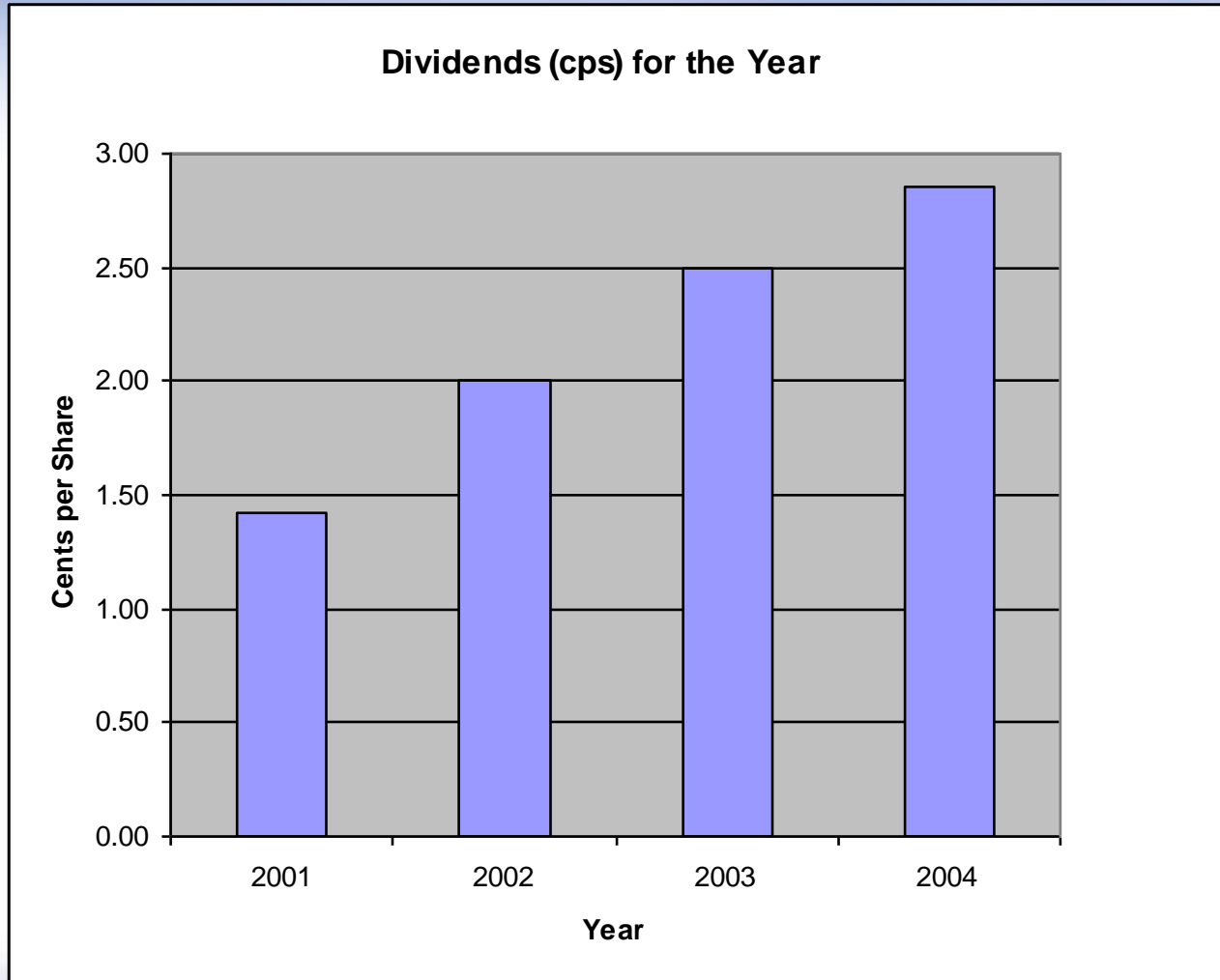
- Record R&D expenditure, up 3%
 - R&D of \$9.5m, representing 19% of revenue
 - R&D fully expensed as incurred
- Dividend of 2.85cs fully franked, up 14%
 - Yield of 4.6% ff, based on a share price of 62 cents
 - Payout ratio of 90%



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2004 Full Year Results - Summary



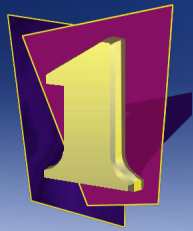
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2004 Full Year Results - Summary

- Adjusted ROE of 52%
 - Unadjusted ROE of 28%
- Strong Operating Cash flow of \$12.3m compared to NPAT of \$9.5m
- Debt/Equity of 3%





Actual 2003 v Actual 2004 - Operating	Actual	Actual	Variance	Increase
	2003	2004		
	\$ (000)	\$ (000)		
Revenue (excl interest)	47,443	50,554	3,111	7%
Expenses (excl R&D, Depn, FOREX & Amort)	27,153	27,333	(180)	(1%)
EBITDAR	20,290	23,221	2,931	(14%)
R&D	9,306	9,547	(241)	(3%)
EBITDA	10,984	13,674	2,690	24%
Depreciation and Amortisation	889	906	(17)	(2%)
Amortisation of Intangibles	669	667	2	0%
FOREX	210	2	208	99%
EBIT	9,216	12,099	2,883	31%
Net Interest Income	905	1,011	106	12%
Net Profit Before Tax	10,121	13,110	2,989	30%
NPAT Pre Amortisation	7,699	10,146	2,447	32%
NPAT Reported	7,030	9,479	2,449	35%
EPS Reported (cents)	2.30	3.17	0.88	38%
DPS (cents)	2.50	2.85	0.35	14%
Net Profit Before Tax Margin (Total Revenue)	21%	25%		
R&D as Percentage of Total Revenue	19%	19%		





2004 Full Year Results - Analysis

- Initial licence fee revenue up 30%
 - Licence fees to new customers up 22%
 - Licence fees to existing customers up 51%
- Annual licence fee revenue up 16%
- Consulting services revenue down 5%
 - Timing issue
- Project Services revenue down 9% this year
 - Poor performance in NSW





2004 Full Year Results - Analysis

- Finance One suite strongest performer
 - 22% increase in revenue over the previous year
 - Involved in almost all deals
 - Have not yet tapped the full potential of our Supply Chain (Retail One) and Payroll/HR (People One)
- Proclaim One revenue flat
 - Smaller average deal size in 2004
- Student One revenue down 26%
 - Student One had no new opportunities in 2004, but remained very profitable



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2004 Full Year Results - Analysis

- All regions performed strongly except Malaysia (revenue down 33%) and WA (revenue down 37%)
 - WA had an abnormally strong year in 2003, so reduced performance was expected in 2004
 - Impact reduced by significantly reducing expenses (MAL down 53%, WA down by 25%)
 - MAL loss was reduced from \$662,000 in 2003 to \$47,000 in 2004 by using local staff only





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- 2004 Full Year Results
- **Significant Achievements**
- Product Road Map and Direction
- Outlook



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Significant Achievements

- **Increased Sales**
- Organisational Changes - New executive team and improved organisational structure
- Continued R&D program
- Investigation into new overseas territories



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Increased Sales

- 70 new contracts signed (vs 47 last year)
- Key factors
 - Improving market conditions (patchy still)
 - “Act Locally, Think Globally” Restructure undertaken in late 2003





New Contracts by Sector

- Local Government
 - Adelaide City Council
 - Baw Baw Shire Council
 - Burdekin Shire Council
 - Campbelltown City Council
 - City of Sydney
 - Ku-ring-gai Council
 - Local Government Association of Qld
 - Warwick Shire Council
 - Launceston City Council
 - Hastings District Council (NZ)
 - Hutt City Council (NZ)
 - Porirua City Council (NZ)
 - South Taranaki District Council (NZ)





New Contracts by Sector

- Retail
 - New business sold:
 - Timberland
 - Le Cornu
 - Purchasing/Supply Chain component of Retail One sold to over 45 Finance One customers





New Contracts by Sector

- State and Federal Government
 - ACT Revenue
 - Australian Broadcasting Authority
 - Australian Maritime Safety
 - Australian National Training Authority
 - Department of the Senate
 - Melbourne Water Corporation
 - National Native Title Tribunal
 - Qld Competition Authority
 - Qld Rural Adjustment Authority





New Contracts by Sector - General Commercial (Australia Only)

- Catholic Education – Wagga Wagga
- Outdoor Education Group
- Adelaide Convention Centre
- Advanced Data Integration Pty Ltd
- Catholic Education Wollongong
- Crown Formwork Pty Ltd
- Drinx Pty Ltd
- Equity Trustees
- Fincorp Finance
- Flinders Ports
- Global TV
- ICA Presents Pty Ltd
- Institute Chartered Accountants Australia
- JJ Richards E-Waste
- Little Company of Mary Healthcare Limited
- Magellan Petroleum
- Milura Pty Ltd
- OFM Investments
- Outsource Australia
- Port Kembla Coal Terminal
- Portland Coast Water
- PrixCar
- Secure Parking
- Softlink International Ltd
- Urban Maintenance System
- Walter and Eliza Hall Institute of Medical Research
- Westralia Airports Corporation
- OAMPS





New Contracts by Sector

- Payroll/HR
 - 20 new contracts signed
 - Sold as 'add on' to Finance One, not as best of breed
 - Played an important part in winning Finance One deals such as Australian Maritime Safety Authority





New Contracts by Sector

- Project Services
 - Australian National Training Authority
 - NSW Department of Lands
 - Qld Department of Public Works
 - Qld Department of Primary Industries
 - Qld Department of Tourism, Fair Trading and Wine Industry Development
 - Siemens Theiss Communications
 - Victoria Legal Aid





New Contracts - International

- New Zealand
 - Aviation Security
 - Electricity Ashburton Limited
 - Hastings District Council
 - Hutt City Council
 - Institute of Chartered Accountants NZ
 - Jacques Martin
 - Marlborough Lines Limited
 - Scenic Circle Hotels Limited
 - South Taranaki District Council
 - The Todd Corporation
 - Territory Education Commission
 - Porirua City Council





New Contracts - International

- Malaysia
 - Align Distribution Sdn Bhd
 - KUB Telekomunikasi Sdn Bhd
 - Quanterm Logistics Sdn Bhd
 - WCT Construction Sdn Bhd





Outlook by Product

- Finance One will continue to perform strongly
 - Finance One CI positions us strongly for the future
 - Will need to manage the roll-out of the new Finance One CI series carefully not to impact existing sales
 - Limited trials starting in Oct/Dec 2004
 - Expected company wide rollout in early/mid 2005 calendar year



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Outlook by Product

- Retail One
 - Addition of Fashion/Apparel functionality will increase market potential
 - More reference sites important as this is a very conservative market – Timberland and Le Cornu are important
 - UK could be a strong market for this product in the future
- 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 for the future in Local Government
 - Currently three major players – consolidation is inevitable





Outlook by Product

- People One
 - Total of 53 clients using People One now
 - Addition of HR functionality will position this product well in the future
 - Becoming critical in the sale of Finance One
- Student One
 - Limited opportunities in 2004
 - Focus on maximising revenue from exiting base
 - Potential may exist overseas
 - Currently three major players – consolidation is inevitable





Outlook by Product

- Project Services
 - Queensland and Victoria well positioned
 - Focus on New South Wales to build the business
- New Zealand good opportunities going forward
- Malaysia
 - Costs dramatically reduced by using local staff only
 - Target smaller deals to get entry into large organisations





Significant Achievements

- Increased Sales
- **Organisational Changes - New executive team and improved organisational structure**
- Continued R&D program
- Investigation into new overseas territories





Organisational Changes

- Company divided into four major operating divisions to create a greater sales and delivery focus
 - North West Region – QLD, SA, WA, TAS
 - Central Region – NSW, VIC, ACT
 - International – NZ, MAL, etc..
 - Project Services
- New Executive Team of four Operating Officers, responsible for each division
 - Long serving TNE managers
- Each Executive also assigned responsibility for one of our R&D teams to ensure strong customer focus





Organisational Changes

- Operating Officers will spend substantial time in each of their states/territories on a regular basis with
 - Increased focus on driving sales
 - Increased focus on customer satisfaction





Increased Focus on Sales

- Regional based strategy to achieve revenue growth:
 - Account management to increase sales/services to existing customers
 - Partnerships to target new verticals
 - Increased focus on Verticals we are already strong in:
 - Local Government
 - State, Federal and Qangos
 - Health, not for profit, membership and media
 - Retail, wholesale and leisure
 - Utilities, transport, finance, mining, agriculture
 - SME's and general services
 - Education





Increased Focus on Sales

- Pipeline management is a key initiative going forward
 - Reliably measure our opportunity pipeline and measure it against stated KPIs
 - Company wide CRM is key to make this happen
- Specific initiatives for a region
 - Telemarketing moved into the bigger states, to get closer to the action





Increased Focus on Customer Satisfaction

- Executive team has direct influence on R&D through their assigned product responsibility
- Establish regional based resources (as distinct to state based)
 - People One, Supply Chain, Proclaim One
- Improved resource sharing across states in a region
- Greater focus to handle customer problems
 - Direct Executive involvement





Organisational Changes

- This will underpin our next stage of growth and opportunities



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Significant Achievements

- Increased Sales
- Organisational Changes - New executive team and improved organisational structure
- **Continued R&D program**
- Investigation into new overseas territories





Continued R&D Program

- R&D continued at 19% of revenue, fully expensed
- New releases of all our products shipped as follows:
 - Finance One, Retail One and People One R10.3 & R11.0
 - Student One R2.4, R2.5 & R2.6
 - Proclaim One R9.3
- Work also commenced on our newest product Work One
 - An advanced Project & Works Management system
- Substantial effort directed into our next generation of products, called the Connected Intelligence Series



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Significant Achievements

- Increased Sales
- Organisational Changes - New executive team and improved organisational structure
- Continued R&D program
- **Investigation into new overseas territories**





Investigation into New Overseas Territories

- Territories investigated:
 - South Africa
 - United Kingdom
 - China

- 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





Investigation into New Overseas Territories

- United Kingdom
 - Finance One as the initial entry point
 - Strategy is to find a Country Manager, and use local Partners
 - Issue is multi-currency and availability of Finance One CI
 - Still under investigation, and looks very promising

- China
 - Finance One as the initial entry point
 - Strategy is to find a local Partner who will undertake this work
 - Still under investigation, but very unlikely to proceed due to quality of partners, issues with IP protection and language translation costs



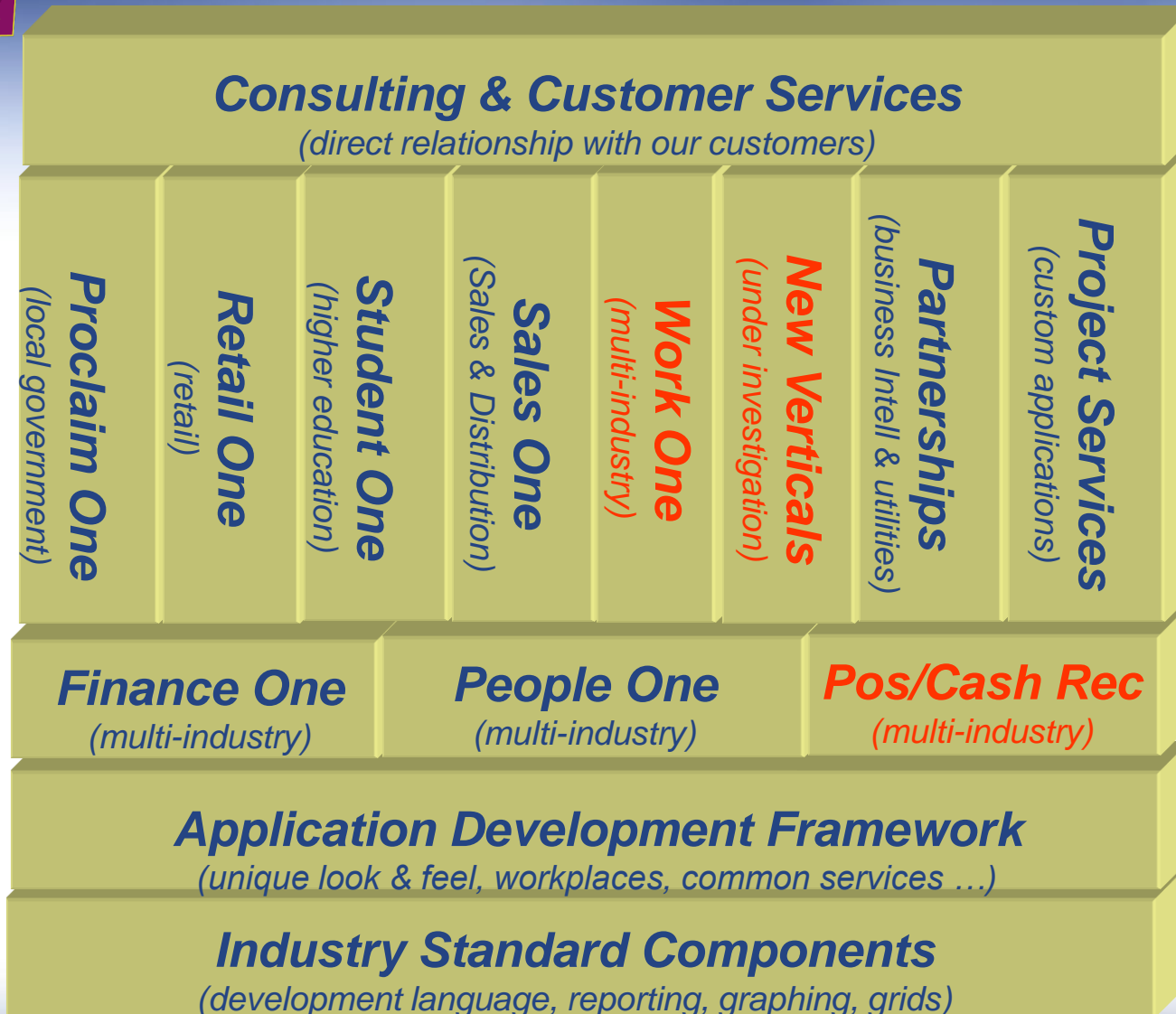


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- 2004 Full Year Results
- Significant Achievements
- **Product Road Map and Direction**
- Outlook



Product Road Map





Product Direction

- Connected Intelligence
- Deep Integration
- Product Breadth
- “Out of the Box, Ready to Go”
- Information At Your Fingertips



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Connected Intelligence – What Is It Really?

- More than just .NET technology
- Business application framework to build applications that engage employees, suppliers, customers etc.
- Allow us to take our Intellectual Property (and that acquired from others) to build powerful new generation of applications





Connected Intelligence Series

- Development of R1 of Finance One CI completed
 - Undergoing Alpha & Beta testing
 - Expected to be available for LD in early 2005
- Development of other CI products progressively released over the next two years as follows:
 - People One CI – mid/late 2005
 - Retail One CI – mid/late 2005
 - Proclaim One CI – late 2005/early 2006
 - Student One CI – mid/late 2006





Connected Intelligence Series

- We will need to manage CI rollout carefully
 - CI developed for the future not today....
- As part of CI there are certain themes that are driving our product direction



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Deep Integration

- Integration is what the market is looking for going forward - Deep Integration!



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One Solution

Deeply Integrated



Each part of our solution is world class, and our totally integrated solution is greater than the sum of its parts.

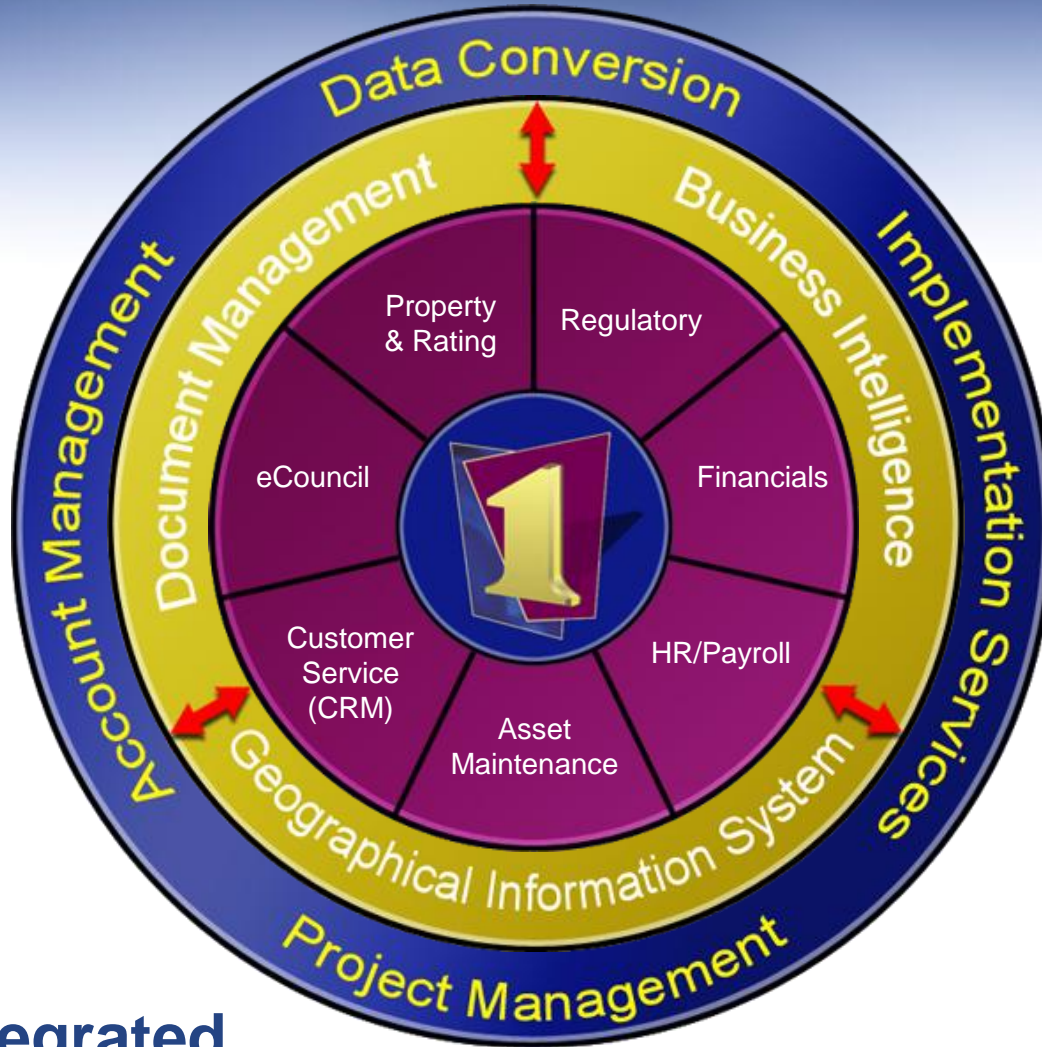


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One Solution

One Vendor



Totally Integrated



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Deep Integration

- Our integrated workplaces will allow us to showcase this deep integration
- Focus on increasing the depth of our integration as part of CI rollout for
 - Proclaim One
 - Student One



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Product Breadth

- Best of breed is dead!
- People looking for broad tightly integrated solutions from one vendor
- Approach is to build 'Add Ons'
 - Breadth not depth
 - Partner with companies where depth is required
- Add Ons
 - Work One – asset/project management
 - Generic cash receipting/POS across all our products
 - Manufacturing One – under consideration





Out of the Box, Ready To Go

- Drive down implementation costs
 - Goal: less than \$1 of services for every \$1 of license fees
- Everything works out of the box when installed
- System data shipped
- Preconfigured setups





Information At Your Fingertips

- Powerful enquiries part of all our products
 - Drill downs to transactions and across system boundaries
- Drag and Analyse technology across all our products
- Business Intelligence ‘out of the box’
 - Business One integration across our product suite
- Business Intelligence from Business Objectives and Cognos actively supported by all our products



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Agenda

- 2004 Full Year Results
- Significant Achievements
- Product Road Map and Direction
- **Outlook**





Outlook 2005

- Market conditions are confusing
 - We believe market conditions should continue to improve in 2005
- Challenges for 2005 & 2006 are as follows:
 - “Bed down” Finance One CI and establish it in the market
 - Progressively develop and release other CI products
 - “Bed in” the new Regional Structure
 - Initial entry into new geographies





Outlook 2005

- Expect growth of 5% to 10% in 2005 assuming the following:
 - No impact caused by new accounting standards (IFRS)
 - No substantial costs incurred by our international expansion



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Long Term Outlook

- Growth from existing regions as follows
 - Improving market conditions
 - Capitalise on market consolidation
 - CI series to increase our win rate
 - Increased penetration of People One, Retail One, Proclaim One
 - New systems – Work One and others to follow
 - New partnerships (to be identified)
 - Greater focus on sales with our new regional focus
 - Focus on verticals etc.
 - Improved strategy and execution
 - Expanded executive and state management team





Long Term Outlook

- Growth from new international expansion



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