



technologyone
business software solutions

TechnologyOne Overview

For ABN AMRO Morgans Annual Conference

Connected Intelligence

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September 2006

www.TechnologyOneCorp.com

Private and Confidential

- **Overview**
 - TechnologyOne
 - Competitive Landscape
 - What Makes Us Different

- 2006 Full Year Results

- Significant Achievements

- Strategy for Growth

- Outlook and Challenges

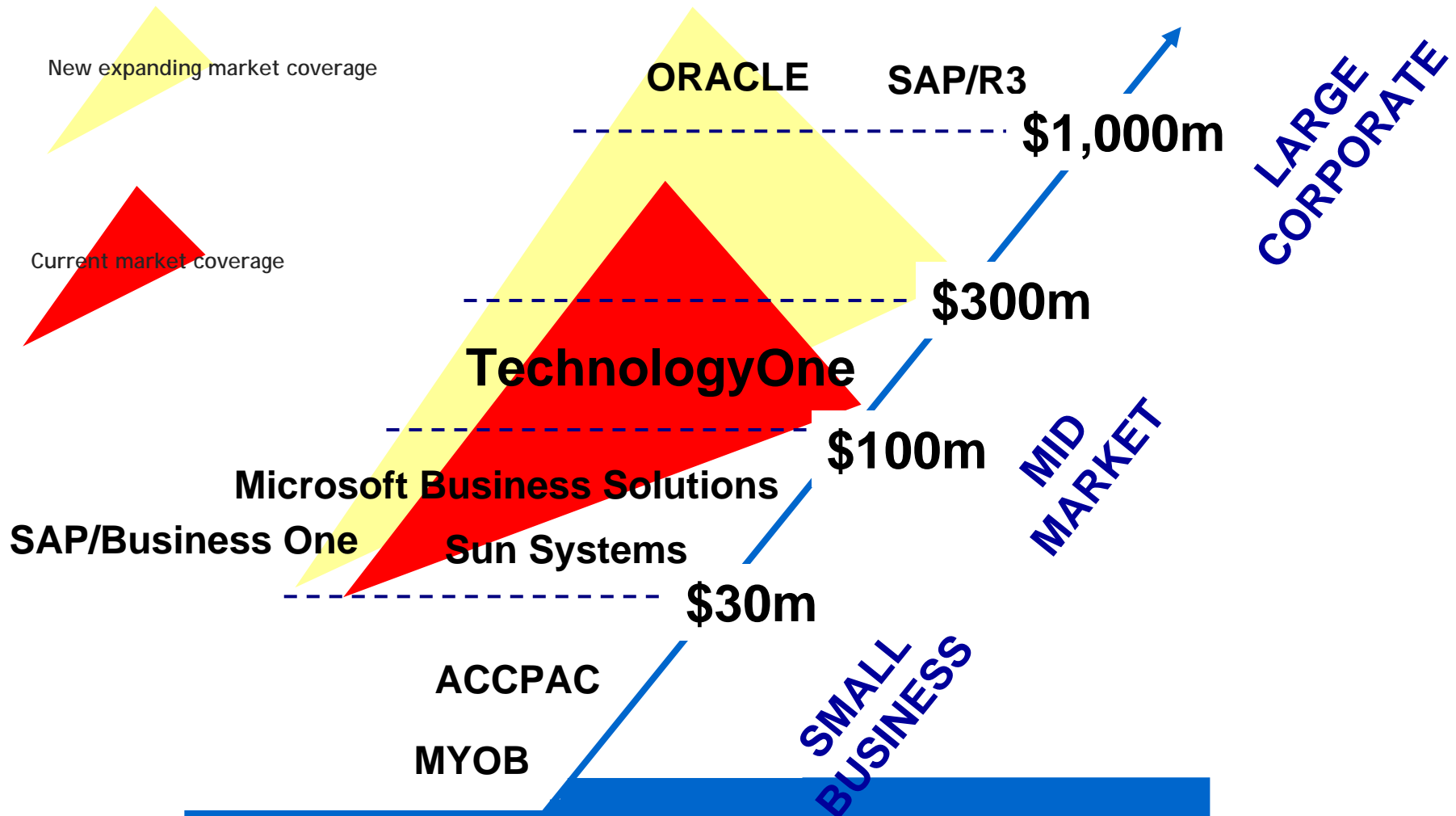
- Summary

- TechnologyOne develops, markets, sells, implements and supports a broad range of enterprise applications:
 - TechnologyOne Financials
 - TechnologyOne Supply Chain
 - TechnologyOne HR & Payroll
 - TechnologyOne Works & Assets
 - TechnologyOne Business Intelligence
 - TechnologyOne Student Management
 - TechnologyOne Property
- Presence in Australia, New Zealand, Asia and more recently United Kingdom



The Competitive Landscape

The Power of



- **Oracle**
 - Acquired JD Edwards, PeopleSoft, Siebel, Retek
 - Challenge of merging these overlapping product lines with Oracle Financials – “Project Fusion”
 - Which product do they sell?
 - Strength is in manufacturing and distribution verticals
 - Oracle core business was historically database and technology

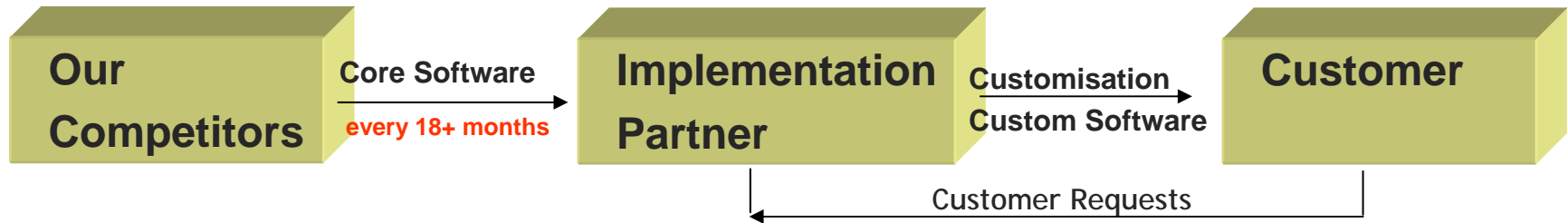
- **SAP**
 - 2 products: SAP (Tier One market) and Business One (mid size market)
 - Strength is in manufacturing and distribution verticals

- **Microsoft**
 - Acquired Great Plains, Axapta, Navision and Solomon
 - Challenge of merging these 4 overlapping product lines - “Project Green”
 - Currently branding is Dynamics GP, Dynamics Axapta, Dynamics Navision, Dynamics SL
 - Microsoft business was historically operating systems, database and technology

- **Sun Systems**
 - Acquired by INFOR
 - Older product – not as prevalent today

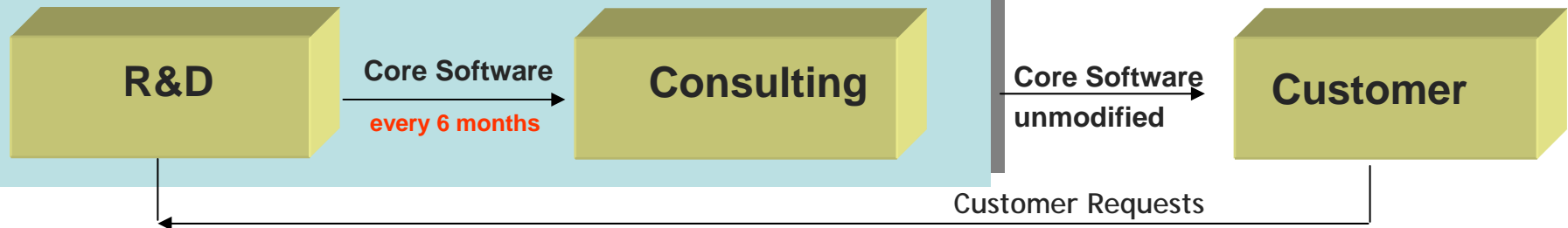
- **ACCPAC and MYOB are not competitors**
 - target low end

Our Competitor's Business Model The Power of



- Competitors build their core software products; Implementation Partner implements the products – Who is finally responsible for the success of the customer?
- No direct relationship between Competitor & their Customer.
- Implementation Partner modifies software on site to meet customer specific requirements.
- Customer has heavily customised software. Customer can no longer easily take new releases of software. They become isolated.
- Customer pays for all customisation on a fee for service.
- New releases shipped every 18+ months by our Competitors.
- Improvements in core software hindered significantly because of customisation done on site.

TechnologyOne "Power of One"



- No Implementation Partner – TechnologyOne takes total responsibility from R&D, Marketing, Sales, Implementation and Support.
- Direct relationship between TechnologyOne and our Customers.
- No customer specific software modifications done on site. All work done to Core software at our R&D centre.
- Customer has 'vanilla' software. Customer can take new releases of software from us regularly.
- Customer not paying for all customisation on a fee for service.
- New releases ship every 6 months; revisions every 6 weeks allow us to work in "real time" with our customers.
- Improvement in Core software continual, in time allowing us to deliver 'functionally rich' solutions 'out of the box'.

Competitor Business Model

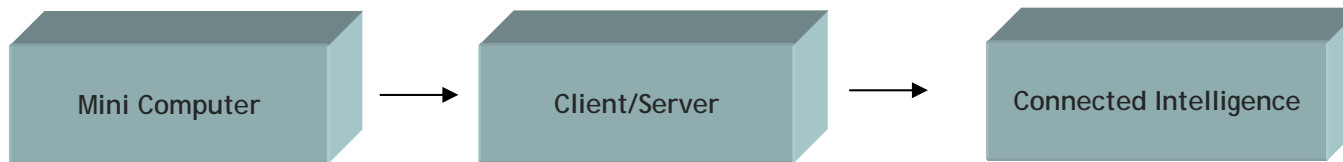
- Competitors build their products; Implementation Partner implements the products – Who is finally responsible for the success of the customer?
- No direct relationship between Competitor and their Customer
- Implementation Partner modifies software on site to meet customer specific requirements
- Customer pays for all customisation for a fee
- Customer has heavily customised software. Customer can no longer easily take new releases of software. They become isolated.
- New releases shipped every 18+ months by our Competitors
- Improvement in competitor's Core software hindered significantly because of customisation done on site by implementation partners

TechnologyOne Business Model

- TechnologyOne takes total responsibility from R&D, Marketing, Sales, Implementation and Support. No Implementation Partner.
- Direct relationship between TechnologyOne and our Customers.
- No customer specific software modifications done on site. All work done to Core software at our R&D centre.
- Customer does not pay for customisation.
- Customer has 'vanilla' software. Customer can take new releases of software from us regularly.
- New releases ship every 6 months; revisions every 6 weeks allow us to work in "real time" with our customers
- Improvement in our Core software continual, in time allowing us to deliver 'functionally rich' solutions 'out of the box'

- “Power of One” Business Model
 - We develop, market, sell, implement and support our range of products
 - The only enterprise vendor that does not use third party implementers or resellers
- Operate in ‘real time’ with our customers
 - New release of our products every 6 months based on customer feedback, revisions every 6 weeks - keeps us at the leading edge
 - Industry standard is 18+ months for new releases which gives us a significant competitive advantage
- One source code baseline – our software works ‘Out of the Box’
 - No client customised software - everyone use ‘vanilla’ software from us
 - Our competitors’ software is ‘heavily customised’ making it difficult and expensive for their clients to take new software releases

- We use Technology for competitive advantage
 - Technology 'agnostic' while many of our competitors are committed to a technology platform
 - Refresh our products every 5 to 8 years based on leading edge technology
 - Our new generation product: Connected Intelligence (Ci) series now in over 150 sites



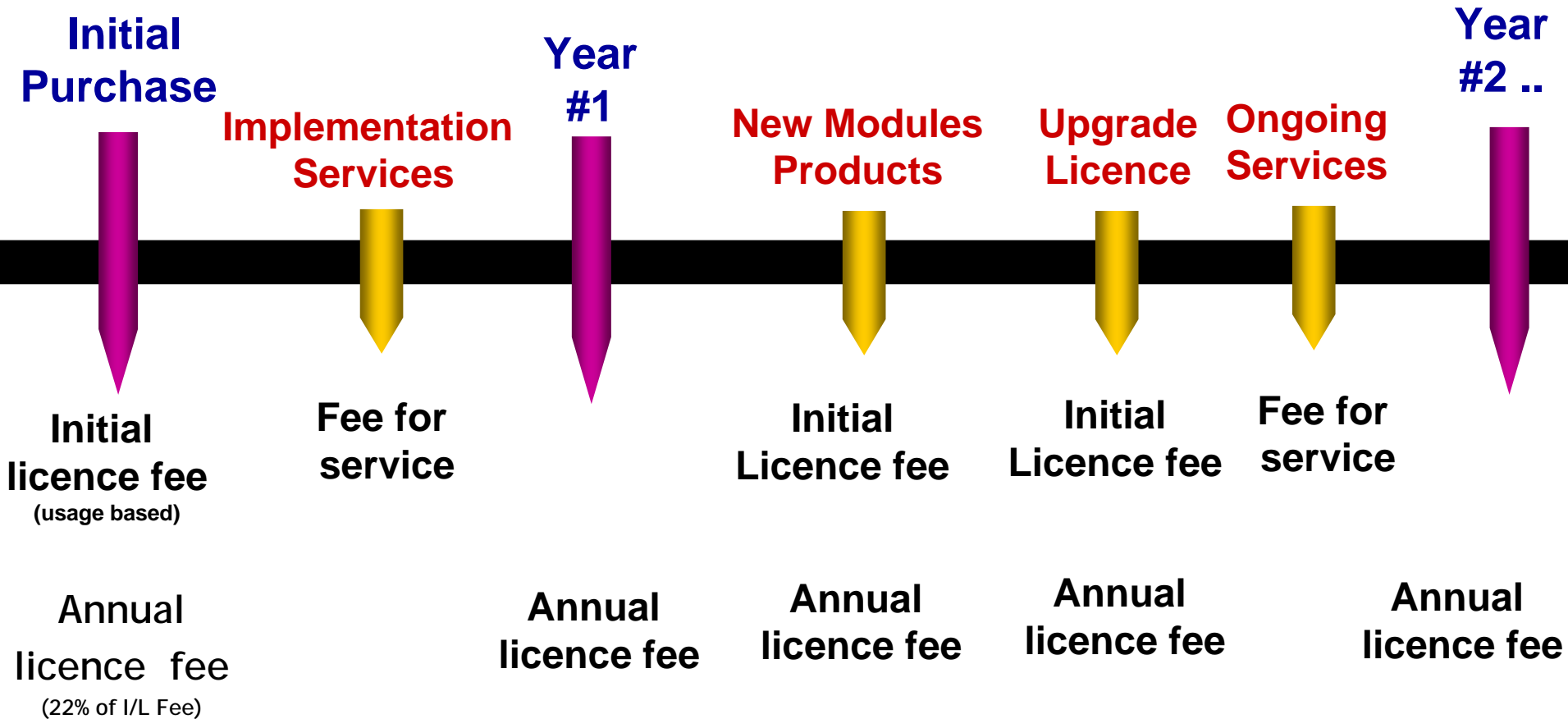
TechnologyOne Product Evolution

- We focus on industry markets that our competitors have no significant advantage:
 - Local Government
 - State/Federal Government
 - Higher Education
 - Financial Services
 - Health & Community Services
 - Utilities
 - Managed Services
- Simplicity and ease of use
 - Competitor's products are monolithic in nature

- Our New Connected Intelligence series vs Competitors' older products
- Market confusion for our competitors' clients after all the acquisitions – which of their products will survive long term?
- Many of our competitors' clients have heavily customised software and can not easily take new software releases – they are stranded and becoming increasingly unhappy
- 10 year replacement cycle is now starting
- Traditional Tier One organisations are looking for alternatives over and above the current limited choices (SAP & Oracle) and now open to consider alternatives such as TechnologyOne
- Our target markets have no clear market leader.
- Consolidation is inevitable. Opportunity for us to become 'last man standing'.
 - Providing a 'total integrated enterprise solution' to these markets, which to-date has not been done

Our Revenue Model

The Power of



Note: 50+% of revenue comes from existing customers each year

- Diversity of revenue streams
 - Geographies
 - Products
 - Vertical markets
- Strong, very loyal blue chip customer base
 - We provide a mission critical solution
 - 50% of our revenues generated from existing customers each year
 - Opportunities going forward to extend our relationship
- Conservative accounts
 - All R&D fully expensed as incurred

- TechnologyOne Overview
- **2006 Full Year Results**
- Significant Achievements
- Strategy for Growth
- Outlook and Challenges
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- Record Revenue, up 21%
 - To \$65.2m, increase of \$11.3m
- Record Net Profit After Tax (NPAT), up 16%
 - To \$12.3m, increase of \$1.7m
- Record Net Profit Before Tax (NPBT), up 13%
 - To \$16.3m, increase of \$1.8m
 - NPBT up 13% vs 16% NPAT
 - Tax benefits associated with the move to Tax Consolidation

- Record R&D expenditure remained strong, up 24%
 - To \$12.7m, an increase of \$2.5m
 - Representing 19% of Revenue
 - R&D fully expensed as incurred

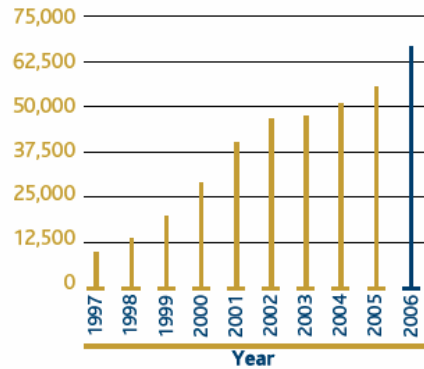
- Expenses excluding R&D/Depreciation up 24%
 - To \$36.4m, increase of \$7.0m

- Dividend of 3.41 cents fully franked, up 10%
 - Yield of 5% fully franked, based on a share price of 68 cents
 - Payout ratio of 83%
 - Sixth consecutive year of increasing dividends

- Return on Equity (ROE) of 32% (vs 26% last year)
 - Among top publicly listed companies in Australia
 - 24% ROE over 5 years, makes us #35 of all publicly listed companies*
 - Adjusted ROE of 62% (adjusted for non working capital cash)
- Strong balance sheet
 - Debt/Equity of 3%
 - Cash and Cash Equivalents of \$22.3m

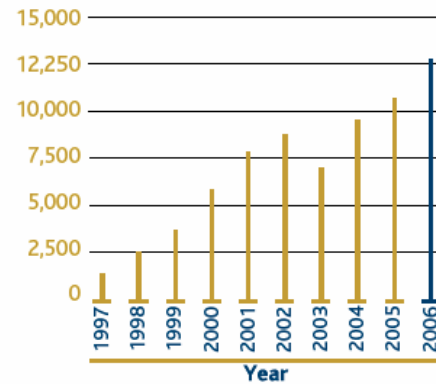
Revenue

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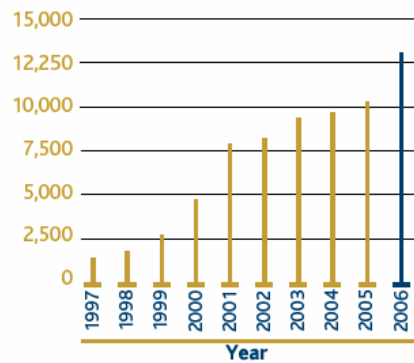
Net Profit after Tax

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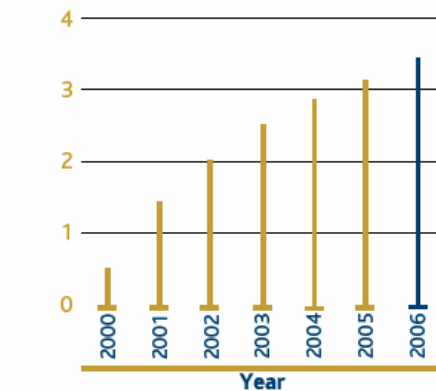
Research and Development

\$(000)



Dividend per Share

Cents



- All key indicators are up strongly
- Licence fees up 47% (vs 17% last year)
- Annual licence and support revenue of \$21.1m, up 23% (vs 19% last year)
- Implementation and consulting services revenue of \$18.1m up 22% (vs 11% last year)
- 53% of our revenues now generated from existing clients

- Strong results particularly taking into consideration:
 - Project Services/Integration Services Revenue decrease of 6% to \$7.2m a reduction of \$437k
 - TechnologyOne HR & Payroll had an R&D loss of \$676k
 - TechnologyOne Supply Chain had an R&D loss of \$1.1m
 - TechnologyOne Property licence fees down 30%, a decrease of \$518k
 - Malaysia had a loss of \$548k
 - United Kingdom had an expected loss of \$512k, as we invested to open up this market
 - Performance of Central Region below potential – estimate of \$1m+

- Demonstrates the strength and diversity of our business
 - Geographical diversity – North-West, Central, New Zealand, Asia and in future UK
 - Market diversity – Local Government, State and Federal Government, Financial Services, Higher Education, Health & Community Services, Utilities, Managed Services
 - Product diversity – Financials, Supply Chain, HR & Payroll, Works & Assets, Business Intelligence, Student Management, Property

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- **Continued Strong New Business**
- Continued Strong R&D program
- Continued Organisational Changes
- TechnologyOne United Kingdom

- Licence fees to new customers up 58%
 - Strong indicator of the increasing success of our new Connected Intelligence (Ci) product line
 - General Commercial - 38 new customers
 - Local Government - 12 new councils, giving us 103 councils in total
 - State & Federal Government - 5 new agencies
 - Higher Education - 4 new customers
 - HR & Payroll - 38 new customers, giving us 141 customers in total
- Traction in Tier One customer space:
 - Government of PNG, Adelaide Bank, Ministry of Justice NZ, Queensland University of Technology, Ministry of Economic Development NZ
 - Continuing opportunities going forward

- Continued Strong New Business
- **Continued Strong R&D program**
- Continued Organisational Changes
- TechnologyOne United Kingdom

- Record R&D expenditure remained strong, up 24%
 - To \$12.7m, an increase of \$2.5m
 - Representing 19% of revenue
 - R&D fully expensed as incurred
- **Goal:** Integrated enterprise software suite with ‘out of the box’ deep functionality based on the very latest technology and software design concepts:
 - Financials
 - HR & Payroll
 - Supply Chain
 - Works & Assets
 - Business Intelligence
 - Student Management
 - Property
- Our new Connected Intelligence (Ci) series has been a major area of investment to achieve the above goal

- TechnologyOne Financials Ci has been very successful to date:
 - Involved in all new deals
 - 150 sites committed; 120 sites now live
 - Opened up opportunities in Tier One customer space
 - R11.2 now available – critical for United Kingdom
- R&D accelerated to bring remaining products onto the Ci platform in 2006/07 timeframe:
 - TechnologyOne Student Management
 - TechnologyOne Property
 - TechnologyOne HR & Payroll
 - TechnologyOne Supply Chain

- R&D accelerated to develop new modules/functionality in following areas:
 - TechnologyOne Works & Assets
 - TechnologyOne Business Intelligence
 - TechnologyOne Student Management
 - TechnologyOne Property

- TechnologyOne Business Intelligence (BI) – significant new direction
 - BI “out of the box” across all our products
 - Lower cost of ownership; TechnologyOne data aware; able to incorporate other non-TechnologyOne data sources
 - **Objective:** Consolidate our approach to BI and Corporate Performance Management across all our products
 - Significant opportunities going forward
- TechnologyOne CRM (Customer Relationship Management)
 - Early stage R&D started – proof of concept completed mid 2007 calendar year

- Continued Strong New Business
- Continued Strong R&D program
- **Continued Organisational Changes**
- TechnologyOne United Kingdom

Continued Organisational Changes The Power of

- Continue to evolve as our business grows rapidly
- New executive team 'bedded down' and responsibilities reassigned
- Exceptional Sales and Marketing Initiative
 - All sales and marketing now under one Operating Officer
 - Marketing now aligned to sales
 - Identified and committed to seven well defined markets to achieve dominant position:
 - Government
 - Local Government
 - Financial Services
 - Higher Education
 - Health and Community Services
 - Utilities
 - Managed Services
 - Focus on 'pipeline management' and 'named accounts'

- **Exceptional Customer Service Initiative**
 - All consulting now under one Operating Officer
 - Consistent business practices across all regions
- **Awesome Software Initiative**
 - Smaller, empowered 'domain teams' to increase ownership, commitment and innovation
 - Consolidated Financials, HR & Payroll, Supply Chain, Works & Assets and Business Intelligence under one senior manager – now called Core Enterprise Team

- Creation of AANZ – Australia, New Zealand and Asia
 - Asia now reports into Australia Executive Team
 - Appointment of new Asian Manager to revisit our approach to Asia
 - Allows one senior executive to focus on developing our United Kingdom business

- Continued Strong New Business
- Continued Strong R&D program
- Continued Organisational Changes
- **TechnologyOne United Kingdom**

- First European office opened in Maidenhead United Kingdom
 - Opportunities for substantial growth – market estimated to be 3+ times size of Australian market
- Country Manager appointed with extensive experience and contacts
- Key Australian staff relocated into United Kingdom as culture and knowledge carriers
- Strategy finalised:
 - TechnologyOne Financials Ci first product into United Kingdom
 - 'Power of One' Business Model

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 - Analysis
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- **Strategy for Growth**
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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) increasing our ‘win rate’ in our financial business
 - Accelerate R&D to move all products to Ci platform over next two years
- Tier One opportunities opening to us
 - Capitalise on our competitors “confused strategy” and customer dissatisfaction
 - Focus to improve our products and services for larger Tier One sites

- Higher Education – strong pipeline of opportunities now
 - TechnologyOne now ‘last man standing’
 - Need to pro-actively manage opportunities and build infrastructure for growth
 - Good candidate for United Kingdom to continue growth in this sector
 - Extend product breadth to ‘add more value’ for our existing customers
- Business Intelligence (BI) – strong pipeline of opportunities for 2008
 - Official release early 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

- Focus now on HR & Payroll to become ‘best in class’
 - Work with existing customers to achieve this
 - Significant revenue stream in medium term, as companies look for a totally integrated solution from one vendor
 - Will make this a highly profitable product line (\$676k loss in 2006)

- Local Government - Highly fragmented market
 - 3 major players - rationalisation inevitable over next 3 years
 - ‘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

- TechnologyOne Works & Assets
 - New product, needs to be carefully managed
 - Extend product breadth rapidly over next few years
 - Potential new markets for TechnologyOne

- New Zealand – continuing strong growth
 - Continue to build our management team

- Geographical expansion provide significant growth opportunity in medium term
 - Continue to invest in the UK
 - \$1m loss for 2007 financial year
 - Medium term strong contributor to growth
 - Critical to get first 10 sites – “early adopter” program initiated
 - Continue to invest in Asia
 - Breakeven in 2007 financial year
 - New Asian regional manager appointed; and region under AANZ structure
 - 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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- Continuing strong growth
 - Market conditions continue to improve generally
 - Continuing strong growth in New Zealand and Australia
 - Improvements in 2 largest states NSW and Victoria
 - Increased win rate from our Connected Intelligence series
 - Tier One opportunities
 - Increased penetration of
 - TechnologyOne Financials
 - TechnologyOne Student Management
 - TechnologyOne Works & Assets
 - TechnologyOne Business Intelligence
 - Limit our investment in the UK to \$1m loss
 - R&D target as 17% of revenue in 2007
 - Breakeven in Asia

- Expect profit growth of 15% to 20% in 2007

- Expect dividend to increase by 10% again next year

- Opportunities for continuing strong growth
 - Financials - further Tier One opportunities in ANZ due to acceptance of our Ci platform
 - Financials – growth in United Kingdom market
 - Higher Education continuing strong market in ANZ
 - Higher Education opportunities in United Kingdom
 - Local Government market consolidates in ANZ with TechnologyOne ‘Last Man Standing’
 - Business Intelligence new market opportunity
 - HR & Payroll becomes ‘best in class’ and a stand alone product line
 - Better management of our customer relationship and cross-selling products
 - Acquisitions/partnership to increase product breadth

- Manage the migration of all our customers to our new Ci platform
- Progressively develop and release other Ci products
 - TechnologyOne Property Ci
 - TechnologyOne Student Management Ci
- Consolidate TechnologyOne HR & Payroll position in the market
- Manage rollout of TechnologyOne Works & Assets into the market
- Manage rollout of our new TechnologyOne Business Intelligence into the market
- United Kingdom expansion
- Further organisational changes to handle our broad range of products and expanding international operation:
 - Sales/Marketing
 - Consulting/Implementations
 - Account Management
- Manage our cost base inline with expected growth

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- **Summary**

- Robust Revenue Model – Initial Licences, Annual Licences, Implementation Fees
- Unique Business Model - “Power Of One”
 - No implementation partners – direct relationship with our customers
 - No customised software – all clients use vanilla TechnologyOne software
- Sticky ‘blue chip’ customer base – 50+% of our revenue comes from existing customers
- Extensive R&D program – 18% of revenue; fully expensed
- Technology Neutral – use industry standard component technology for competitive advantage
- Extensive range of enterprise applications
- Target seven vertical markets where there is no clear leader and considerable room to grow
- New Connected Intelligence series of products give us a significant competitive advantage
- Our “Last Man Standing” strategy for Higher Education, Local Government, HR & Payroll
- Opportunity to cross sell more products and services into our customer base
- Opportunities as our product range continues to mature and as we expand into new areas
- Opportunities as our geographies expand
- Diversity in geographies, products, markets we target

***These slides are now available from our web site:
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