



technologyone
business software solutions

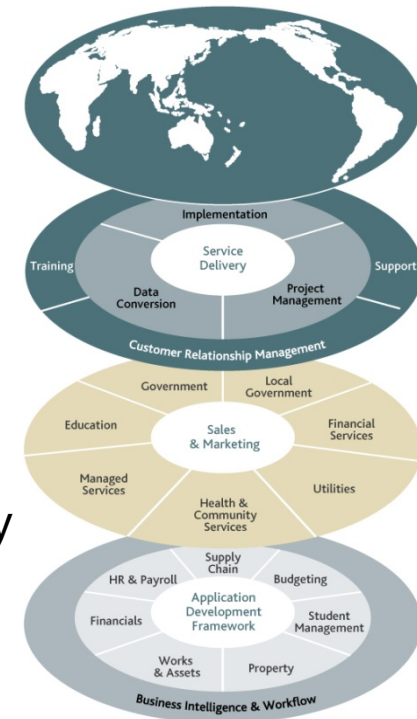
Results Presentation Period Ending March 2008

TechnologyOne Evolve

Adrian Di Marco
Executive Chairman

June 2008
www.TechnologyOneCorp.com
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- 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 & Rating
 - TechnologyOne Enterprise Content Management
- Offices in Australia, New Zealand, Asia and more recently United Kingdom
- Major supplier of enterprise applications in ANZ – 800+ major corporations, government departments & statutory authorities
- Top 300 ASX publicly listed company
 - One of Australia's largest software houses



- 2008 Half Year Results
 - Summary
 - Analysis
- Significant Achievements Last Six Months
- Outlook
- Our Strategy for Growth

- Half Year Revenue \$49.5m, up 30%
- Profit After Tax \$6.97m, up 15%
 - Impacted by Avand acquisition – loss of approx \$700k
- Profit Before Tax \$8.95m, up 12%
- Expenses excluding R&D \$30.7m, up 31%
 - Extended executive & senior management team
 - New 'House of Products' initiative
 - Added 133 additional staff (27%) over the last six months
- R&D \$9.8m, up 45% - represents 20% of Revenue
 - Company continued to invest in its future
 - R&D fully expensed as incurred

2008 Half Year Results from Existing Operations

The Power of **One**

- Excluding the recent Avand acquisition, which contributed a loss of approx \$700k, the results would have been as follows:
 - Half Year Revenue \$46m, up 22%
 - Profit Before Tax \$9.7m, up 22%
 - Expenses excluding R&D \$27.9m, up 19%
 - R&D \$9.1m, up 35% - represents 20% of Revenue
- Significant opportunities to grow the Avand business

- Balance sheet strong
 - Cash & Equivalents*: \$20.8m (vs \$22.9m 31/3/07)
 - Debt/Equity: 6% (vs 3% last year)
- Transparency of results – all R&D fully expensed
- Dividend increased to 1.67 cents up 10%
 - Board target payout for full year is 72%, as we accumulate cash for further acquisitions
- Operating Cash Flow of \$1.1 million
 - Poor debt collection by the recently acquired Avand business
 - Issues being addressed – strong cashflow expected in 2nd half

**Cash includes short term investments*

2008 Half Year Results

The Power of **One**

Half Year 2008 v Half Year 2007	H1 2008 \$000	H1 2007 \$000	Variance \$000	%
Revenue (pre 3rd party costs & excl interest)	48,909	37,528	11,381	30%
Expenses (excl R&D, Depn, Forex & Amort)	29,616	22,609	7,007	31%
EBITDAR	19,293	14,919	4,374	29%
R&D Expenditure	9,815	6,761	3,054	45%
EBITDA	9,478	8,158	1,320	16%
Depreciation	993	757	236	31%
Amortisation of Intangibles	100	14	86	613%
FOREX	9	67	(58)	(86%)
EBIT	8,376	7,320	1,056	14%
Net Interest Income	573	644	(71)	(11%)
Profit Before Tax	8,948	7,964	984	12%
Profit After Tax	6,971	6,069	902	15%
EPS cents Reported	2.34	2.04	0.3	15%
Dps cents – standard*	1.67	0*	1.67	100%
Return on equity (ROE) - note only half year figures	17%	15%		
Net Assets	45,134	40,471	4,663	12%
Cash and Cash Equivalents	20,818	22,934	(2,116)	(9%)
Net operating cash flows	1,092	9,325	(8,223)	(88%)
Debt/Equity	6%	3%		
EBITDA Margin (Total Revenue)	19%	21%		
Net Profit Before Tax Margin (Total Revenue)	18%	21%		
R&D as Percentage of Total Revenue	20%	18%		

2008 Half Year Results Excluding ECM (Avand)

The Power of **One**

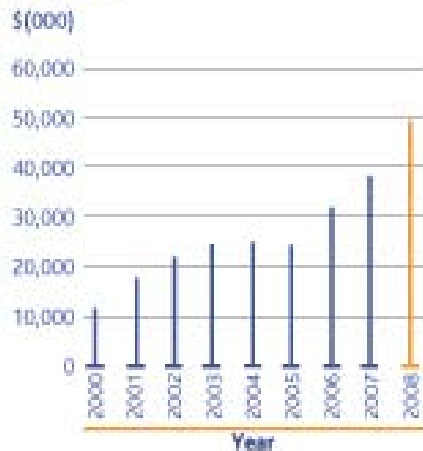
Half Year 2008 v Half Year 2007 (ex ECM)	H1 2008 \$000	H1 2007 \$000	Variance \$000	%
Revenue (pre 3rd party costs & excl interest)	45,967	37,528	8,439	22%
Expenses (excl R&D, Depn, Forex & Amort)	26,517	22,609	3,908	17%
EBITDAR	19,450	14,919	4,531	30%
R&D Expenditure	9,143	6,761	2,382	35%
EBITDA	10,307	8,158	2,149	26%
Depreciation	906	757	149	20%
Amortisation of Intangibles	13	14	(1)	(10%)
FOREX	9	67	(58)	(86%)
EBIT	9,379	7,320	2,059	28%
Net Interest Income	789	644	145	23%
Profit Before Tax	9,690	7,964	1,726	22%
Profit After Tax	7,558	6,069	1,489	25%
EPS cents Reported	2.54	2.04	0.5	25%
Dps cents – standard*	1.67	0*	1.67	100%
EBITDA Margin (Total Revenue)	22%	21%		
Net Profit Before Tax Margin (Total Revenue)	21%	21%		
R&D as Percentage of Total Revenue	20%	18%		

* There was no dividend declared for the comparative period of 31 March 2007, as at that time, 31 March did not signify a half year end. For the six months ended 31 December 2006, the Directors declared a dividend of 1.52 cents per share, that was paid in March 2007.

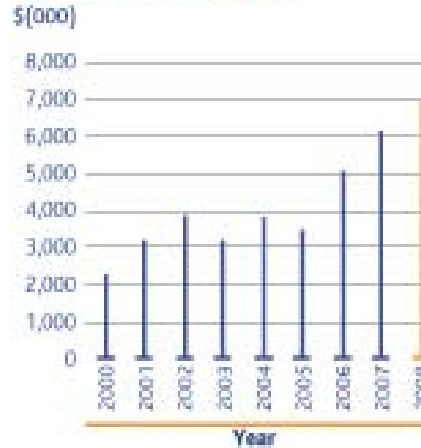
Historical 10 year annual compound growth is as follows:

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

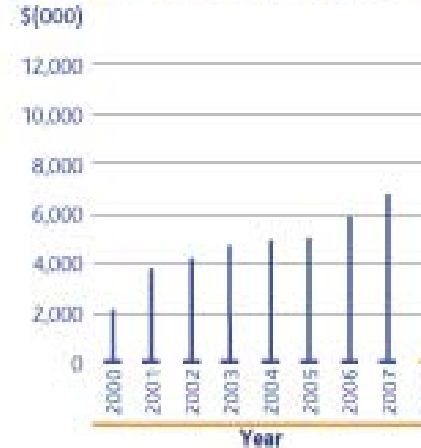
Revenue



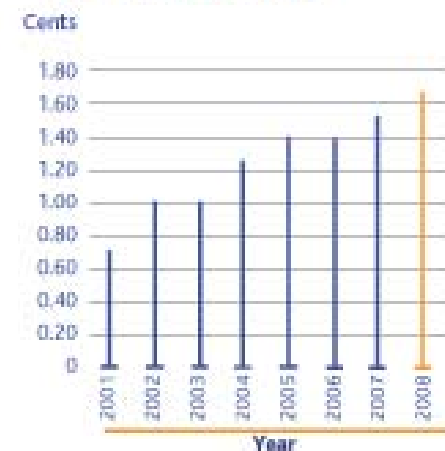
Net Profit After Tax



Research and Development



Dividend Per Share



2007 – 2008 Half Year end 31 March
 2000 – 2006 Half Year end 31 December

Note1: The company has paid a dividend continuously since listing in 1999. There was no dividend declared for the comparative period of 31 March 2007, as at that time, 31 March did not signify a half year end. For the last half year, which was six months ended 31 December 2006, the Directors declared a dividend of 1.52 cents per share.

- Total licence fees of \$12.1m, up 21%
- Annual licence fees of \$14.3m, up 23%
- Consulting services of \$15.1m, up 37%
- Project Services revenue of \$5m, up 28%
- 50+% of our revenues generated from existing clients

2008 Half Year Results – Geographical Analysis

- All regions except Asia Pacific performed well
- North West region performed strongly, profit contribution up 79% (up \$1.2m) to \$2.7m
 - QLD profit up 38% (\$414k) to \$1.5m
 - SA profit up 39% (\$115k) to 411k
 - WA profit up substantially (\$504k) to 517k
 - TAS profit up 120% (\$165k) to \$301k

2008 Half Year Results – Geographical Analysis

- Central region performed strongly, profit contribution up 182% (up \$2.3m) to \$3.6m
 - NSW profit up 44% (\$301k) to \$981k
 - VIC profit up 181% (\$886k) to \$1.4m
 - ACT profit up significantly (\$1.15m) to \$1.3m

2008 Half Year Results – Geographical Analysis

- Asia Pacific region performed below expectations, profit down significantly (\$853k) with a combined loss of \$433k
- PNG profit down \$641k to a loss of \$378k
 - Currently renegotiating a large contract
- Malaysia contributed loss of \$100k(from a previous loss of \$154k)
 - Number of options being investigated
- New Zealand profit down a further \$267k to \$45k
 - Action taken

2008 Half Year Results – Geographical Analysis

- UK loss of \$319k (vs a loss of \$799k pcp)
 - Performing ahead of expectations
 - 2 new significant high profile contracts signed
 - Royal Liverpool Children's Hospital
 - Institute of Education, a college of University of London
 - Close to breakeven target for full year

2008 Half Year Results – Product Analysis



- TechnologyOne Business Intelligence licence fees up strongly, 291% (\$2.2m) to \$2.9m
- TechnologyOne Works & Assets licence fees up strongly, 159% (\$997k) to \$1.6m
- TechnologyOne Financials licence fees up 19% (\$504k) to \$3.2m
- TechnologyOne Supply Chain licence fees up 82% (\$397k) to \$880k
- TechnologyOne Property & Rating licence fees up 37% (\$451k) to \$1.7m

2008 Half Year Results – Product Analysis



- TechnologyOne HR & Payroll licence fees continued to improve, up 63% (\$202k) to \$524k
 - We expect strong growth over the next few years
- **TechnologyOne Student Management licence fees down significantly 85% (\$3.31m) to \$603k**
 - We expected no new licences in the first half
 - Opportunities in the second half
- Continued to invest in following areas:
 - TechnologyOne CRM – new offering
 - TechnologyOne ECM – newly acquired
- TechnologyOne Plus (Project Services) revenue up 28% (\$1.1m) to \$5m

- Strong result & demonstrates resilience of our business model
- Continuing strong demand for our products: 21% increase in licence fees
- Continued investments as follows:
 - HR & Payroll loss of \$728k – strong opportunities in coming years
 - ECM loss of \$700k – strong opportunities in coming years
 - Invested in CRM and New Technologies combined loss of \$320k
 - Asia Pacific loss of \$433k – strong opportunities in New Zealand
 - United Kingdom loss of \$319k – strong opportunities in coming years
 - R&D increased to 20% of revenue vs more typical 18% of revenue – impact of \$1m approx in this half

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- **Significant Achievements Last Six Months**
- Outlook
- Our Strategy for Growth

Significant Achievements Last Six Months

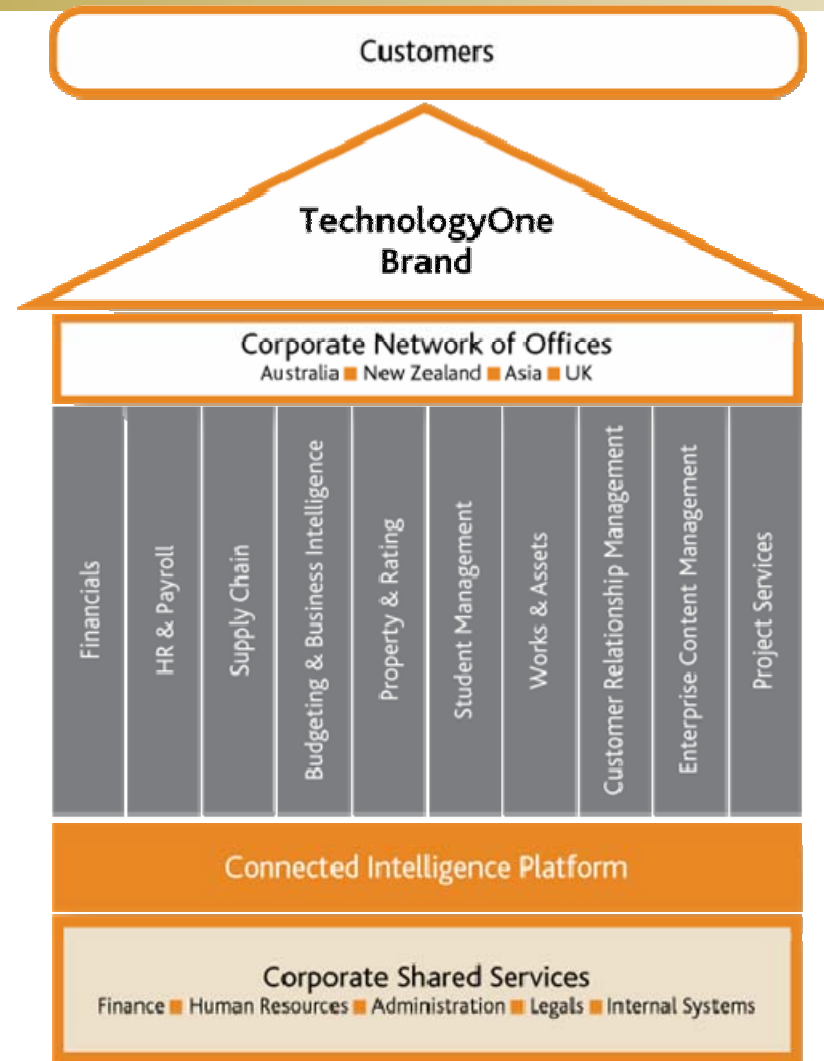


- Acquisition of Avand
- House of Products Business Transformation
- Corporate Shared Services Created
- Continuing Momentum of CI series
- Research & Development
- Off Shore Development
- Momentum in United Kingdom
- Restructure of New Zealand

- Avand – Enterprise Content Management business
- Avand company acquired for between \$6.1m - \$7.1m
 - \$9m plus \$1m earnout (if targets met), less \$2.9m cash on the balance sheet
- Loss of approx \$700k this half
- Business 95% integrated into TechnologyOne (after 6 months)
 - Common systems implemented
 - Re-aligned business to our 'House of Products' business model
 - Re-branding to TechnologyOne ECM (Enterprise Content Management)
- New General Manager to be appointed to drive this business forward
- Develop and implement a 5 year strategy
 - Refocus R&D, Consulting & Sales
 - Core value alignment: Customer Centric, Sales Centric, People Centric
- Expect substantial growth over the next few years

House of Products Business Transformation

Power of One



House of Products Business Transformation



- Organisational restructure and change management substantially completed
- General Managers appointed to drive each product
- Systems re-aligned
- New KPIs & Management Reporting rolled out
 - Profitability by product and by region/state
 - Improved visibility of what is driving/not driving the business
- Simplifies the management of TechnologyOne business

- Corporate Shared Services group created:
 - Finance, HR, Payroll, Internal Systems, Legals, Administration
- Provide world class services to our business units
- Facilitate fast integration of acquired businesses
 - Avand integration completed in 6 months
- Operating Officer (OO) Corporate Services appointed
 - Mr Edward Chung – CFO Queensland Rail (QR)
- Drive our significant investment in new systems & process over the next 3 years

- Connected Intelligence (Ci) is the new generation of our suite of products
 - Significant competitive advantage over our competitors
- Strong demand for our products, due to our new Connected Intelligence (Ci) series
- Only Enterprise vendor to release, and now successfully migrating customers to a new generation product
 - 700 customers in total
 - 400+ customers now live/in progress on Ci
 - Expect 98% of customers to migrate to Ci
- Allow us to offer our customers more products & services over the next few years
- Continuing strong increase in revenue from existing customers

- R&D running at 20% revenue
 - Target is 18% of revenue (save \$2m per year)
- New initiatives
 - Customer Relationship Management (CRM)
 - Next Gen platform for our next generation product
 - Mobile computing platform
 - Pipeline of licensable 'add ons' for each of our products over the coming years
 - TechnologyOne Enterprise Content Management to be moved to the CI platform

- Relationship with Mitrais (based in Indonesia)
- Trialled and very successful to date
 - Systems and processes now in place
 - Cost effective, high quality
 - Address overflow or time critical requirements
- Expanding from 16 developers to 26 developers

- 2 new significant high profile contracts signed
 - Royal Liverpool Children's Hospital
 - Institute of Education, a college of University of London
 - Total of 6 customers in the UK
- Target close to breakeven for full year
- Prepare for next stage of growth: adding BDMs (2), Consulting Manager and more consultants

- New Zealand has under performed over the last few years
- New Zealand now broken into 2 regions
 - Auckland
 - Wellington
- 2 Regional Managers appointed
- Focus and accountability on each region
- Will see a substantial improvement in profitability in 12/18 months

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- Guidance of 15% to 20% growth on track for 2008 year
- Avand business to breakeven in second half
- Strong forward pipeline of opportunities
- Strong committed Annual Licence Fees in second half
 - \$21m Annual Licence fees in H2 vs \$14.3m in H1
 - Cost of providing these services will not increase between H1 and H2

- Challenges
 - Staff acquisition and retention
 - R&D to reduce to 18% of revenue
 - UK to come close to breakeven
 - Malaysia to breakeven
 - Managing costs in line with revenue growth
 - New systems to handle scaling of our business
 - Investment in new geographies
 - Complete the Connected Intelligence (CI) series of our products
 - The Avand acquisition

- Now created an extensive suite of products that we can sell
 - TechnologyOne Financials
 - TechnologyOne Supply Chain
 - TechnologyOne HR & Payroll
 - TechnologyOne Works & Assets
 - TechnologyOne Business Intelligence
 - TechnologyOne Performance Planning
 - TechnologyOne Student Management
 - TechnologyOne Property & Rating
 - TechnologyOne Enterprise Content Management

- Focus on new customer sales
 - Double the size of the sales team over the next 24 months
 - Focus on our vertical markets (enterprise solutions)
 - Focus on 'Best in Class' entry into organisations
- Focus on existing customer sales
 - Increase size of CRM team
 - Future pipeline (5 years) of programs & promotions into the existing customer base created

- **Higher Education/Student Management**
 - Consolidation continues in this markets
 - TechnologyOne solution well regarded
 - Good pipeline of opportunities
 - Challenge – need to get our first Connected Intelligence sites live

- **Local Government**
 - Consolidation continues in this markets
 - Well positioned: Ci series, 'One System' initiative, new Works & Assets
 - Amalgamation of Councils positive for us
 - Good pipeline of opportunities

- **Financials**
 - Enterprise market confusion continues delaying replacement cycle
 - Good pipeline of opportunities going forward for new customers
- **HR & Payroll**
 - Highly fragmented market – many ‘old legacy’ systems
 - Well positioned: Ci series
 - Product functionality issues addressed and a GM recruited to drive this business
 - Compelling business proposition for our existing customers
 - Dedicated sales team to be created to drive this product
 - Driver to capture new customers, as well as cross-sell into existing customer base

- **Business Intelligence (BI)**
 - Compelling business proposition for our customers
 - Fully integrated, works 'out of the box', TechnologyOne data aware
 - Target existing customers in the short/medium term
 - Strong pipeline of opportunities

- **Enterprise Content Management**
 - Significant market opportunity
 - Avand acquisition
 - Significant challenges over the next 12 months
 - Driver to capture new customers, as well as cross-sell into existing customer base
 - Dedicated sales team to be created to drive this product

- Works & Assets
 - Compelling business proposition for our existing customers
 - Fully integrated, Works 'out of the box', TechnologyOne data aware
 - Target existing customers in the short/medium term
 - Strong pipeline going forward of existing customers

- TechnologyOne Plus (Project Services)
 - Good forward pipeline

- Long term opportunities:
 - CRM
 - Acquisitions of further products under our new House of Products business model
 - Further geographical expansion
 - 'NextGen' – next generation products

- Australia
 - Both Central & North West strong continuing momentum
- New Zealand
 - Execution to be improved through restructure
 - Profit currently only \$45k half year vs \$1.3m full year in 2006
- Asia
 - Challenging market
- United Kingdom
 - United Kingdom 3+ times size of Australian market, with substantial opportunities

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- 'House of Product' business model to bring focus and 'execution excellence'
- Continue to expand our existing products via licensable 'add ons' that deliver significant incremental value to our existing customers
- Continue to expand our product range and customer base via acquisition
- Cross sell products into our expanding customer base
 - Substantially increase CRM team
- Acquire new customers
 - Substantially increase sales team
 - Sell enterprise vision
 - Sell 'best of class' products to get entry into new customers
 - Focus on core vertical markets
- UK and further geographical expansion



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