



# Goldman Sachs Annual Tech Day

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technologyone  
transforming business, making life simple

## Disclosure Statement

### TechnologyOne Ltd Presentation – 24 October 2019

TechnologyOne Ltd (ASX: TNE) today conducted a presentation at the Goldman Sachs Annual Tech Day.

These slides have been lodged with the ASX and are also available on the company's website: [www.TechnologyOneCorp.com](http://www.TechnologyOneCorp.com)

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# Agenda

- Background
- TechnologyOne is a SaaS company
- Our Strategy
- Long Term Outlook

## Australia's largest enterprise software company

### ASX 150 Public Company

Continually profitable over 27 years

Formed in  
**1987**

**1200+**

Corporate, government  
and statutory authorities

**1200+**  
employees

Largest  
R&D centre  
in Australia  
**315+**  
developers

### 14 international offices

Australia, New Zealand, South Pacific,  
Asia and United Kingdom

Invest **\$54m**  
Back into **R&D**

Profit  
**\$67m**

Revenue  
**\$299m**

Cash  
**\$104m**

Market Capitalisation  
**\$2.5b+**

**Double in size**

Every 4 to 5 years

Financial information is for the year ended 30 September 2018

# Financially Very Strong

**\$104.3M**  
Cash and  
Equivalents

**28%**  
Return on  
Equity

**68%**  
Return  
on Equity\*

**0.01%**  
Debt  
Equity

**167**  
Interest Cover

**23 YEARS**  
Dividends  
continually  
paid since  
1996

**27 YEARS**  
Continually  
profitable  
since  
1992

**Strong Cash  
Generation<sup>1</sup>**  
Grows in line  
with NPAT

Customer  
Retention  
**99%**

**Double in size every 5 years, over the last 30+ years**

(\*As at 30 September 2018. Adjusted for net cash above required working capital, assumed at two months of staff costs)

<sup>1</sup> Cash Generation = Operating Cashflow less Capitalised Development

## Agenda

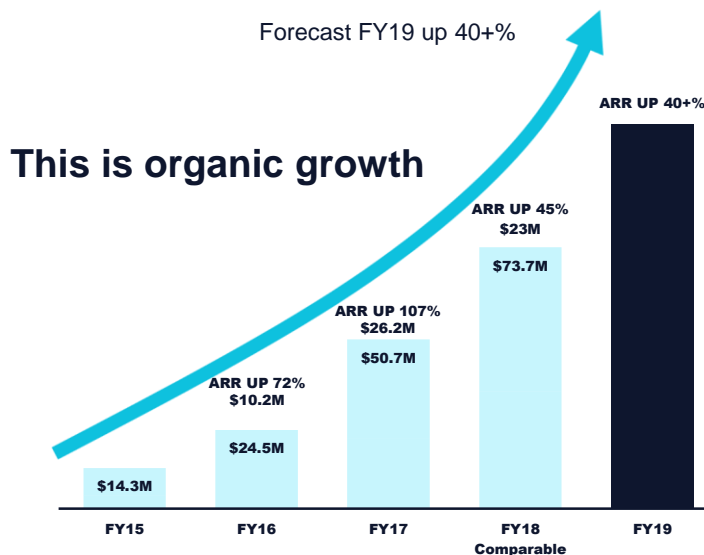
- ✓ Background
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# H1 FY19 390+ enterprise customers on TechnologyOne SaaS Up 39% from H1 FY18

Target 1000 enterprise customers by 2022



## Our SaaS business is growing quickly SaaS ARR is growing at 40+% per annum



**100% of all new business driven by SaaS**

**Annual Recurring Revenues  
will triple to \$500+m in FY24<sup>1</sup>**

<sup>1</sup>ARR in FY18 was \$177m

## High Quality SaaS Business – Annual Recurring Revenue

	Year 1	Year 2	Year 3	Year 4+
<b>Initial Buy</b> Based on: No of Users, Products & Modules	Yearly SaaS Fee e.g. \$500k per year	Yearly SaaS Fee e.g. \$500k per year	Yearly SaaS Fee e.g. \$500k per year	Yearly SaaS Fee ... e.g. \$500k per year
<b>Buy Addn Users</b> Additional Yearly SaaS Fee		+Yearly SaaS Fee e.g. \$50k per year	+Yearly SaaS Fee e.g. \$50k per year	+Yearly SaaS Fee ... e.g. \$50k per year
<b>Buy Addn Modules</b> Additional Yearly SaaS Fee <i>We have 325 modules across 14 products</i>			+Yearly SaaS Fee e.g. \$50k per year <sup>1</sup>	+Yearly SaaS Fee ... e.g. \$50k per year <sup>1</sup>
<b>Buy Addn Product**</b> Additional Yearly SaaS Fee <i>Our customers have 5.4 products out of a range of 14 products</i>				+Yearly SaaS Fee ... e.g. \$140k per year <sup>2</sup>
	<b>Total \$500k/year</b>	<b>\$550k/year</b>	<b>\$600k/year</b>	<b>\$740k/year</b>

<sup>1</sup>Assumes two additional modules

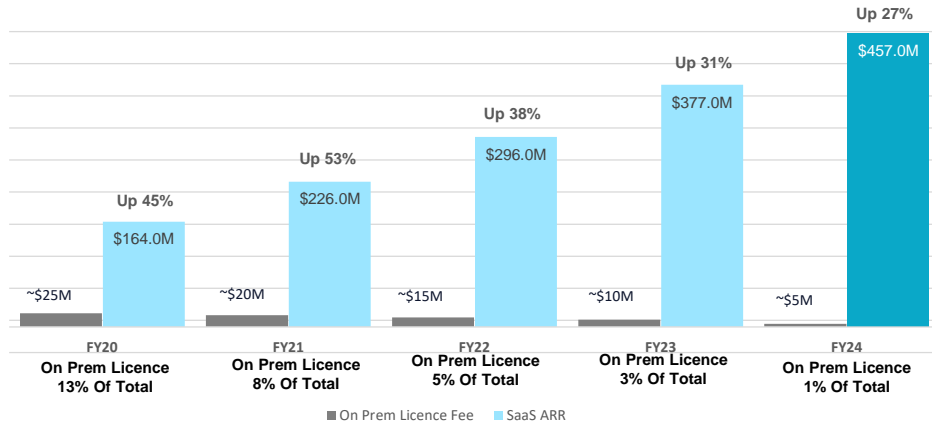
<sup>2</sup>Assumes one additional product

Note: CPI applies on subsequent years.

## On premise licence business is reducing over time allowing a smooth transition to SaaS

SaaS - High quality annual recurring revenue

SaaS Revenue vs On Premise Licences




Illustrative model only  
Not to be used as guidance

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**TechnologyOne has been very successful for 30+ years**

Our success comes from our consistent strategy

**Our global enterprise SaaS solution transforms our customers' business, and makes life simple**

# Enterprise Software Vendor

Power of a single integrated solution



## Deep functionality for the markets we serve

Market focus and commitment



Local Government



Education



Government



Asset & Project  
Intensive  
Industries



Health &  
Community  
Services



Financial  
Services  
& Corporates

We provide proven practice preconfigured solutions to meet the needs of each market

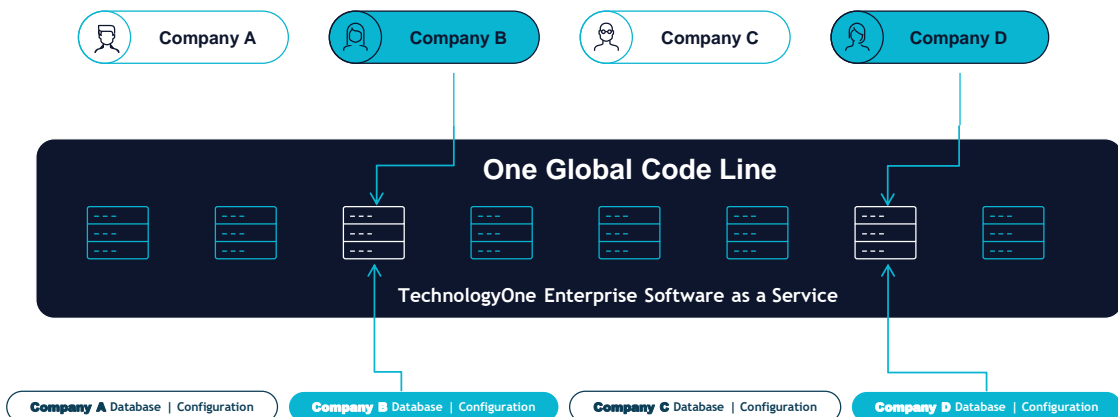


# TechnologyOne Enterprise Software as a Service

One global SaaS solution, mass economies of scale

## TechnologyOne SaaS – One Global Code Line

Economy of scale - Massively scalable, Highly efficient, Cost effective



Future proof – Every dollar we spend, every customer gets the benefits

# SaaS - Incredible pace of innovation

2 releases a year at no charge

New features, functions, capabilities

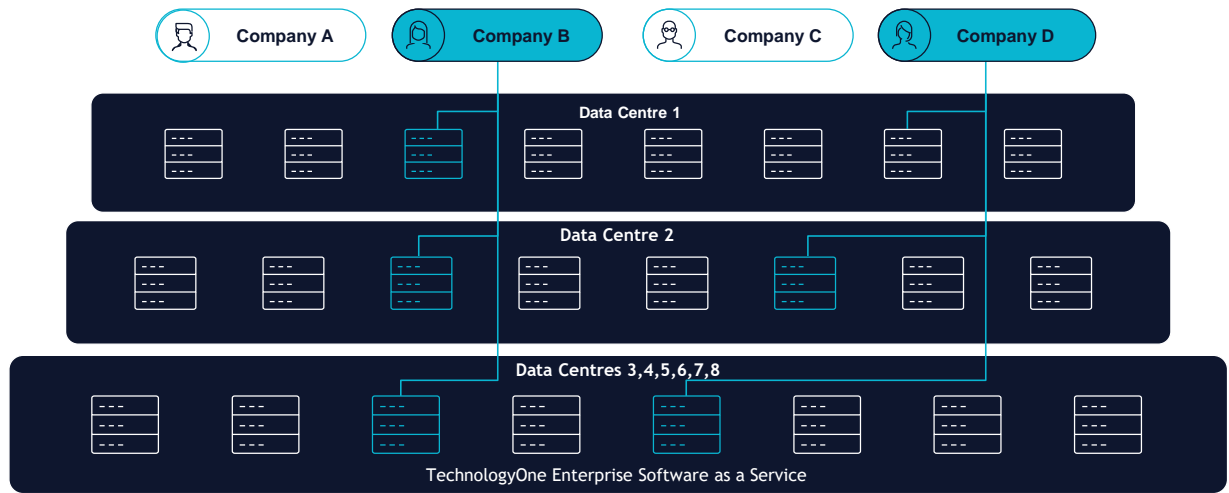


## TechnologyOne SaaS

Update 8 Data Centres instantaneously

- ✓ Never stop
- ✓ Disaster Avoidance

Active<sup>8</sup>



# Defence in depth security



ISO/IEC 27001



ISO/IEC 27017



ISO/IEC 27018



SOC 1  
Audit Controls



SOC 2  
Compliance Controls



GOV.UK  
UK G-Cloud



Australian Federal  
Government Security  
Standard



PCI DSS 3.2 SAQ-D

## Any device, Anywhere, Anytime

Enterprise Software that intelligently  
adapts to all devices



Our entire enterprise suite on  
mobile devices

## Our Strategy

- ✓ Enterprise software
- ✓ Deep functionality for the markets we serve
- ✓ TechnologyOne SaaS – one global solution, mass economies of scale
- ✓ Any device, Anywhere, Anytime

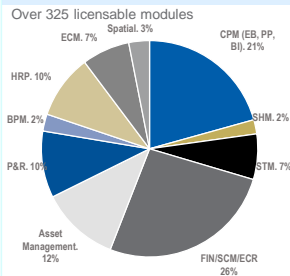
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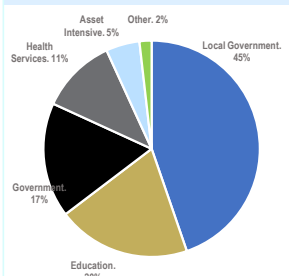
## Foundations for long term growth

Diversified revenue streams

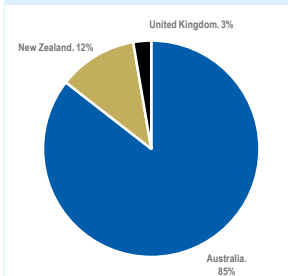
### 14 Licensable products<sup>1</sup>



### 6 Vertical markets



### Diversified geographies<sup>2</sup>



Strong, very loyal customer base

- ✓ Provides mission critical solution – 'sticky customer base'
- ✓ 75+% of our revenue is now recurring<sup>3</sup>
- ✓ 99%+ customer retention rate
- ✓ TechnologyOne global enterprise SaaS solution

<sup>1</sup> Based on FY18 Licence Fees  
<sup>2</sup> Based on FY18 Licence Fee Revenue  
<sup>3</sup> Total Revenue less consulting

## Our SaaS business is growing quickly SaaS ARR is growing at 40+% per annum

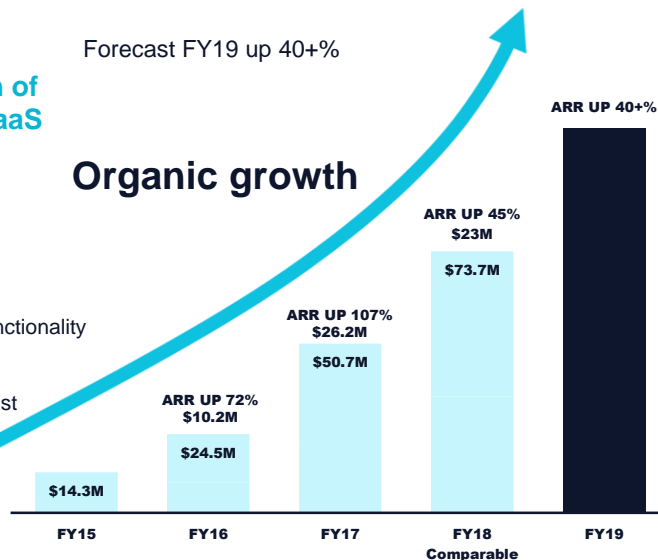
### Compelling value proposition of TechnologyOne Enterprise SaaS

- ✓ One global code line
- ✓ Massive economies of scale
- ✓ 8 active-active data centres
- ✓ Defence-in-depth security
- ✓ Always on the latest technology
- ✓ Always on the latest release
- ✓ 2 releases each year providing new functionality
- ✓ Fast migration for existing on-premise customers to TechnologyOne SaaS
- ✓ Customers save 30+% on their total cost
- ✓ Take-on additional products quickly

### Making life simple for our Customers

Forecast FY19 up 40+%

### Organic growth

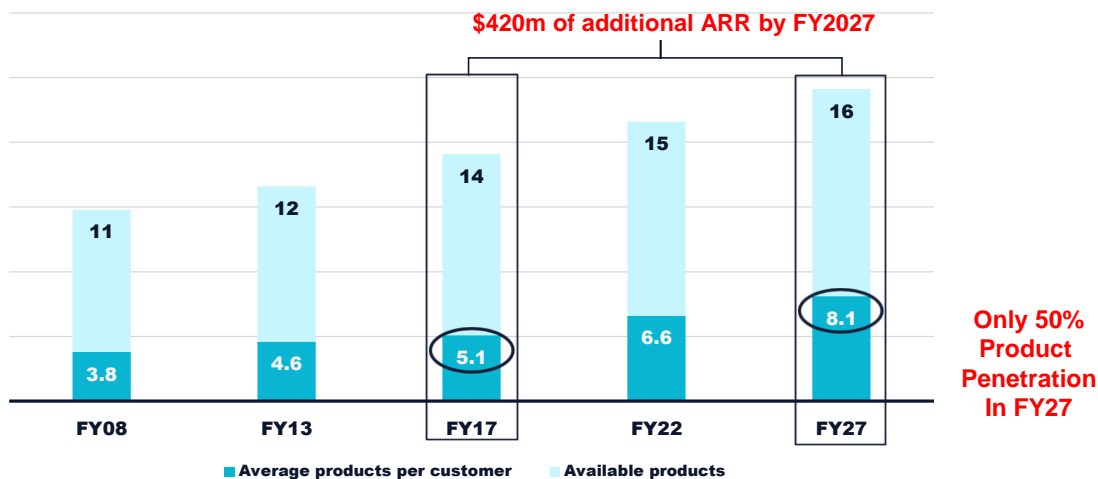


## Annual Recurring Revenues will triple to \$500+m in FY24

<sup>1</sup>ARR in FY18 was \$177m

### Harvest substantial opportunities in our customer base

Illustrative model only  
Not to be used as guidance



**If we were to add one more product to our customer base, this will generate additional \$140+m of revenue per year recurring<sup>1</sup>. In FY17, on average, our customers had 5.1 out of 14 products. We expect this to increase to an average of 8.1 products per customer by FY27 which will generate \$420m ARR**

<sup>1</sup> Based on 1,000 SaaS Customers



## Continuing growth in APAC

**Our APAC market penetration does not exceed 15%.  
Significant room to grow in future years**

- ✓ Local Government
- ✓ Education
- ✓ Government
- ✓ Health & Community Services
- ✓ Asset & Project Intensive Industries
- ✓ Financial Services & Corporates

## Continuing growth in the UK

**The UK market is 3x the size of Australian market for our enterprise system**

**Approaching critical mass over the next 2 years**

**Profit margin to continue to improve to 25% in the next few years, and then continue to 30%**

**Positioned well for the future and to continue to double in size every 5 years**

- ✓ Global SaaS solution continues to grow strongly
- ✓ Annual recurring revenues to triple to \$500+m in FY24
- ✓ Harvest substantial opportunities in our customer base
- ✓ Continuing growth in APAC
- ✓ Continuing growth in the UK
- ✓ Profit margins to grow to 30+% in the coming years

Questions ?



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