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Annual General Meeting

By Technology One
Intelligent Business Solutions



Connected Intelligence

October 2003

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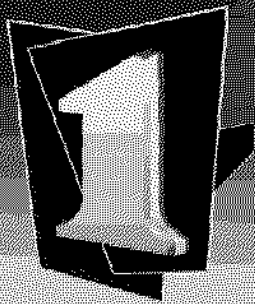


Agenda

- 2003 Results Highlight
- Review of Operations
- Operating Environment
- 2004 Company Strategy
- Outlook



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2003 Results Highlight

By Technology One
Intelligent Business Solutions



Adrian_DiMarco@TechnologyOneCorp.com
Executive Chairman

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2003 Results Highlight

- Revenues of \$47.44m (up 2%)

- Record R&D expenditure of \$9.3m (up 14%)
 - 19% of Revenue spent on R&D
 - All R&D continued to be fully expensed as incurred

- Net Profit After Tax of \$7.03m (down 20%)
 - Well within guidance of down 25% set in November 2002

- Dividend of 2.5 cents fully franked (up 25%)
 - Yield of 5.6% fully franked based on share price of 45 cents

- Adjusted ROE of 39%



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2002 Actual v 2003 Actual

- Significant Issues

- Revenue growth slowed due to a very difficult market
- Committed to a substantial investment program 12 months ago
 - Increased R&D
 - Increased staff levels in our regional service network
 - In the 2003 year we were hit with 100% of these costs – the previous year on average only 50% of these costs hit our P&L



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Actions Taken

- Adjusted our costs in line with market conditions

- Minimal new staff planned for this year unless revenue generating

- Existing staff focused on:
 - Complete existing R&D projects – realise value
 - Our next generation products
 - Staff redeployed to where they can have the biggest impact

- Restructure of the company
 - Discussed later



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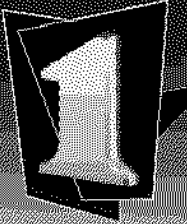


2003 Results Highlight

- Balance sheet strong
 - Cash on hand : \$17.29m
 - Debt/Equity : 3%
- Operating cashflow : \$9.6m (vs NPAT \$7.0m)
- Added 46 new clients
- Transparency of results – all R&D fully expensed

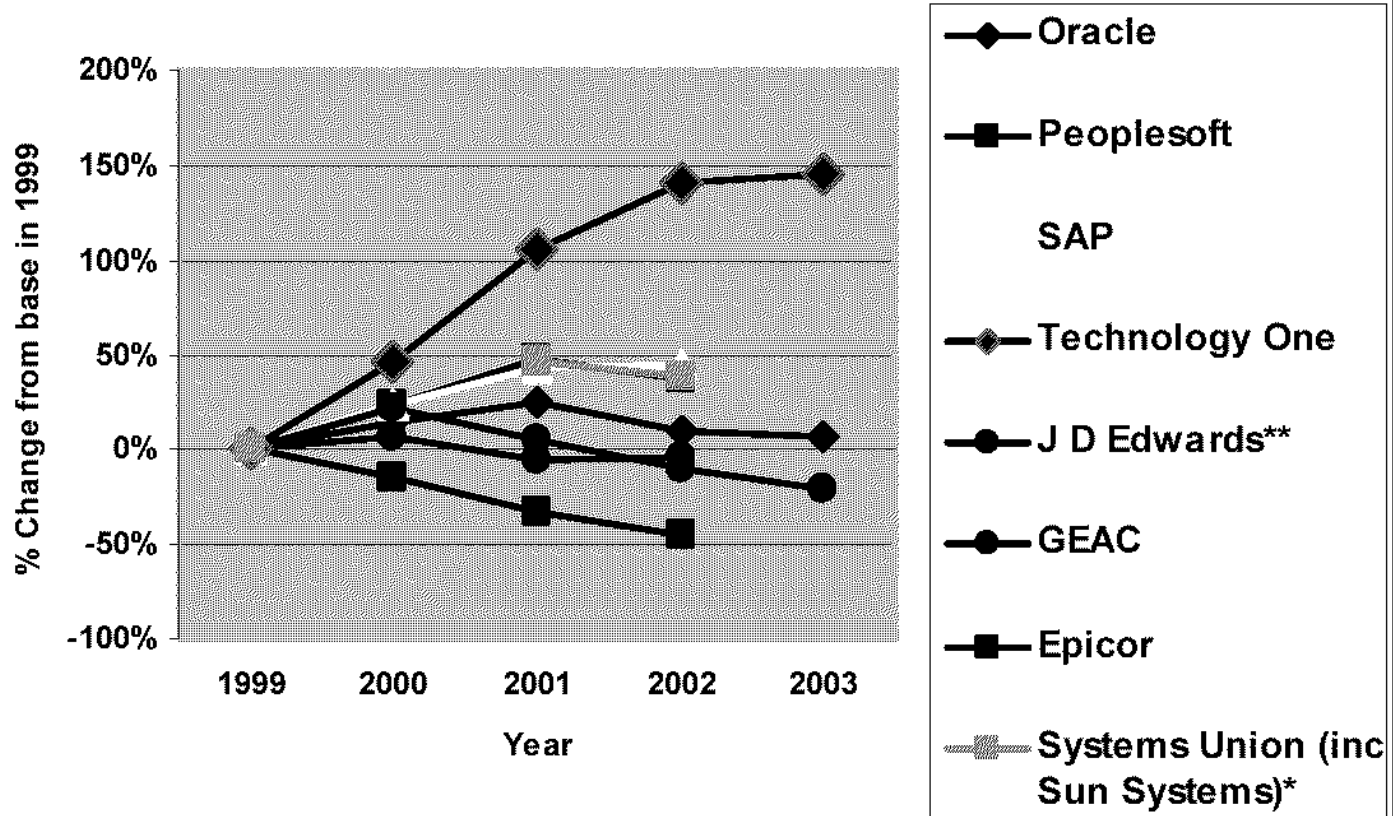


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Competitor Revenue Growth

Competitor Revenue Comparisons (1999 as base)

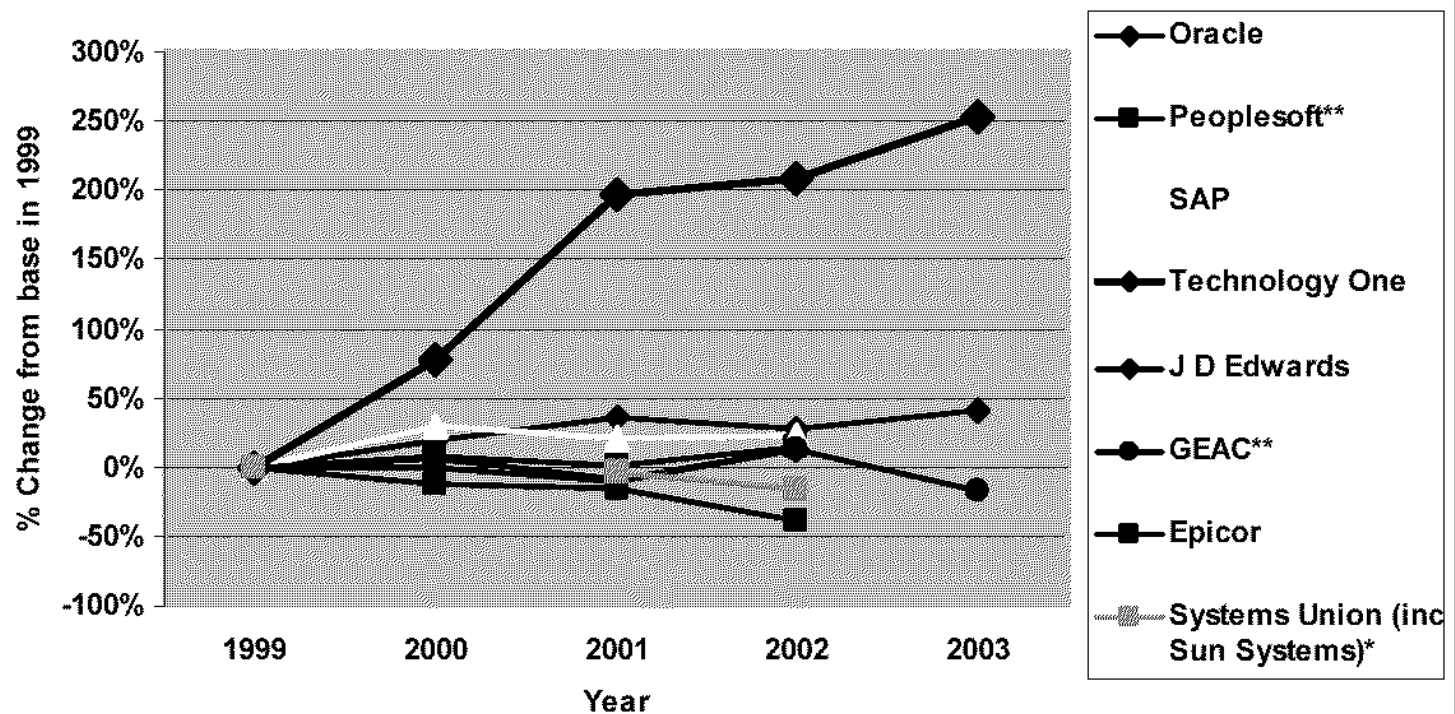


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R&D Growth Comparisons

Competitor R&D Comparisons (1999 as base)



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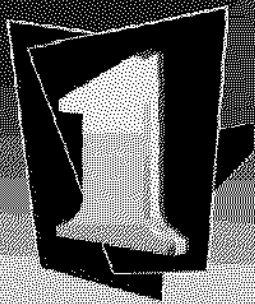


Capital Management Program

- Dividend increased 25%
- Share buy back completed
 - Bought 19.679m shares @ 25 cents for \$4.92m



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Review of Operations for 2003

By Technology One
Intelligent Business Solutions



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Chief Executive Officer (Operations)

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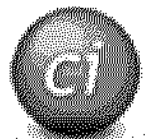
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Agenda – 2003 Year

- Company Wide Achievements and Highlights
- Regional Achievements and Highlights
- Product Division Achievements and Highlights
- Project Services Achievements and Highlights



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Company Wide Achievements and Highlights

- Despite challenging global IT market, revenues increased to \$47.4 million
- 46 new clients added to user base
- Appointment and implementation of regional ownership
- Appointment of Specialist Product Business Managers for targeting vertical markets



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Company Wide Achievements and Highlights

- Restructure of Product Research and Development (R&D) teams
- Restructure of Product Support Centre
 - Became part of Specialist Product Business Units
- Continued investment in software
 - In the 2003 Financial Year \$9.3 million, representing 19% of revenues, fully expensed
- Increase in Project Services revenue



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Company Wide Achievements and Highlights

- R&D was undertaken on all products
 - Finance One – Financial Management and Accounting
 - Retail One – Retail and Supply Chain Management
 - Sales One – Wholesale and Distribution
 - People One – Payroll and Human Resource Management
 - Student One – Higher Education
 - Proclaim One – Local Government
 - Application Development Framework
- Continued R&D on the next generation computing platform Technology One CI (Connected Intelligence)



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Regional Achievements and Highlights

- All regions continued to win new business

- Queensland Region
 - 7 new major clients including Public Trustee, Queensland Tourism

- New South Wales
 - Five new local councils
 - Replaced SAP at Wollongong City Council
 - First sale to educational institution (Insearch) of total Technology One solution
 - Student One
 - Finance One
 - People One



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Regional Achievements and Highlights

▪ Victorian Region

- Several new clients including Environmental Protection Authority (a major and strategic state government account replacing Oracle Financials)
- Finalising implementation of The Good Guys (our largest supply chain management project to date)

▪ South Australia Region

- Successful entry into South Australia Local Government with total solution, signing three new contracts in the first year
 - City of Port Adelaide Enfield
 - City of Burnside
 - City of Charles Sturt
- Also won several important corporate accounts



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Regional Achievements and Highlights

■ West Australia Region

- Completed largest Finance One implementation to date with 15 WA Tafe Colleges going live on time and on budget
- Won Stirling Council, the second largest council in Technology One client base

■ ACT Region

- Opened Canberra office and completed smooth transition of all clients from previous distributor to direct Technology One support and consulting
- Gained the region's first private sector sale – Australian Ethical Investments



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Regional Achievements and Highlights

- **Tasmanian Region**
 - Won deal with Southern Cross Broadcasting (Strategic account with national presence)
 - People One sold to fifth Tasmanian client (20% of Tasmanian clients now use People One)
- **New Zealand Region**
 - Technology One New Zealand grew business substantially adding 10 new Finance One clients, including: Ashburton District Council, Marlborough District Council, Otago Polytechnic, Powernet Ltd and State Services Commission
 - Proclaim One entered the New Zealand Local Government Market for the first time with three new clients



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Regional Achievements and Highlights

- **Malaysian Region**
 - Technology One Malaysia now 100% managed and operated by local personnel
 - Won five new accounts including DDSB (M) Sdn Mhd, Mandom and Teliti Computers Sdn Bhd
 - Extended number of partnerships



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Product Division Achievements and Highlights

■ Finance One

- Continued to perform well and was successfully sold by all regions
- Release 10.2 delivered during the year
- Release 10.2 incorporated several new modules, including Workflow and Purchase Cards
- Restructuring of Support Centre, resulting in a reduction of 66% of outstanding requests and the improvement of Support Centre client services



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Product Division Achievements and Highlights

- Retail One

- Largest and most significant new development since product conception
- Majority of development was of new modules and features
- Point of Sale product totally redesigned in a major development (POS One R3.0) improving product viability, supportability and stability



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Product Division Achievements and Highlights

- People One
 - Delivered major new functionality in Release 10.2
 - New stand alone Time Sheet module
 - New Occupational Health and Safety Module, facilitating incident recording and reporting

- Student One
 - Student One R2.4 released during year
 - Included enhancements to core modules:
 - ePay – allows students to pay fees over internet
 - eAcademic – allows web access to Academic Staff
 - Commenced development of Student One to support commercial institutions focusing on international students





Product Division Achievements and Highlights

- Proclaim One
 - Extensive development undertaken for compliance to legislative and regulatory changes throughout Australia and New Zealand
 - Further development to tightly integrate Proclaim One and Finance One as well as to third party products.
 - Providing robust single supplier solutions for Local Government
 - Released new versions of Local Government ebusiness product, eProclaim, allowing local government and their clients:
 - To review property and land information
 - Payment of rates and property charges
 - Payment of animal information
 - Payment of infringements / parking fines etc.



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Product Division Achievements and Highlights

- Application Development Framework
 - Completed development of a new infrastructure for building the next new generation of application - **Connected Intelligence**
 - Utilises Microsoft .Net framework and provides substantial advantages, including:
 - Smart user interface – more functional and more powerful than conventional windows
 - Internet based deployment – simplifying and reducing costs of network and workstation administration
 - Multi tier architecture improving enterprise scale deployment and implementation



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Project Services Achievements and Highlights

- Revenue increased
- Completion of Nine Network Australia Sales and Traffic Project (\$3.6M custom development using Technology One's new .Net Development Framework)
- Live operation of NSW Police Informants Project (\$1.2M custom development project to manage all NSW Police informants and sources utilising our J2EE Development Framework)

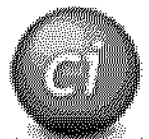


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Project Services Achievements and Highlights

- Awarded NSW Police eNotices Project, \$1.3M (manages police and court notices, such as warrants, subpoenas and apprehended violence orders)
- Stronger relationships with our two strategic partners Microsoft and BEA (where new clients are being recommended to use Technology One's services by both vendors)

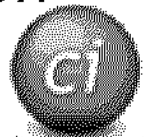


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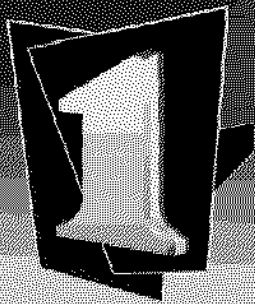


Summary

- Increased revenues in a difficult and challenging IT environment
- Restructured Regions and Product Divisions to achieve better accountability, better software and better customer service
- Continued to invest strongly in research and development
- Redeveloping major applications in next generation technology platform Connected Intelligence



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2004 Company Strategy & Outlook

By Technology One
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Executive Chairman

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The Operating Environment

- Competitive Business Environment
- Consolidation of ERP Vendors
- Buyers Revenge Phenomenon
- Technological Obsolescence



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Competitive Business Environment

- Boom / Bust cycle caused by Y2K
- Our competitors approach
 - Reduced R&D expenditure
 - Reduced staff numbers
 - Aggressive pursuit of revenue
 - Acquisition strategy for growth
- Our approach is opposite to this!



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Consolidation of ERP Vendors

- Gaining speed – more to come
- No evidence that this delivers benefits
- Acquisition of overlapping products not on TNE agenda
- Our focus is on our own products and partnerships



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Buyers Revenge

- Future growth will be driven by customers replacing their existing ERP systems
- Future buyers will be very literate and demanding
- The name of the game: “Who will keep their customers and who will lose them”
- Our business model is unique
- Our business model is far superior to our competitors
 - We develop, we market, we sell, we implement and we support
- We own the customer relationship – no one between us and our customers



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Technological Obsolescence

- Built into all products – ours and our competitors
 - SAP – ABAP
 - Microsoft – VB
 - PeopleSoft – HTML
 - TNE – VB

- The challenge
 - Inertia
 - Choosing the right platform
 - The migration of customers to the new product

- Our new product – the opportunity to get product leadership
 - .Net platform
 - And a lot more....



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Our Strategy for 2004 and 2005

- Product Leadership
- Product Marketing
- Focus and Commitment
- Partnership
- “Act Locally – Think Globally”
- Customer Satisfaction
- “Great Software Every Day, Every Way”



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Product Leadership

- Next generation product is the key: Connected Intelligence series (CI)
- Connected Intelligence series consists of:
 - Finance One: CI
 - Retail One: CI
 - People One: CI
 - Proclaim One: CI
 - Student One: CI



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Product Leadership

- Our Connected Intelligence (CI) series is designed to substantially raise the bar in the ERP market, by combining for the first time the advantages of client server and the internet to create a new generation of applications that will support the move by organisations to a more devolved and empowered business model that seamlessly connects customers, suppliers, staff, managers and back-office staff; as well as connecting disparate systems operating across multiple IT platforms and across multiple organisations.
- Our CI applications are easily deployed via the Internet or intranet and have a rich powerful user interface that is very simple and easy to use without requiring any training or experience, designed to be utilised from the power user to the occasional novice user. Our Connected Intelligence series will go far beyond the current boundaries of traditional client server and HTML based Internet applications.



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Product Leadership

- The new user interface is key to selling our Product Leadership positioning!
- A new way to develop software – it will have a profound effect on our development teams and our future product leadership!
 - Product to address a devolved business model





Product Leadership

- CI release dates are progressive to:
 - Minimise risk
 - Control R&D expenditure

- Release dates:
 - Finance One: CI – R1 completed mid 2004
 - Retail One: CI – R1 completed mid 2005
 - People One: CI – R1 completed mid 2005
 - Proclaim One: CI – R1 completed mid/late 2005
 - Student One: CI – R1 completed late 2005





Product Marketing

- Create a focus on each of our products to make them the best in the market:
 - Analysis of our competitors' strengths and weakness
 - Determination of our strengths and weakness
 - Identifying product direction
 - Identifying partnerships
 - Creating an integrated marketing strategy to leverage our strengths and minimise our weakness
 - Ensuring our marketing collateral is strong
 - Ensuring the above is communicated and consistent throughout the company

- Facilitation and creative role working with Product Business Managers, Marketing, Sales & Pre-Sales

- Encouraging innovation and creativity in our products



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Focus and Commitment

- No new products on the drawing board for the next 18 months
- Finance One
 - Finance One: CI is the major focus for the next 12 months
- Retail One
 - Focus on fashion functionality in the next 12 months
 - Improve sales – specialist resources to be added as part of team focused on sales of Retail One as #1 priority
 - Retail One: CI to start mid 2004
 - Longer term extend into wholesale/distribution market in the future (Sales One)



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Focus and Commitment

- People One
 - Focus on functionality in the next 12 months - Human Resources in particular
 - Short term – sell as ‘add on’ to Finance One
 - People One: CI to start mid 2004
 - Medium term – best of breed Payroll/HR - will need a stronger and specialist sales focus

- Proclaim One
 - Focus on functionality in the next 12 months
 - Improve sales – specialist sales resource to be added as part of team focused on sales of Proclaim One as #1 priority
 - Proclaim One: CI to start late 2004



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Focus and Commitment

- Student One

- Focus on functionality in the next 18 months
- Focus on a small number of winnable deals, rather than all deals
- Incremental business from the existing user base is critical
- Student One: CI to start early 2005



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Partnerships

- We cannot develop everything ourselves
 - Financial constraints
 - Domain knowledge and creativity
 - Need to focus on what we have already in the next few years

- Partnerships so far:
 - Infoplan – Assets (financial)
 - Chameleon – Business One
 - Crystal Decisions – Crystal
 - EMS – Wasp Asset Management

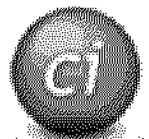


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Partnerships

- Partnerships under consideration:
 - CRM
 - Professional Services Automation
- We need to get better and do more of these
 - Product Marketing will play an important role in this



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Act Locally – Think Globally

- A devolved business working within a corporate framework and strategy
 - Too many regions to run from Brisbane!
 - Each region is unique
 - Appointed Regional Managers
 - Business plan developed each year by each region
 - Profit and Loss responsibility at regional level to ensure our resources are effectively used in each region

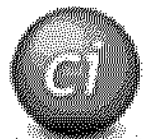


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Act Locally – Think Globally

- Next - tailoring the delivery of our products and services on a regional basis
 - Products to sell
 - Infrastructure to support selected products
 - Tailoring sales and marketing strategy
 - Pricing
 - Partners to work with ...



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Customer Satisfaction

- The name of the game for ERP vendors is:
“Who will keep their customers and who will lose them”

- “Buyer’s revenge”
 - Oversold, over-budget, over-charged

- Microsoft
 - Use distributors to sell and implement
 - Plan to substantially increase the number of distributors

- Oracle, SAP, PeopleSoft
 - Use partners to implement

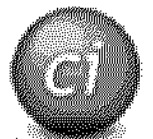
- Industry Consolidation
 - Not in the interest of customers





Customer Satisfaction

- TechOne is a customer centric company
 - Our business model is far superior to our competitors
 - We develop, we market, we sell, we implement and we support
 - We own the customer relationship
 - Regionalisation means decision making is at the coal face
 - Account management
 - Customer surveys on a continual basis



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Customer Satisfaction

- Next

- Increase the quality of our services
 - Consistent approach/processes across all regions
 - Appointed practice managers for sales
 - Appointed practice managers for consulting
- Our attitude/culture
 - Everyone must be customer focused/centric
 - The customer's perception is reality!





Great Software Every Day, Every Way

- Innovation and Speed in our product teams
 - Moved to Smaller R&D teams
 - Appointed Product Business Managers
 - Support center and development combined
 - Incremental improvements to the products quickly based on customer feedback
 - Published release plans
 - Business model to ensure funds go to the right products
 - R&D team receive a royalty every time a product is sold
 - Profit and Loss responsibility at the product level to ensure resources are effectively used



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Great Software Every Day, Every Way

- Next

- Focus on software quality
- Work with Product Marketing
 - right functionality at the right time and correct prioritisation
 - Clear, concise and powerful product positioning messages
 - What we develop is correctly and consistently demonstrated



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Outlook

- Market conditions will not improve until 2005 year
- We expect growth of revenue and profits to resume this year as a result of our initiatives
 - Early trading results support this outlook
- R&D will be maintained at approx 20% of revenue
 - Focus on Connected Intelligence series
- We are committed to maintain the current dividend



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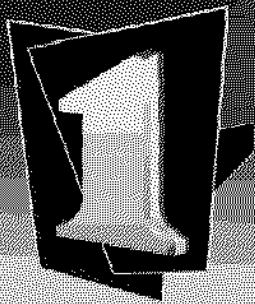
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