

# Integrated Research Limited

## FY2011 Financial Results

ABN: 76 003 558 449

August 2011

Investor Presentation



Providing Business Insight

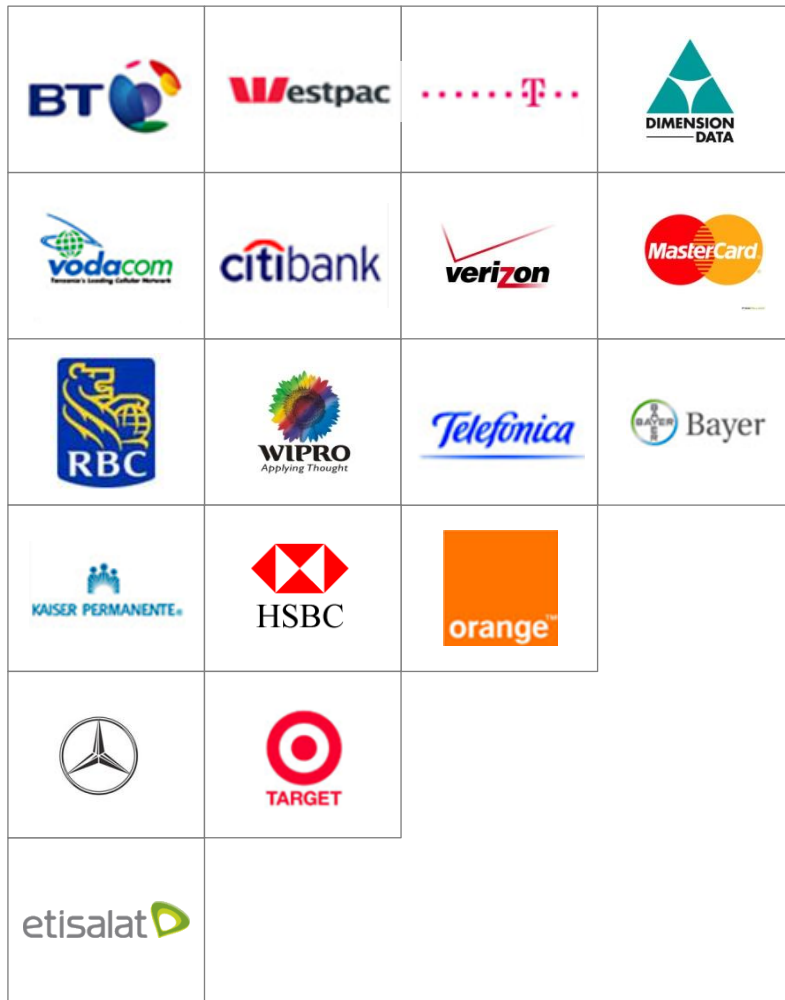


# At a glance

- 22-year heritage in real-time systems management software
- Developer of Prognosis for high-definition performance monitoring
- Extensibility of Prognosis provides IR with sustainable competitive advantage
- World-class R&D capability to rapidly develop new products for new markets
- Leading provider of performance monitoring in high-growth markets
- Over 600 enterprise customers in 50+ countries
- Offices in the USA, UK and Australia
- Financially stable, consistently profitable with no debt



# Our value to customers



- Serving three core markets:
  - Infrastructure
  - Communications
  - Payments
- Managing performance of complex, and critical infrastructures
- Ensuring continuity of high value, high volume transactions
- Trusted by over 600 major enterprises worldwide

A blurred photograph of several business professionals in a modern office hallway with large windows and a polished floor. The image is used as a background for the title.

# Financial Results

# FY11 highlights

## Financial strength

Profitable and debt-free

## Improved conditions in FY11

New license sales up 36% to \$25.0M

Total revenue up 17% to \$44.6M

Net profit after tax up 38% to \$7.5M

## Result impacted by stronger AUD

Revenue up 28% on constant currency basis

## IP Telephony growth

Over 4.3 million phones monitored

21 new resellers signed

Sales up 52%

## Payments growth

Investments in Payments yields 32% sales growth

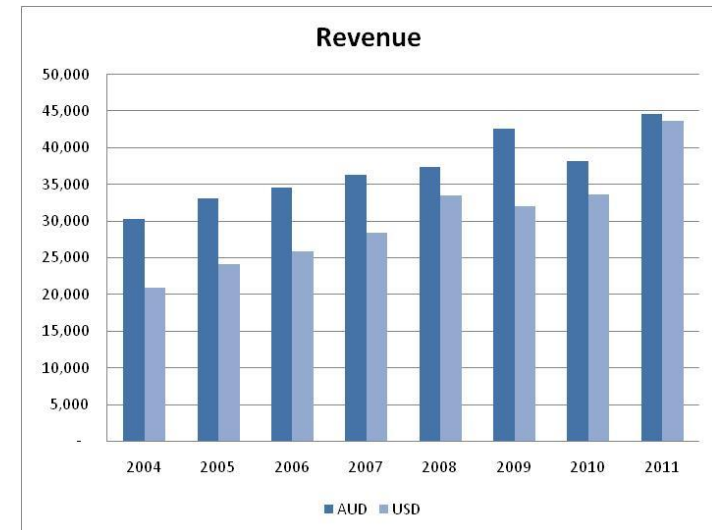
## New products

New IPT products released to support Unified Communications (voice, video, messaging, mobility, presence)

New Payments products released to support ACI alliance

# Financial results

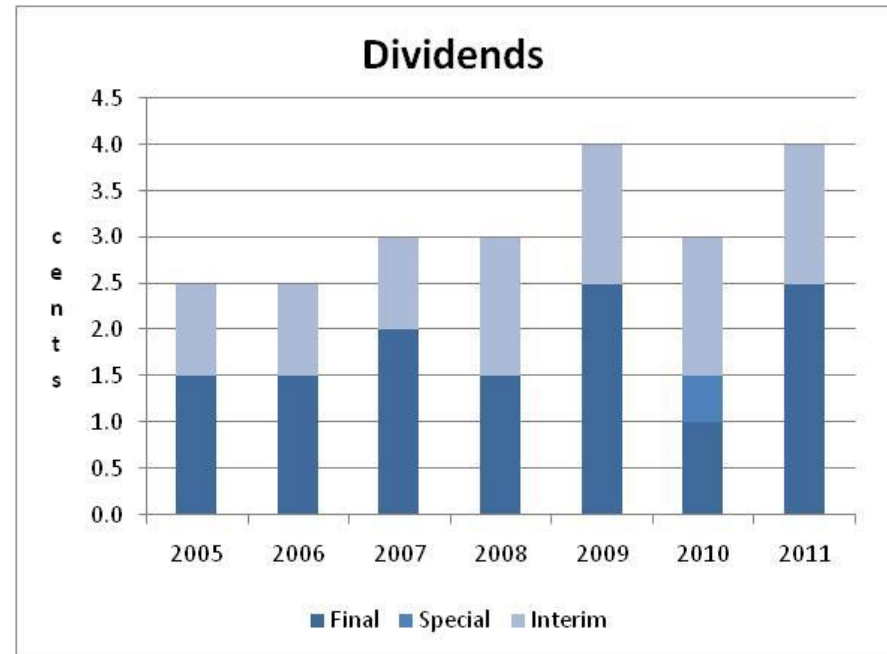
	30 June 2011 A\$000's	30 June 2010 A\$000's	% change
Licence fees	25,005	18,413	36%
Maintenance fees	16,941	17,789	(5%)
Consulting fees	2,646	1,999	32%
<b>Total revenue</b>	<b>44,592</b>	<b>38,201</b>	<b>17%</b>
R&D expenses - net	8,949	8,347	7%
Sales, consulting & marketing expenses	21,023	19,197	10%
General & Administrative expenses	4,137	4,599	(10%)
PBT	9,694	6,046	60%
PAT	7,465	5,401	38%



- Revenue growth – even with rising AUD
- Maintenance fees up 5% on a constant currency basis
- Ongoing investment in R&D and Sales & Marketing
- Margin increased from 14% to 17%

# Balance sheet

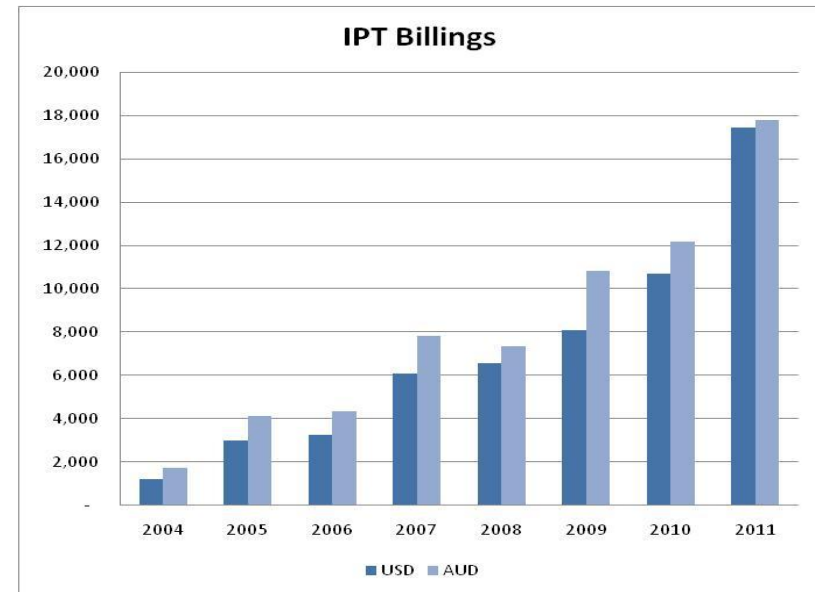
	30 June 2011 \$000's	30 June 2010 \$000's
Cash at bank	11,635	8,396
Current Receivables	14,058	14,548
Development cap.	13,808	13,957
Deferred Revenue	9,259	10,748
Net assets	27,357	24,502



- No debt
- Net assets impacted by stronger AUD

# Review of operations - products

Billings by Product Line (\$A)	30 June 2011 \$000's	30 June 2010 \$000's	% change
NonStop/Infrastructure	18,830	18,749	1%
Payments	2,589	1,071	142%
IP Telephony / Communications	17,795	12,161	46%
Distributed Systems / Infrastructure	3,455	3,630	(5%)
Consulting Services	2,646	1,999	32%

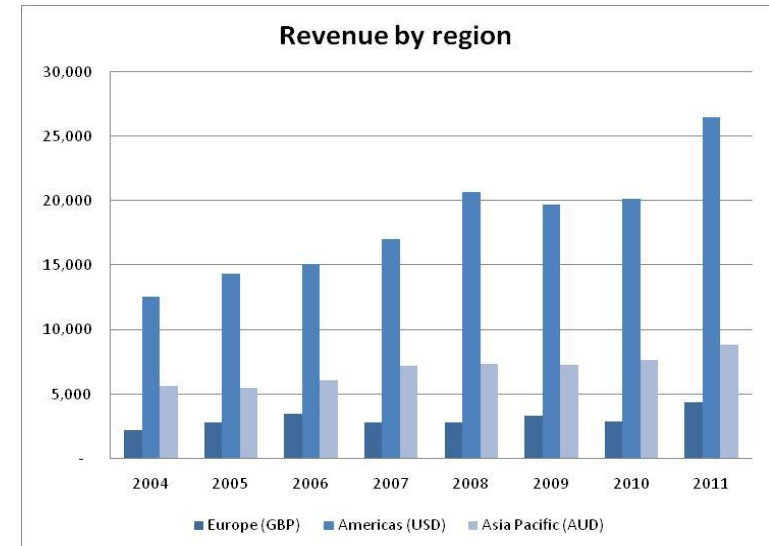


- Strong growth in IPT - now the Company's highest selling product line
- Stable NonStop revenue after a decline last year
- High growth in Payments, validating investment
- Consulting growth continues



# Review of operations - regions

Revenue by Geographic region (In local currency)	30 June 2011 \$000's	30 June 2010 \$000's	% change
Americas (\$US)	26,489	20,160	31%
Europe (GBP)	4,416	2,940	50%
Asia Pacific (\$A)	8,858	7,677	15%



- Growth in all regions
- Europe up 50% on increased IPT sales
- Americas and Asia-Pacific up due to strong IPT sales and NonStop rebound

A blurred photograph of several business professionals walking through a modern office hallway with large glass windows. The motion blur conveys a sense of activity and movement.

# Growth Strategy

# Growth strategy - new products and services

3. Consulting services to increase product use and penetration, and develop repeatable solutions



2. Unique solutions in high-growth, highly complex, critical applications



1. Exploit Prognosis for real-time monitoring of high-end infrastructure

## Consulting

- Implementation, integration and training services
- Customized development
- Unique and repeatable solutions



## Communications

- Return on IPT investment
- Fast problem resolution
- Improve call quality
- Increase service levels



## Payments

- Device and switch management
- Ensure maximum availability
- Improve customer service
- Reduce TCO



## Infrastructure Management

- Real-time monitoring to maximize uptime
- Root cause analysis to reduce mean time to repair
- Dramatic cost savings with enterprise-class monitoring solution



## PROGNOSIS

REAL-TIME • SCALABLE • DEEP METRICS • FLEXIBLE

# R&D spending – new product development

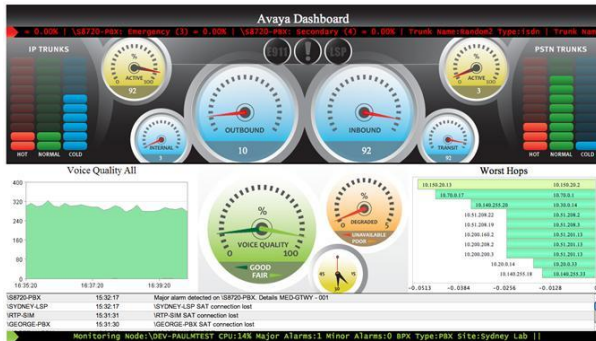
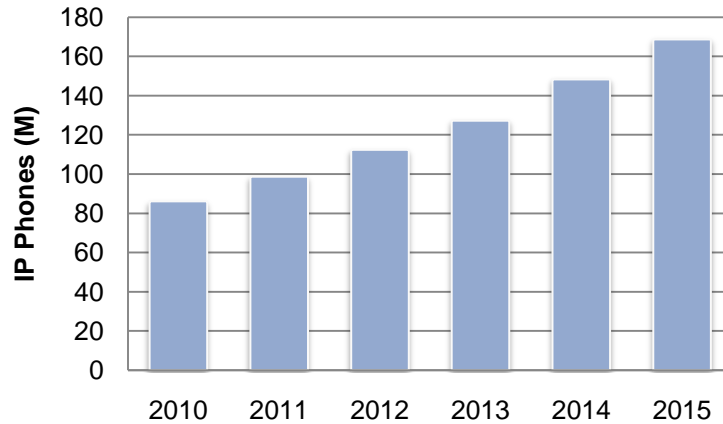
	30 June 2011 A\$000's	30 June 2010 A\$000's	% Change
Gross spending	8,924	8,290	8%
Development – Capitalised	5,655	5,932	(5%)
Capitalised %	63%	72%	
Amortised	5,680	5,989	(5%)
<b>Net Expense</b>	<b>8,949</b>	<b>8,347</b>	<b>7%</b>
% of revenue	20%	22%	

- R&D investment in new products and features
- Increased R&D productivity
- Improved product quality and customer satisfaction
- Ongoing commitment to R&D at current levels

# Growth strategy - IPT

## Worldwide IP Phone Deployment

Source: Gartner Apr 2011



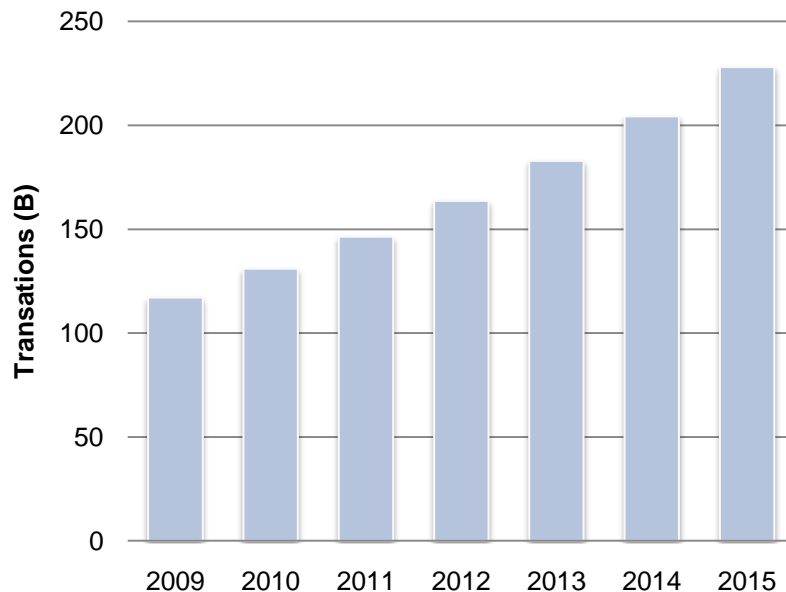
## Growth strategy - IPT

- Growth in IPT phone deployment continues
- Trend from IPT to Unified Communications (voice, video, messaging, mobility, presence)
- More devices, more platforms
- Increasing complexity and scalability
- Strategy:
  - Single dashboard
  - Multi-platform support
  - Highly scalable
  - Support Unified Communications infrastructure

# Growth strategy - Payments

**Worldwide Retail Purchase Transactions**

Source: Nilson 2010



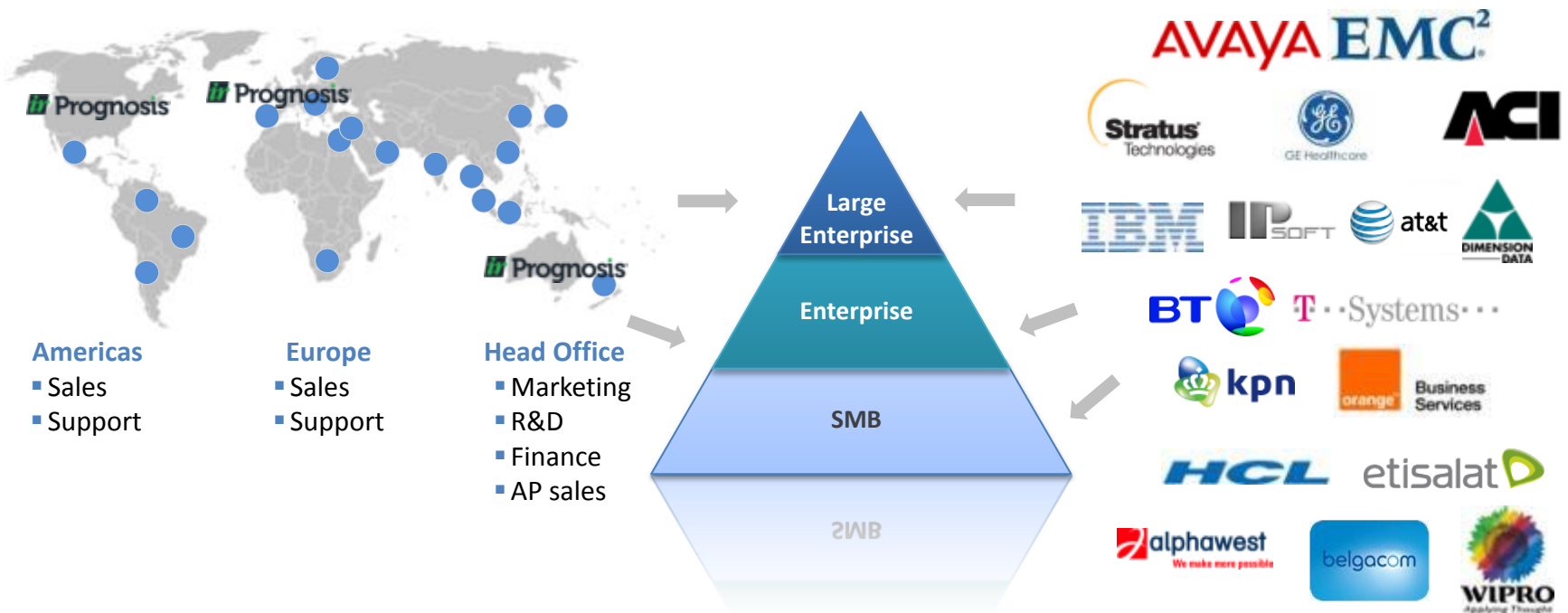
## Growth strategy – Payments

- Payments growth increasing worldwide ~12% CAGR
- Growth in payment devices and channels
- Banks depend on payments fees
- Strategy:
  - Single dashboard
  - Multi-platform support
  - Highly scalable
  - Wholesales and retail payments
  - Support for ACI's payments applications

# Growth strategy - more channels to market

Global network of IR offices and value-added resellers

Strategic alliances and managed service providers





# Risk management

## Current Challenges

Unfavorable movements in currency exchange rates

Volatility of global economic recovery

## Proactive Management

Proactive approach to currency hedging

Diversification of risks through multiple product offerings and geographic spread

Focus on productivity increases



# Summary

## High growth

PAT up 38%, Sales up 36%, Total Revenue up 17%

## Financial strength

Profitable and debt-free

## Growth strategy

Continue to invest in new products in target markets: Communications and Payments

## Solid foundations

Proven products

Global tier-one customer base

# Thank You

