

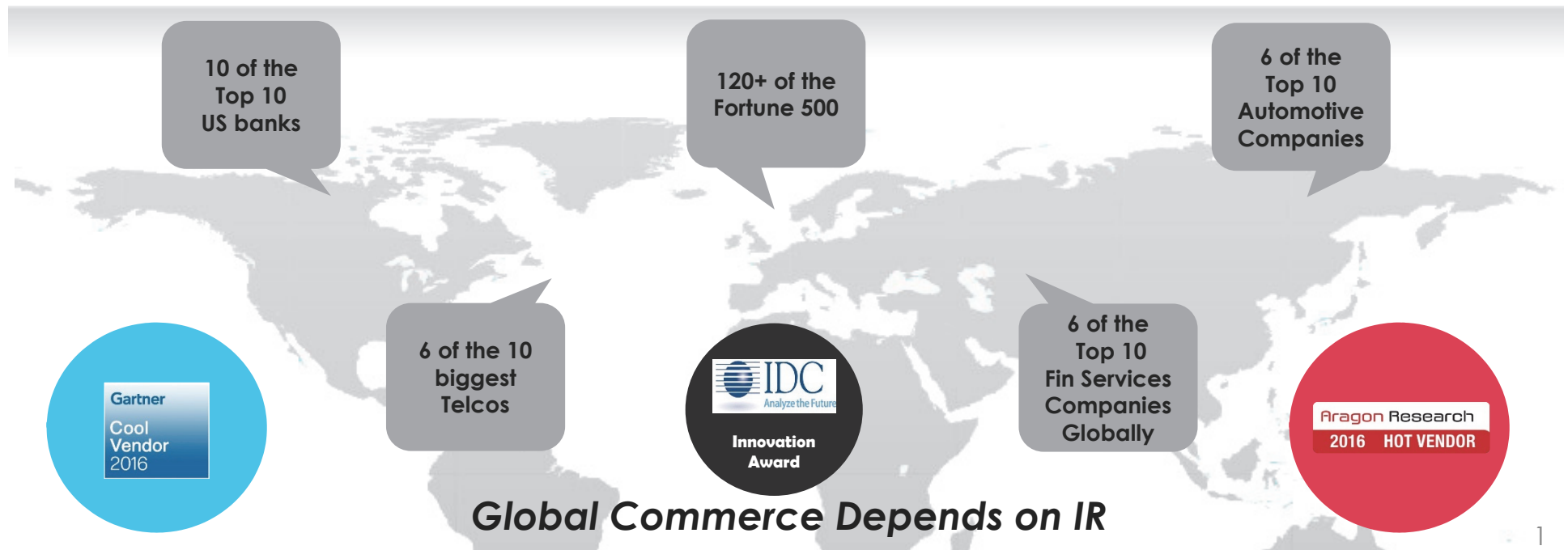


# Integrated Research Limited (IRI)

## FY2017 Half Year Financial Results

February 2017

ABN: 76 003 588 449





# Key Highlights

## Financial Results

- Total Revenue up 10% to \$43.3m
- Licence Sales up 22% to \$24.0m
- UC Licence Sales up 22% to \$13.6m
- Net Profit After Tax up 25% to \$7.7m

## Recurring Revenue Growth

- Revenue base continues to build
- Less non-recurring perpetual business
- Heartbeat Testing: continuing recurring revenue

## Results in Constant Currency

- Total Revenue up 17%
- Licence Sales up 30%

## All Regions Growing

- Europe on strong trajectory – up 44%
- APAC delivers – 42% growth
- Americas solid – up 6%

## All Product Revenue Growing

- Unified Communications up 10%
- Infrastructure rebounds, up 8%
- Payments up 22%

## Licence Sales Growth

- Unified Communications up 22%
- Infrastructure up 22%
- Payments up 31%





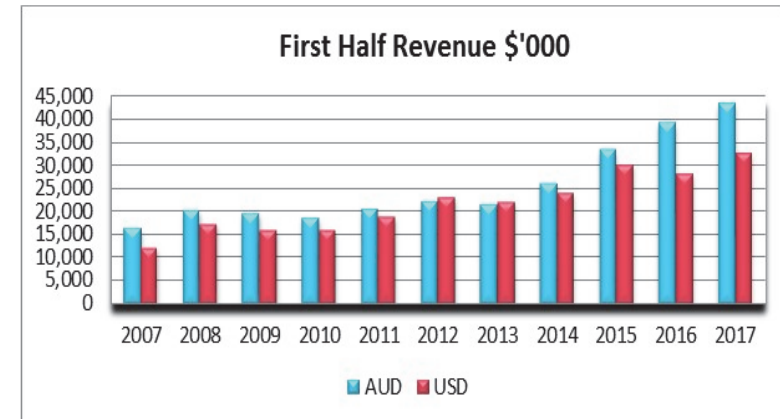
# Financial Results





# Financial Results

	December 2016 A\$000's	December 2015 A\$000's	% change
Licence sales	23,917	19,527	22%
Maintenance revenue	13,602	13,652	-
Testing solutions revenue	2,134	2,681	(20%)
Consulting revenue	3,686	3,513	5%
<b>Total revenue</b>	<b>43,339</b>	<b>39,373</b>	<b>10%</b>
R&D expenses - net	7,559	7,094	7%
Sales, consulting & marketing expenses	22,153	21,625	2%
General & Administrative expenses	3,605	2,673	35%
<b>Total expenses</b>	<b>33,317</b>	<b>31,392</b>	<b>6%</b>
Profit before tax	10,516	8,435	25%
<b>Profit after tax</b>	<b>7,730</b>	<b>6,205</b>	<b>25%</b>



- **Licence sales up 22% (30% constant currency)**
- **Continuing investment in development**
- **Higher doubtful debt expense**
- **PAT margin improves to 18%**

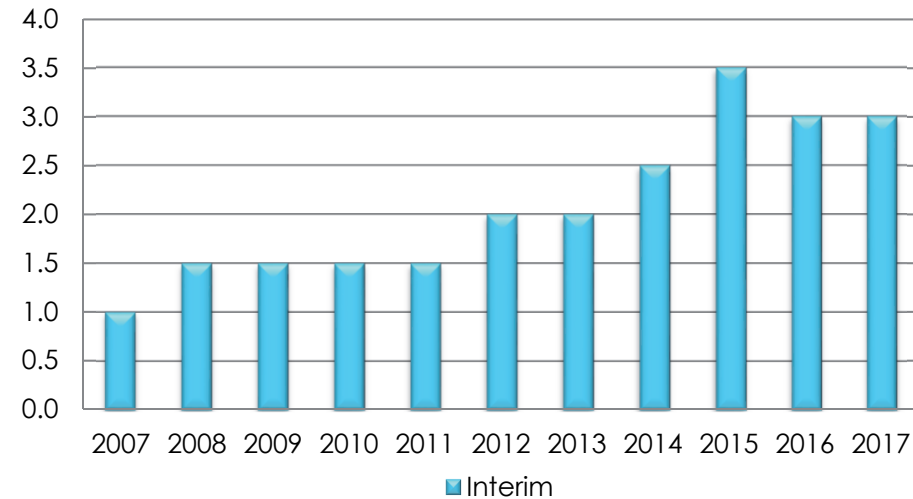




# Balance Sheet

	<b>December 2016 A\$000's</b>	<b>June 2016 A\$000's</b>
Cash at bank	9,477	8,544
Current receivables	31,131	29,017
Non-current receivables	23,311	23,373
Intangible assets	20,886	21,973
Current deferred revenue	19,168	20,363
Deferred consideration for acquisition (current & non current)	2,121	2,037
Net assets	43,145	41,046

## Dividends (cents)



## Half Year Shareholder Returns

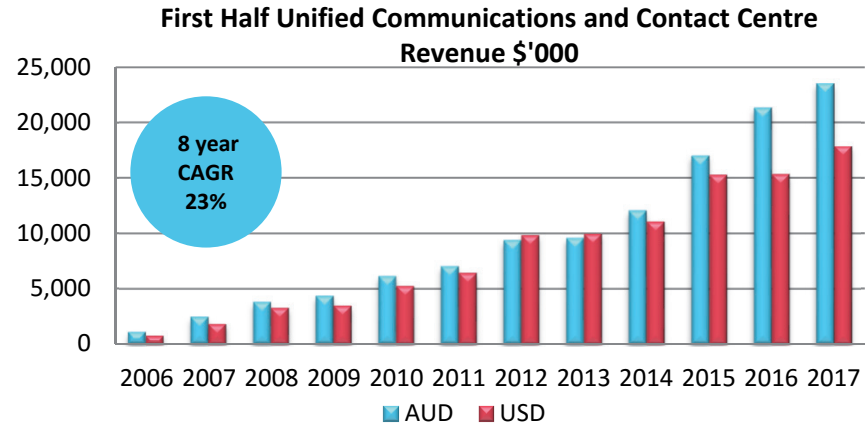
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Basic earnings per share	4.53¢	3.65¢	4.46¢
Dividends per share	3.0¢	3.0¢	3.5¢
Franking percentage	70%	55%	35%
Return on equity	18%	17%	22%





# Product Line Performance

Revenue by Product Line (\$A)	Dec 2016 A\$000's	Dec 2015 A\$000's	% change
Unified Communications	23,555	21,337	10%
Infrastructure	12,396	11,485	8%
Payments	3,702	3,038	22%
Consulting Services	3,686	3,513	5%
<b>Total Revenue</b>	<b>43,339</b>	<b>39,373</b>	<b>10%</b>



- Strong underlying sales momentum
- Infrastructure rebounds
- Strong sales pipeline





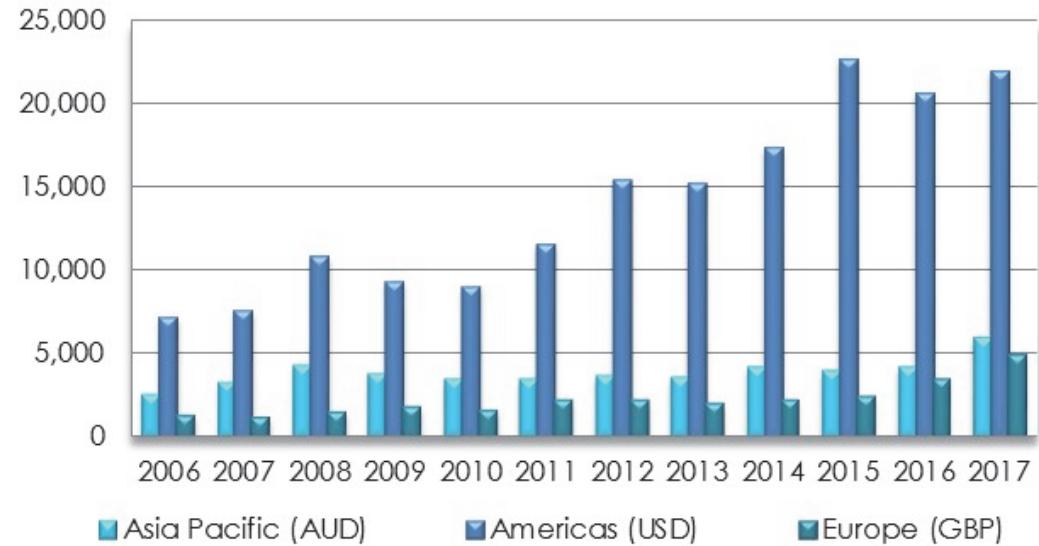
# Regional Performance

**Europe investment delivers growth**

**Americas solid result**

**APAC investment delivers growth**

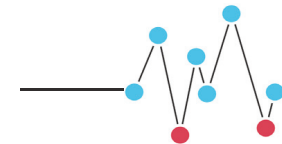
Revenue by Region



Revenue by Geographic region (In local currency)	Dec 2016 000's	Dec 2015 000's	% change
Asia Pacific (\$AUD)	5,785	4,066	42%
Americas (\$USD)	21,968	20,671	6%
Europe (£GBP)	4,845	3,365	44%



**95%+ of revenue earned offshore**





# Growth Strategy Update





## WHO WE ARE

### IR

**IR is** the leading global provider of user experience and performance management solutions for Unified Communications, Payments and IT Infrastructure.

## WHAT WE DO

### Capabilities

**Prognosis provides** best in class performance management across unified communications, contact centers and payments ecosystems - cloud, hybrid or on-premises.

### Value Proposition

- ✓ **Prognosis** end-to-end Unified Communications, Payments and Infrastructure experience management software and testing services optimize operations of mission critical systems through **insight** into real time and historical events.
- ✓ Intelligent analytics establish patterns and root causes speeding troubleshooting and problem resolution.
- ✓ Evolving **prediction** capabilities, automation and **self-healing** help Prognosis optimize operations and prevent issues occurring at all.

### Competitive Advantage

- ✓ **Prognosis is** real-time, scalable, extensible & flexible
- ✓ **Prognosis supports** multiple platforms, vendors and applications
- ✓ **IR has** 1,200+ enterprise customers globally
- ✓ **IR has** 120+ of the Fortune 500 customers
- ✓ **IR has** a world-class R&D capability

## WHY CUSTOMERS BUY

## WHY WE SUCCEED



# Market & Technology Leadership

## The Company: IR

- **Global, publicly listed**, profitable and growing
- Over **1,200 enterprise customers** worldwide
- **120+ Fortune 500** customers
- **5 of the 6 'Leaders'** in the Gartner Communications Outsourcing Magic Quadrant are IR Customers
- **Microsoft Gold Communications Partner**

## The Solution: Prognosis

- **UC & CC Market Leader 14+ million** managed endpoints
- **Only solution certified** across current Microsoft, Cisco & Avaya platforms
- **Avaya's only Sponsored & Recommended** solution
- **Only Microsoft Skype for Business Online** certified solution
- **4 of the top 5 Payment transaction acquirers** worldwide
- **3 of the top 5 Payment card schemes** worldwide
- **100s of millions of Payments transactions** monitored daily





# Growth Driver: Cisco FedRAMP

Prognosis, Cisco's solution of choice for the US Federal Government

Cisco's biggest customers & Partners choose Prognosis



Cisco will deliver a Federal Government cloud solution, with access to deployment of 7 million US Government users.

\$2.1m per month Upside

In June 2016 Cisco chose **ii prognosis** for their single largest customer, the US Federal Government. **Prognosis will be included with every user licence rolled out**

Rollout began in January 2017.  
Cisco now engaged in discussions with IR beyond FedRAMP

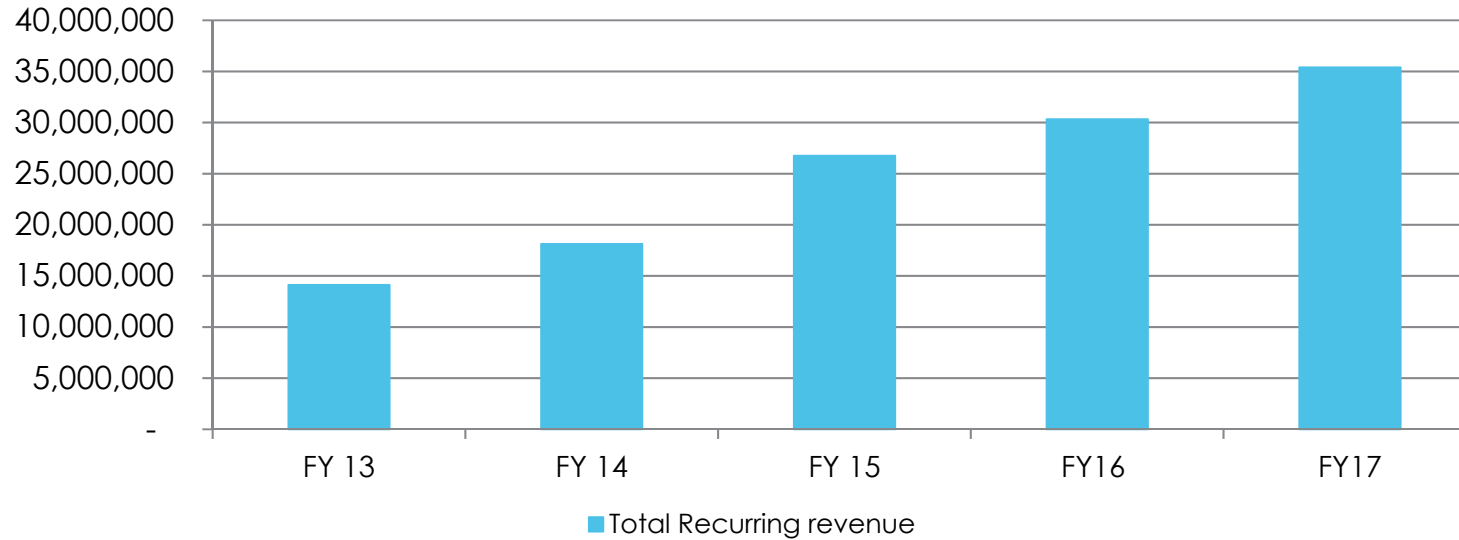




# Growth Driver: Recurring Revenue

## Compounding Recurring Revenue for Half Year

Total Half Year Recurring Revenue (A\$)



**Increase in term recurring transactions – average term of three years**

**81%**  
of revenue is now recurring  
(up from 77% in FY16)

**Recurring revenue base compounding every 3 to 5 years**



**95% maintenance renewal rate**





# Microsoft Skype for Business

- ✓ Sold to Deloitte
  - Initial 1 year subscription
  - Displaced 3 biggest competitors
- ✓ Picking up momentum
  - APAC gaining traction
- ✓ Online certification
  - First and only company certified (basic and advanced): UC Assessor
- ✓ Latest Release
  - Advanced troubleshooting and automation
  - Scalability for the largest enterprises
  - Early adopters for cloud based analytics

**Deloitte.**



**GENERAL DYNAMICS**  
Information Technology

**IPDYNAMICS**  
ip telephony and networks



**swisscom**





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Thank you.  
Questions?

