

## ASX RELEASE

28 April 2017

### BY ELECTRONIC LODGEMENT

#### Reconfirms guidance and update on BCC LGS Project

This statement is in response to queries from shareholders about the progress of the Brisbane City Council (BCC) LGS project, and its impact on TechnologyOne's guidance for the 2017 financial year.

TechnologyOne today reconfirms that previous guidance for strong growth over the full year remains unchanged, but also highlights below a lack of significant progress with the BCC LGS project.

TechnologyOne has continued to be frustrated by BCC in the performance of its obligations under the LGS contract and is concerned about the lack of progress since the Lord Mayor's announcement in January 2017. Because of this we have issued a Notice of Breach to BCC dated 13 April 2017.

Because of the seriousness of the matter, in recent weeks TechnologyOne's Executive Chairman has also written to the Lord Mayor personally about the significant lack of progress since the Lord Mayor's announcement, and offered to meet personally, in an attempt to resolve the matter. The following issues were raised:

- That "BCC has 'spun its wheels' and focused on 'crossing minor items off' rather than progressing the project". These minor items do not impact the ability of the project to move forward, and do not expose BCC to any adverse action. For unknown reasons, BCC has purposefully not allowed the project to proceed. A commercial approach would have allowed the project to continue in parallel while these minor items were addressed so the project could have remained on track to achieve the January 2018 'go live' date. If this had occurred the project would now be nearing the completion of the Verification and Configuration of Variation stages, with Key User Training about to start. None of this has been allowed to progress because of BCC bureaucratic and uncommercial approach.
- That we are concerned that BCC resources have been diverted from doing real and productive work on the LGS project to work on these minor items that do not advance the project.
- Unless there are significant changes, the Lord Mayor's stated date of July 2017 for the reformation of this project will not be achieved.

The Lord Mayor has unfortunately refused the meeting request to resolve the matters raised above.

TechnologyOne has also on two occasions put proposals to BCC. This would have allowed the teams to continue to progress the project to a successful, timely and cost effective solution, while addressing the minor items in the background, and would not have jeopardised either BCC's or TechnologyOne's commercial position. To date this remains unresolved.

BCC has stated that it wishes to reform the project but to date has taken no action to facilitate this.

TechnologyOne notes BCC has issued a Notice to Remedy. TechnologyOne considers BCC actions are spurious. Any delays are a direct result of BCC's bureaucratic approach, discussed above, which has needlessly stopped the project from progressing until minor items were addressed. TechnologyOne notes that these minor items have been delivered according to its contractual obligations but BCC is focusing on minutia to frustrate the contract.

BCC has stated that its approach is about maintaining a strong contractual negotiating position. This approach is clearly causing needless and continuing delays to the project at a significant cost to Brisbane rate payers.

TechnologyOne also notes that BCC continues to not be prepared to release the independent review of the LGS project. The Lord Mayor has justified this publicly because it would not be in the interest of the Brisbane rate payers.

TechnologyOne has significant concerns about BCC's current demonstrated ability to manage 'in house' the scope of the LGS project given it is a major digital transformation project.

TechnologyOne remains confident of its legal and commercial position as outlined in two previous ASX statements and will vigorously pursue its legal rights.

Having said this, TechnologyOne remains committed to finding a way forward, and delivering a successful outcome to BCC.

TechnologyOne reconfirms that previous guidance for continuing strong growth over the full year remains unchanged even in light of continuing challenges with the BCC LGS projects.

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#### About TechnologyOne

TechnologyOne (ASX:TNE) is Australia's largest enterprise software company and one of Australia's top 200 ASX-listed companies, with offices across six countries. We create solutions that transform business and make life simple for our customers. We do this by providing powerful, deeply integrated enterprise software that is incredibly easy to use. Over 1,000 leading corporations, government departments and statutory authorities are powered by our software.

We participate in only eight key markets: government, local government, financial services, education, health and community services, asset intensive industries, project intensive industries and corporates. For these markets, we develop, market, sell, implement, support and run our preconfigured solutions, which reduce time, cost and risk for our customers.

For 30 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on the business and not technology. Today, our software is available on the TechnologyOne Cloud and across smart mobile devices.

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