

ocommon  
 (ASX:8CO)

# Investor Update

October 2019

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# Highlights

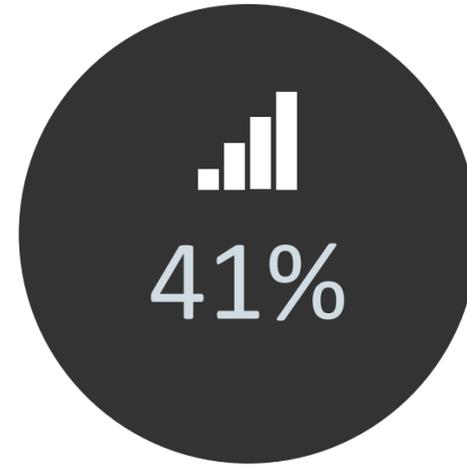
Strong corporate footprint and leading position in Government with strong order book

Compelling opportunities to leverage existing relationship to upsell products and lift ARPU

Strong multi-year revenue growth

Three consecutive quarters of positive cashflow

Revenue and cash receipt growth providing clear path towards positive EBITDA and profitability



PCP revenue lift



Increase in cash receipts



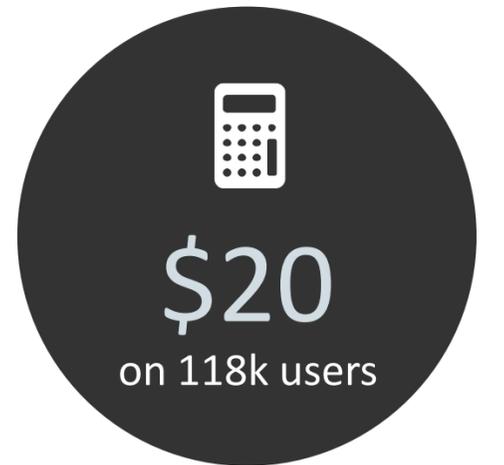
PCP SaaS revenue increase



Continuous quarters of positive cash flow



Q1 FY20 unaudited EBITDA\*



ARPU with further potential upside

# Our platform

8Common solutions deliver enterprise grade financial transaction processing.

## Two complementary B2B software platforms

Its flagship Expense8 platform is a leading provider of end to end travel expense management software, card application and management.



Leading end to end travel expense management software, card application and management.



Closed loop procurement payment platform

Innovative software solutions improve organisation, productivity and results.

118,000 users

Over three million transactions processed by 8CO in FY19

\$2.9b transaction value processed since 2003

8common's specialises in large enterprise and government segments. Its growing client base of more than 118,000 platform users includes large enterprise customers and over 120 state and federal government entities.



# Our business model

Our software manages employees financial transactions for our customers

Travel and Expense Management (TEM) is our core product offering

8CO are exploring new solutions for our customers

Our software and technology integrates and reconciles to customers' payroll and ERP software



*We help clients manage transactions...*

- Approval
- Card Expenses
- Procurement Payments
- Cash Payments
- Taxi Fleet Car Petrol
- Cash Allowance Advance



*via our platforms...*

- Expense Management
- Corporate Travel
- Card Application & Maintenance
- PayHERO Payment Gateway

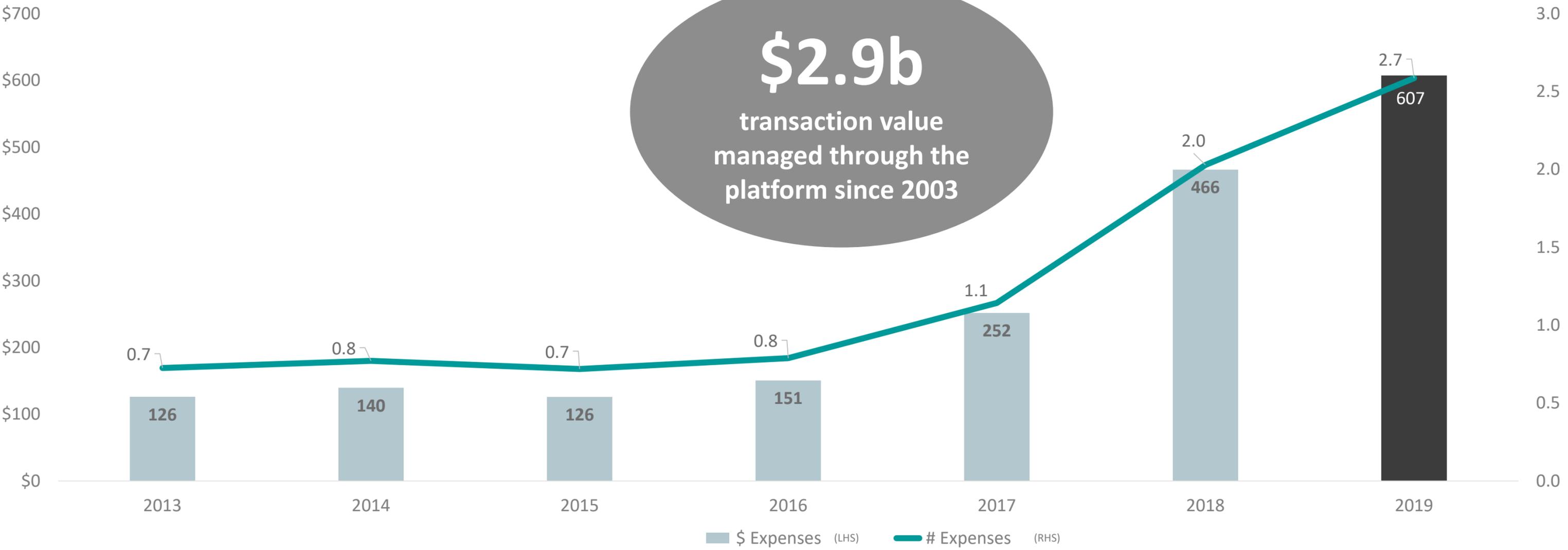
*to reconcile with payroll & financial ERP*



# Growth in user base

- 4x growth between 2016 to 2019 in value of expenses managed
- \$2.9 billion in expenses managed since 2003, \$607 million in the last 12 months

Platform transactions (m)



# Market opportunities

Payment and expense industry dynamics are changing driving opportunities

Key macro changes in the industry are focussed upon:

- Straight through processing
- Procure to pay
- Increasing regulation and audit oversight of government spend

8CO software is set to benefit from continued change in Government and corporate expense policies



Full automation of expense process



Instantaneous payment



Prepaid cards and automation is 70% cheaper than procurement process



Real time audit and expense tracking



Growing card limits  
NSW PCard limit  
\$5k in 2018  
\$10k in 2019



Increased data security and monitoring



# Financial Update

# Revenue model

8CO generate revenues through:

## 1. Implementation revenues

- Initial implementation cost of adding our software

## 2. Monthly recurring revenue

- Income generated through utilisation of our SaaS technology by our 118,000 users

## 3. Ad hoc change requests

- Charges for specific alterations, additions, detail changes on transaction reports

**\$50k to \$500k**

One-off implementation revenue

+

**Monthly Recurring Revenue**

\$0.25 – \$12.00  
per transaction

\$500 – \$2,500  
subscription

+

**\$5k to \$50k\***

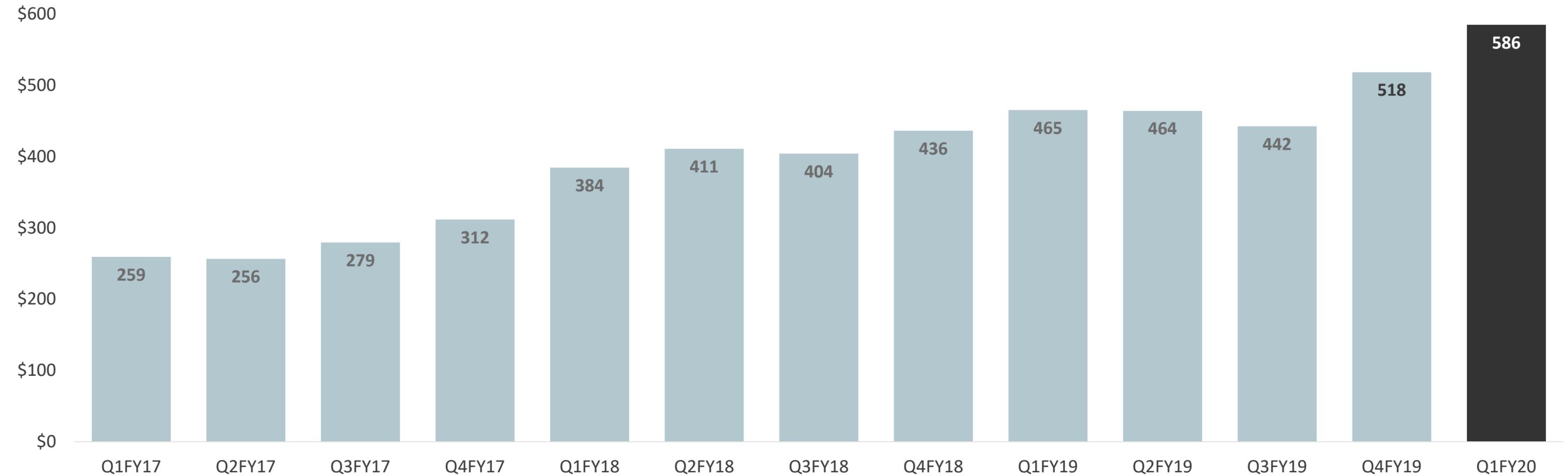
Ad hoc change request revenue

\*based on annual spend expected per agency

# Recurring revenue

- Q1 FY20 recurring revenue generated from our SaaS technology has grown 26% versus Q1 FY19
- Annualised 12-month recurring revenue equates to ~\$2.3 million

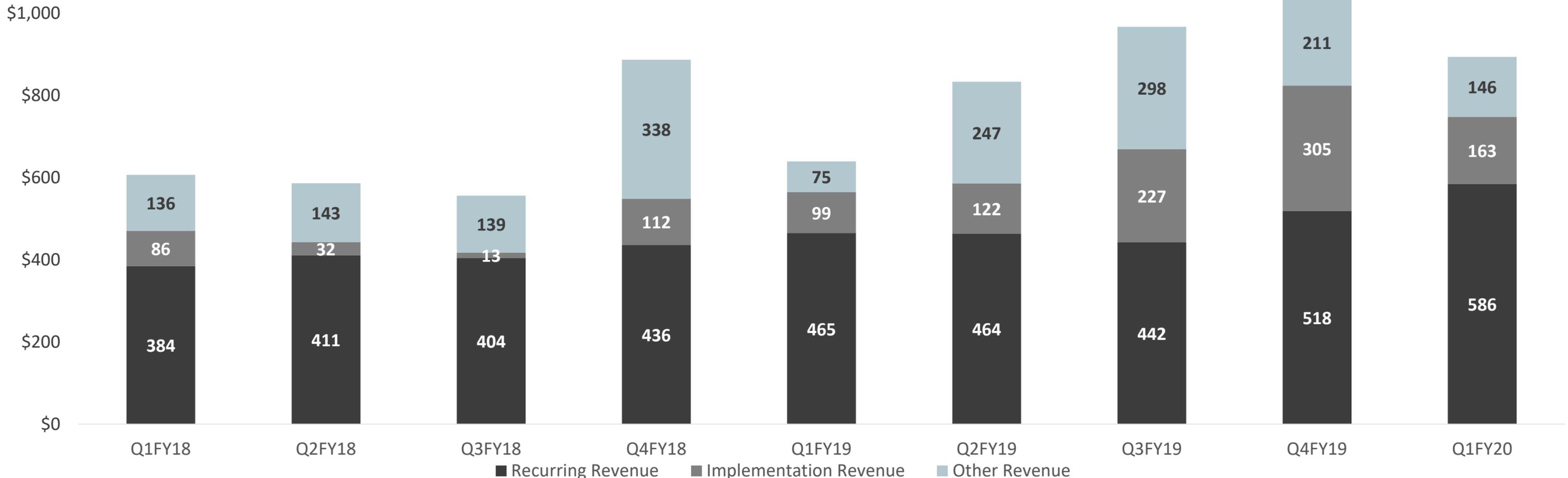
Quarterly Recurring SaaS Revenue (\$000)



# Total revenue growth

- Total revenue growth of 40% vs Q1 FY19
- Implementation revenue up 65% vs Q1 FY19
- First quarter is traditionally a seasonally weak period for implementation revenue as most work is completed before the end of the financial year

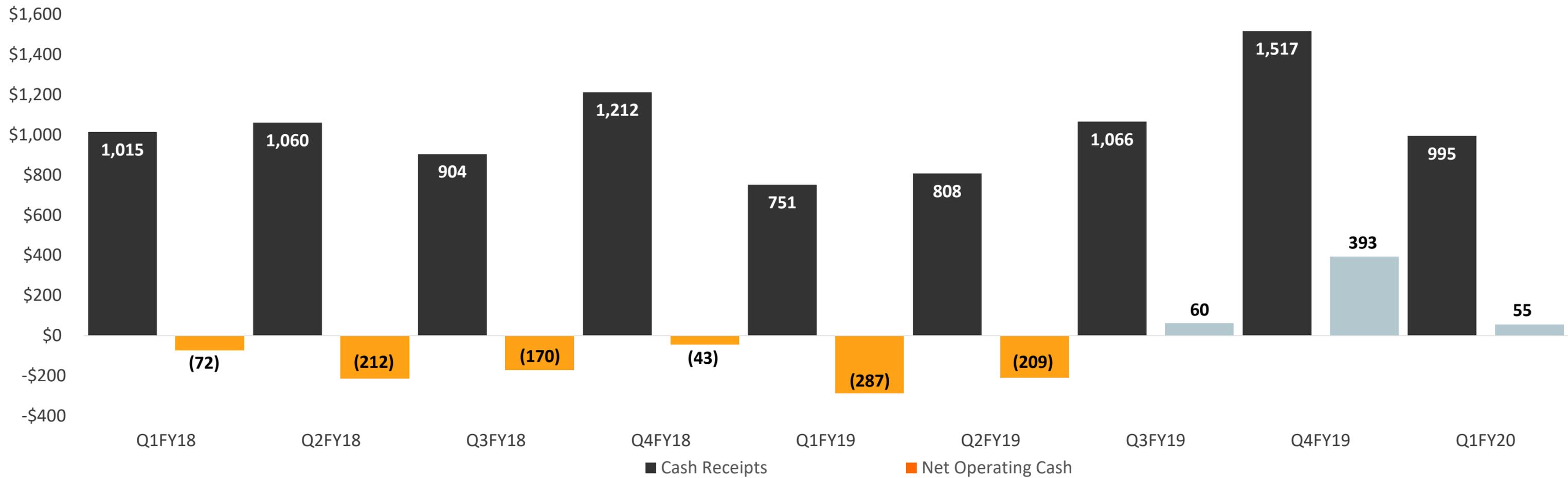
Quarterly Total Revenue (\$000)



# Cash receipts

- Three consecutive quarters of positive cashflow
- Cashflow positively impacted by R&D income
- Fourth quarter is a seasonally high cash receipt quarter due to annual payments in advance by specific legacy clients

Quarterly cash receipts (\$000)





Growth

# Growth

## Three phase growth

1. Organic growth and partnership distribution on our existing platform:
  - New implementations from Federal Government shared services
2. Leveraging product offering across customer base:
  - Corporate travel implementation across NSW and Federal Government
  - Expand credit card application module
3. Longer term new product growth:
  - Prepaid cards for travel allowances, per diems and grants



Focus on shared service wins in Federal Government provides potential for over **50 new contracts/agencies** to onboard in next three years

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Federal Government ARPU is \$46

NSW Government ARPU is \$13 given low travel module take up

Cross sell of 8CO products with existing business will drive revenue uplift

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New product growth to be driven by structural changes in expense management (data security, automation, governance, cost, etc)

Significant opportunities in prepaid card market

# 1. Organic growth and partnership distribution

Federal Shared Services Contract delivers considerable growth opportunities

Implementation of Government entities under shared services will drive organic growth

Given shared services pipeline, focus of future growth shifts to other sectors such as Universities and large corporate entities

## Federal Shared Services



Department of Industry, Innovation and Science    Department of Finance

**+50**  
new Federal entities to onboard

**\$50,000**  
minimum implementation cost per entity

Access to more than  
**40,000**  
new employees

**\$46**  
average Revenue per User in Federal Government

### Growth targets



Universities



Schools



Corporate

# 2. Product leverage

**Leverage** existing relationships to introduce other 8CO products

## Travel - Federal Government

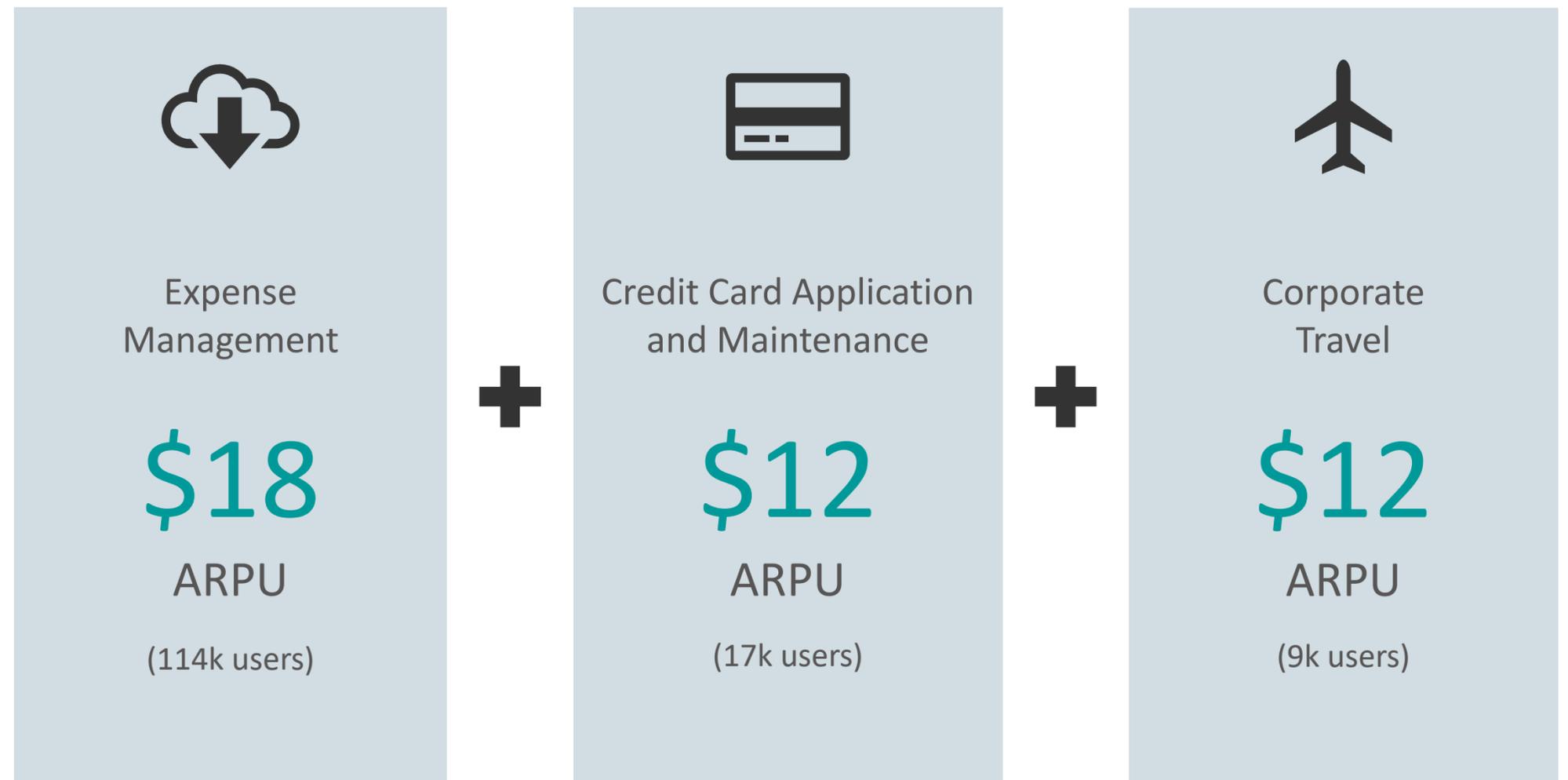
- Only eight Agencies currently use corporate travel (8k people)
- Under shared services potential to add a further +50 agencies and +40k people into travel module

## Travel - NSW State Government

- One entity at present with potential to deliver a further six entities and +60k people

## Card application – State and Federal

- 17k users with potential to deliver significant growth
- +50,000 potential in NSW
- +14,000 in Federal Government



# 3. New product

Increasing need for governance and transparency over payments, allowances and grants provides an opportunity to introduce prepaid digital and physical cards.

Leveraging the Expense8 card application and maintenance module allows 8CO to provide solutions that increase efficiency of payments and reduce administrative overhead, fraud and misuse.

Payhero provides a secure, tokenised payment gateway that delivers invisible payments for corporate marketplaces, integrated to Expense8 for straight through processing to ERPs.



## CardHERO

Closed loop fund disbursement platform

**Delivering:**

- Card Application
- Transaction Reconciliation
- Fraud and Compliance Monitoring

Australian based implementation and support



## PayHERO

Closed loop procurement payment platform

**Delivering:**

- Tokenised Profiles
- Procurement marketplace integration
- Financial ERP Processing

Australian based implementation and support



# Outlook

# CardHERO

## Closed loop fund disbursement platform

### Target Use Cases:

- Disbursement of Grants
- Payment of Allowances

### Delivering:

- Card Application and Maintenance (Physical or Digital)
- Transaction Reconciliation
- Fraud and Compliance Monitoring
- Australian based implementation and support

### Prepaid Cards will:

- Replace existing debit of funds into accounts
- Provide transparency and reporting
- Reduce the processing cost of funds disbursement

### Revenue Model:

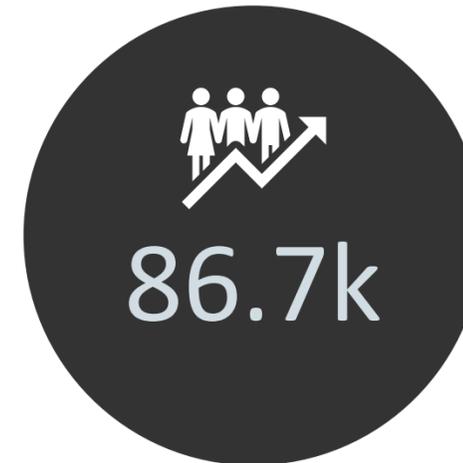
- Implementation Fee
- Monthly Platform Fee
- Monthly Subscription Fee per card
- % of load fee charged monthly

## Example: National Disability Insurance Scheme

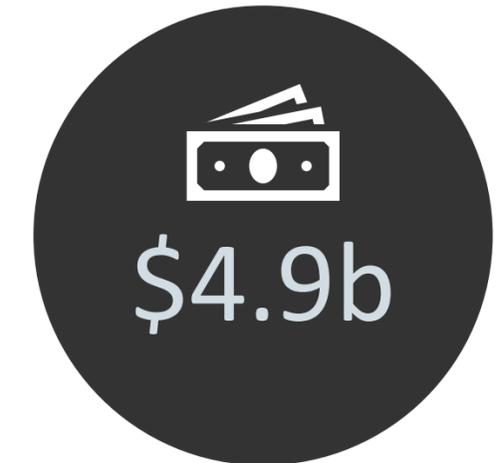
Largest provider of not for profit funds in Australia and a perfect potential client for 8CO given our technology and strong Government relationship



People have received individual plans



New users registered in 2019



Funds paid under the scheme in FY18

## Existing Method

- Bank accounts created
- Multiple debit cards issued
- Limited transaction visibility
- Limited reporting capability
- Manual reconciliation of spend

vs

## CardHERO Solution

- Prepaid Card issued
- Full transaction visibility
- Full reporting and analysis
- Compliance and fraud monitoring
- Automated reconciliation of spend

# PayHERO

## Closed loop payments platform

### Target Use Cases:

- Large enterprise procurement marketplaces
- Grant disbursement programs

### Delivering:

- Tokenised Credit Card and User Management
- Supplier on-boarding & management
- Transaction Reconciliation to ERP
- Fraud and Compliance Monitoring
- Australian based implementation and support

### PayHERO's Payment Gateway will:

- Replace existing supplier payment gateway provider
- Facilitate straight through financial ERP processing

### Revenue Model:

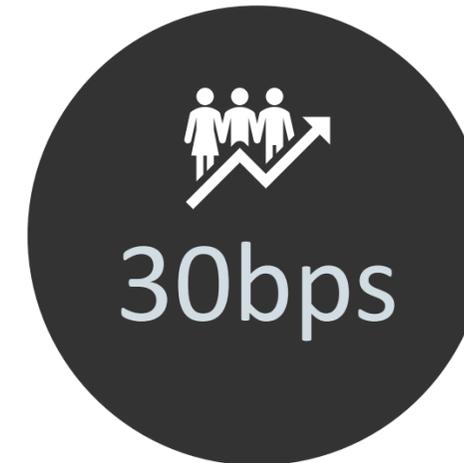
- Implementation Fee
- Monthly platform fee
- Monthly subscription fee per card
- % of transaction value & per transaction fee

## Example: Government Procurement

Federal, NSW & NT Government Annual Procurement Budget and RBA  
Benchmark Transaction Fee



Procurement budget  
from State and Federal  
Governments



Average gross dollar  
volume fee



PayHERO potential  
addressable market

## Existing Method

- Disparate systems
- Multiple approvals
- Rekeying of information
- Limited data available
- Manual reconciliation of spend

VS

## PayHERO Solution

- Full Integration into Expense8
- Straight through processing
- Compliance and fraud monitoring
- Rich data integration
- Automated reconciliation and approval of spend

Source:

<https://www.afr.com/technology/nsw-government-looks-to-microsoft-artificial-intelligence-to-cut-10m-costs-20180607-h112nu>

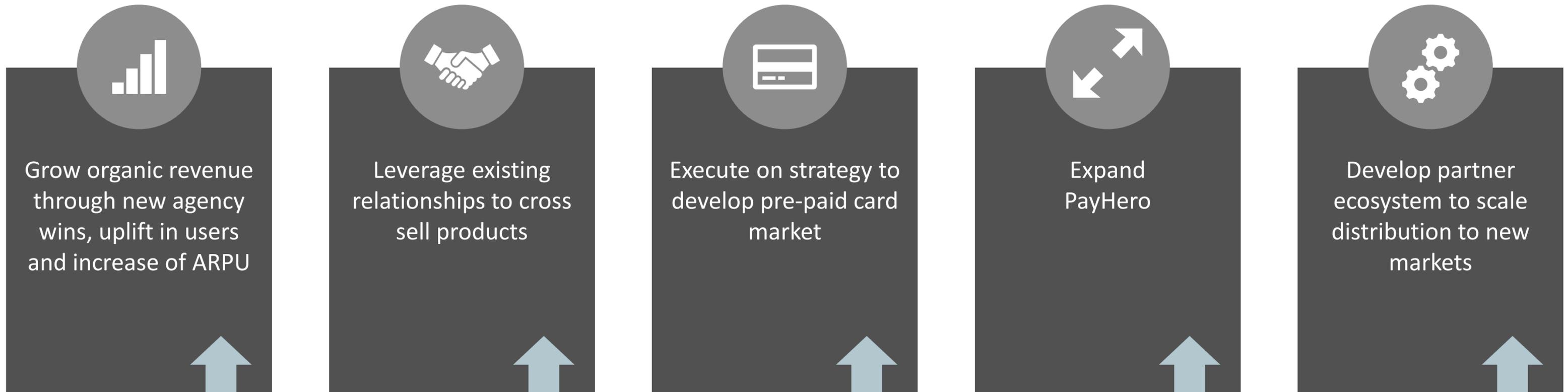
<https://www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/>

<https://nt.gov.au/industry/government/sell-my-goods-and-services-to-government/buy-local-plan>

# The outlook

8CO's industry leading position amongst our foundation partners provides a platform for growth

The focus of our business will be to:





# Appendix

# Board & Management



Nic Lim

Founder & Executive  
Chairman

Founder, investor and Board member of various technology companies over the last 20 years.

Co-Founded of the Catcha Group in 1999. Since 2007, Catcha has since spun out various Public Listed companies including iProperty (ASX:IPP), iCarAsia (ASX:ICQ), iBUY (ASX:IBY) and Catcha Media (BURSA:CHM).



John Du Bois

Independent,  
Non-Executive Director

Mr John Du Bois has had a very accomplished career. This includes 9 years at SAP culminating in the role of EVP and Managing Director South West Asia which was extended to Australia and New Zealand (Asia-Pacific and Japan) and more than 6 years at Senetas Limited (SEN:ASX) as Chairman and CEO, a leading Security Software company with a strong Federal Government client footprint



Adrian Bunter

Independent,  
Non-Executive Director

Adrian is an executive director of Venture Advisory, a specialist telecommunications, media and technology (TMT) financial advisory firm operating out of Australia and Asia. He has 25 years' experience in accounting, audit, and finance, as well as a broad range of corporate advisory roles ranging from debt/equity raisings, mergers and acquisitions, divestments of business and strategy development and execution, including over 16 years with PricewaterhouseCoopers



Larry Gan

Non-independent,  
Non-Executive Director

Larry has built a reputation based on extraordinary work ethic, strategic thinking and visionary ability. During his 26 years with Accenture, he held many global leadership roles. Since 2013, Larry been the Group Chief Executive Officer and Managing Director of Formis Resources Berhad. He is a Fellow of Association of Certified Chartered Accountants and Certified Management Consultant.



Andrew Bond

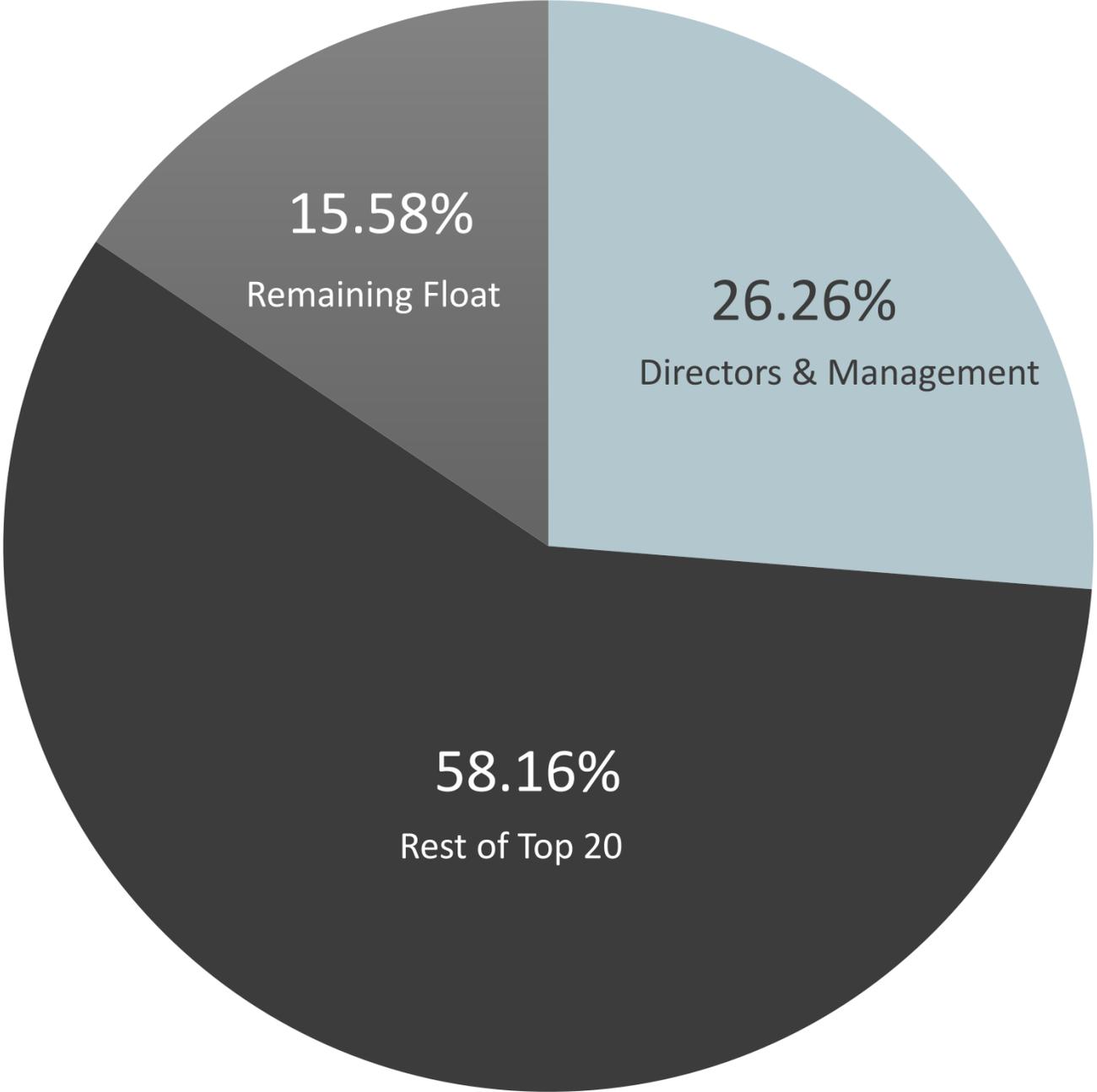
Chief Executive  
Officer

Andrew joined 8common in August 2015 and is a highly regarded and well respected leader. Prior to 8common, Andrew has held several roles in Woolworths Limited, Satori Group and AMP Limited. Andrew brings over 10 years' experience in the technology sector leading sales and marketing and technology teams.

# Corporate snapshot

## Capital Structure

Share price (14-Oct-19)	A\$0.095
Shares on issue	156,385,222
<b>Undiluted Market Capitalisation</b>	<b>A\$14.8m</b>
Cash (30-Sept-19)	A\$1.2m
Shares in Cloudaron Bhd Bloomberg (CLOUD:MK)	A\$3.5m
Listed Options at \$0.035 (expiry 20 Feb 2020)	27,627,177



## **Investor Relations**

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Nic Lim

Executive Chairman

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