

Prophecy International Holdings Ltd | ASX: PRO



# Prophecy

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**Investor Presentation**  
2020 AGM

# Prophecy International (ASX: PRO)



We are a leading Australian designer and developer of innovative business software, with global operations and expertise in cybersecurity and big data analytics.



We have developed a 40-year track record helping customers to secure the enterprise, repel cyber threats and deliver valuable business insights. We help companies make better decisions faster to protect and improve their operations.

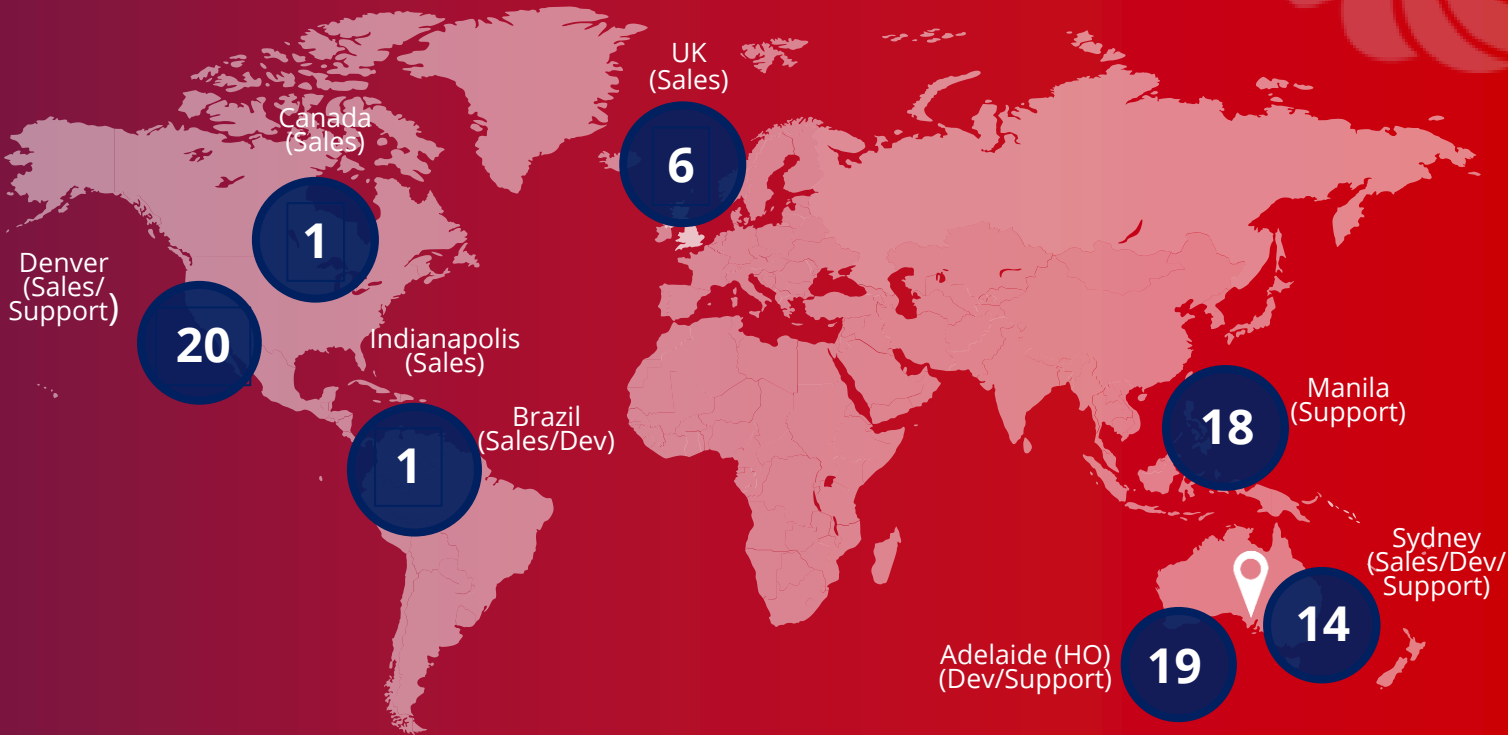


We are trusted by a broad spread of blue-chip clients across the banking, healthcare, government, defence, utilities, transport, manufacturing, retail and energy sectors.



Our software products, eMite and Snare, are deployed at more than 4,000 sites globally, with a customer base including some of the world's most powerful brands.

>4,000 clients | 5 offices | 79 employees



# Directors and key management



**Ed Reynolds**  
Non-Executive  
Chairman

Ed joined Prophecy as GM in 1987 and was appointed Chairman in 2006. Passion for technology and growing businesses with wide-ranging experience within the IT industry.

Ed is the largest individual shareholder at 12.1%.



**Matt Michalewicz**  
Non-Executive  
Director

Expert in entrepreneurship, innovation and success psychology. Matt co-founded and grew SolveIT Software from zero to almost 180 employees and \$20 million in revenue before selling to Schneider Electric in 2012. Limited Partner at early-stage VC firm Blackbird Ventures.



**Grant Miles**  
Non-Executive Director  
& Company Secretary

MD of Moore Stephens SA, a Chartered Accountant with 25+ years experience in the finance and business advisory sectors. Joined in 2013 as Company Secretary and appointed Non-Executive Director in 2015.



**Leanne Challans**  
Non-Executive  
Director

Appointed Director in 2006 and has held several executive roles within the group over the past 25 years in general management, software development, partner support and marketing.



**Brad Thomas OAM**  
Chief Executive  
Officer

20+ years growing high tech businesses. 3-time Paralympian, experienced in strategy, sales, service delivery, business optimisation and marketing leadership. Ex-Microsoft, Novell, Lenovo, Telstra and Canon.

# FY20 Key Achievements

## Continued revenue growth



- Revenue +13.5% to \$13.7m
- Profitable: EBITDA \$295K
- eMite ARR now \$4.3M

## New client acquisition



- 192 active eMite customers
- 4,000 active Snare customers
- Snare Growth 16%

## New product launches



- eMite for Amazon Connect & Avaya Launched
- Snare Central V8 Launched

## Increased sales resources



- New eMite sales in UK
- New Snare sales in USA
- 24x7 support

## Cash & Debt



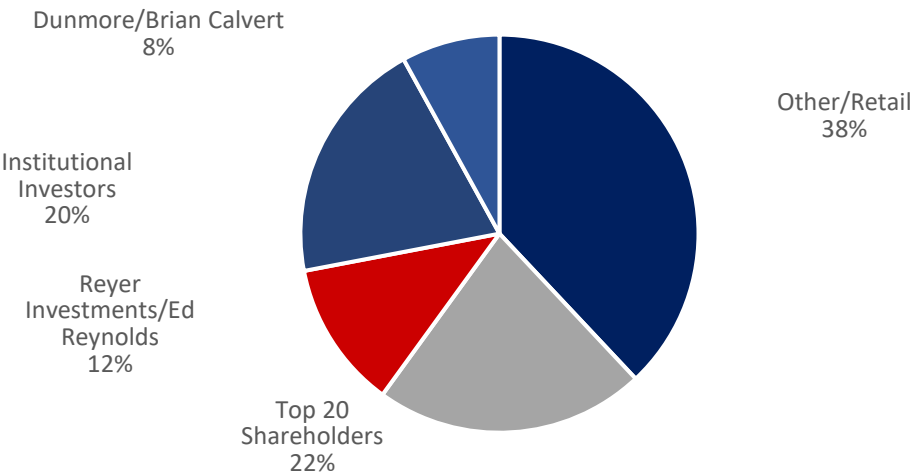
- \$4.3M Cash at Bank
- \$1.15M Cash Flow
- + no debt

# Corporate Snapshot

## Key Statistics

ASX Stock Code	PRO
FY20 Revenue	\$13.6M
Cash Balance (30 Jun 20)	\$4.4M
Debt	Nil
Share Price (11 Nov 20)	\$0.50
Shares on Issue	64.1M
Fully Diluted Market Cap	A\$32M

## Shareholder Analysis (as at 11 Nov 20)



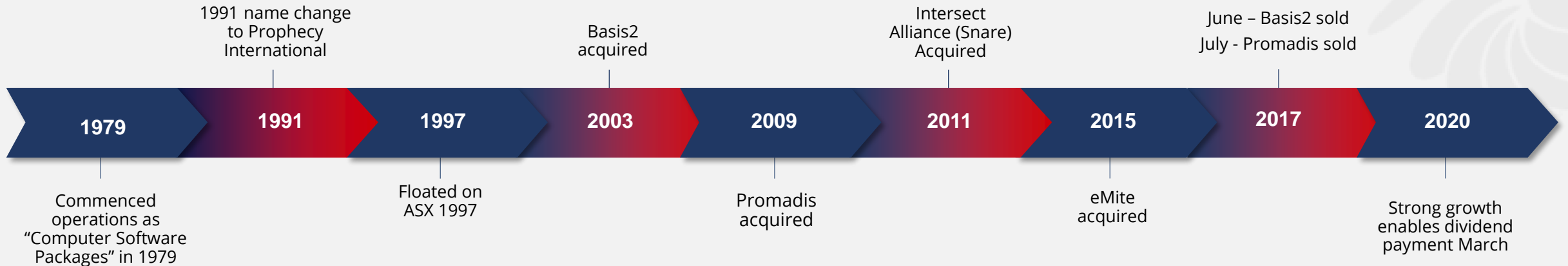
## Key Management Personnel

Brad Thomas	Chief Executive Officer
Stuart Geros	VP Sales APAC
Steve Challans	Chief Information Security Officer
Stephen Irecki	VP of Customer Operations
Peter Barzen	VP Global Alliances
John Pappas	VP Sales Americas
Jamie Lind	VP Sales EMEA

## 12-Month Share Price History and Volume



# Blue-Chip Repeat Customers, Attracted and Retained Over 40 Years





# Focused Product Suite Serving Large Markets



*Advanced Data Analytics, Visualisations,  
Correlation, KPI Management and Threshold Alerting*

Cloud-Based  
Contact Centre  
Market  
**USD\$10.3B**  
CAGR 22% <sup>1</sup>

- Our niche within the Cloud Contact Centre market, Contact Centre Analytics, is projected to be worth \$2.9B by 2027 growing at a CAGR of 16.1% <sup>3</sup>



*Cyber Threat Detection, Security Information and  
Event Management (SIEM) and Log Management*

Cyber Security  
**USD\$170B**  
CAGR 12.6% <sup>2</sup>

- Security Analytics Market will reach USD\$18.1B by 2024 growing at an 18.2% CAGR <sup>4</sup>
- Log Management Market is growing to USD\$3.3B by 2025 at a CAGR of 11.2% <sup>5</sup>

1: researchandmarkets.com <https://www.researchandmarkets.com/reports/4804258/cloud-based-contact-center-global-market>

2: Cybersecurity ventures <https://cybersecurityventures.com/cybersecurity-market-report/>

3: Verified market research <https://www.verifiedmarketresearch.com/product/global-contact-center-analytics-market-size-and-forecast-to-2025>

4: marketsandmarkets <https://www.marketsandmarkets.com/Market-Reports/security-analytics-market-1026.html#:~:text=The%20security%20analytics%20market%20size,18.2%25%20during%20the%20forecast%20period.>

5: KBV Research <https://www.kbvresearch.com/log-management-market/>

# eMite: Actionable Insights in Real Time



eMite is our Contact Centre Analytics solution that combines advanced analytics, data correlation, KPI management and threshold alerting into a single, out-of-the-box browser-based solution.



Provides actionable insights that bring both real-time and historical data to life.



eMite onboards data from many processes and systems then visualises it in an easily configurable interface.



Our SaaS cloud-based / on-premise solution now has more than 190 active customers, generating **\$4.3 million in annualised recurring revenue (ARR)** along with upfront setup fee revenue.



*"Before eMite, in operations, they were doing all the occupancy codes manually. We replicated the dashboard and now they've taken it up another level with trending and charts, spreadsheets and formulas. It's been a lifesaver for data polls and supporting our reports."*

**– Director, Workforce Management, American Pharmaceutical Company**



# eMite Progress and Growth Opportunities

We have continuously improved eMite's functionality as large enterprise and government have embraced cloud services. This positions us well to increase sales in FY21 through several growth drivers:

## Customer Acquisition

- Grow Genesys and Amazon new customer acquisition
- Leverage partnerships with major vendors
- Establish and expand relationships with key deployment/reseller partners

## Organic

- Retain and fully deploy all existing customer to maximise ARR

## New Partnerships

- Establish vendor partnerships with other enterprise vendors – eg Twilio, Avaya, Cisco
- Launch existing Avaya as a stand alone offer in FY21

## Cloud Migrations

- Migrations and multi-platform customers
- Running analytics, reporting and alerting across multiple systems or migrate from legacy to cloud
- Genesys to Genesys Cloud, Legacy On Premise to Amazon Connect or Genesys Cloud, running multiple cloud platforms

## Upsell

- Upsell existing customers to multiple data sources
- Salesforce, Service Desk, Survey, Sentiment analysis etc

*New sales contracts  
+19% YoY to \$2.8M*

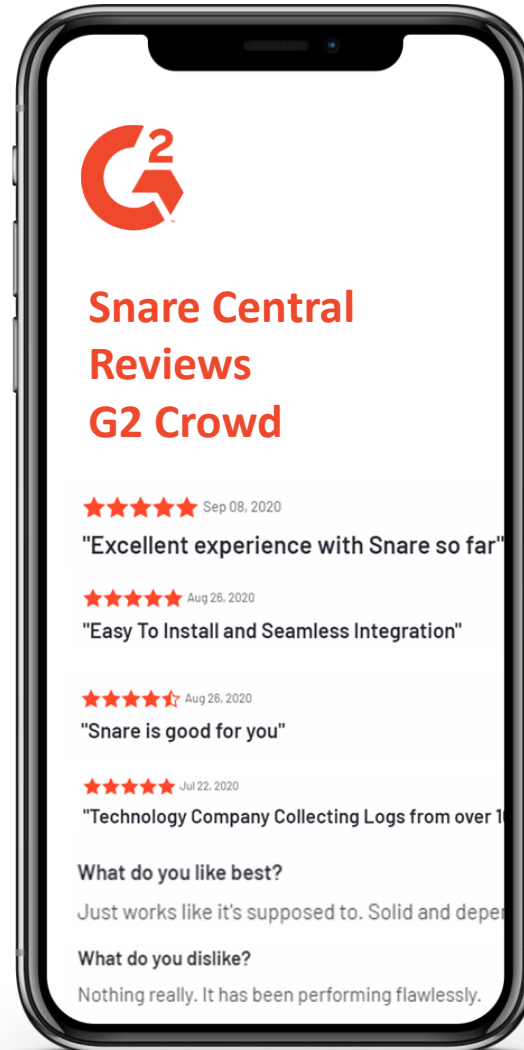
*Sales into 11 countries, split Americas 55%,  
APAC 25% and EMEA 20%*

*TCV +8% to \$4.2M*



# Snare: Flexible Cybersecurity and Compliance

- Snare is our cybersecurity software product line, through which we provide threat detection, security information and event management (SIEM) and centralised log management. These are critical security controls recommended or mandated by various bodies including the Australian Government.
- The rising financial and reputational consequences of data breaches, malware and ransomware was already driving rapid growth in the market for cybersecurity solutions prior to COVID-19. The rise of working from home has accelerated these trends.
- Modular products that work well with others; perpetual license model with revenue increasingly generated through partners including Verizon, NTT, Secureworks and ATOS.



Over 4,000 enterprise customers  
worldwide trust Snare to:



#### Protect Systems

Protect your systems from attacks, whether these be of a malicious, fraudulent or vandalistic nature



#### Meet Requirements

Meet your organisation's own audit requirements for data protection



#### Achieve Compliance

Comply with demands from stakeholders, investors, gov't entities, customers or suppliers



#### Adhere to Standards

Adhere to all security standards

# Snare Progress and Growth Opportunities

## Defense & Military

- Existing footprint with US Military and Defense Prime Contractors
- Significant new opportunities in US and globally
- Opportunity to grow annual revenue in this segment from US\$1M to US\$5M over the next 2 years
- Investment in new sales resources to address this opportunity

## Managed Service Providers/MSSP

- Existing footprint with global MSSPs (NTT, Secureworks, Verizon, ATOS, Fujitsu, etc)
- Expand existing relationships
- Establish new MSSP partnerships (both global and regional)
- Penetrate the top 100 MSSPs (we have 6 of the top 20 today as partners)

## Upsell

- Only 450 of the ~4,000 Snare customers have taken up Snare Central, our new product released in April 2020 with enhance usability and functionality
- 3,000 addressable customers of Snare Central @AU\$10K per server = AU\$30M revenue opportunity

## Opensource

- Convert the large legacy base of Snare opensource customers to Enterprise

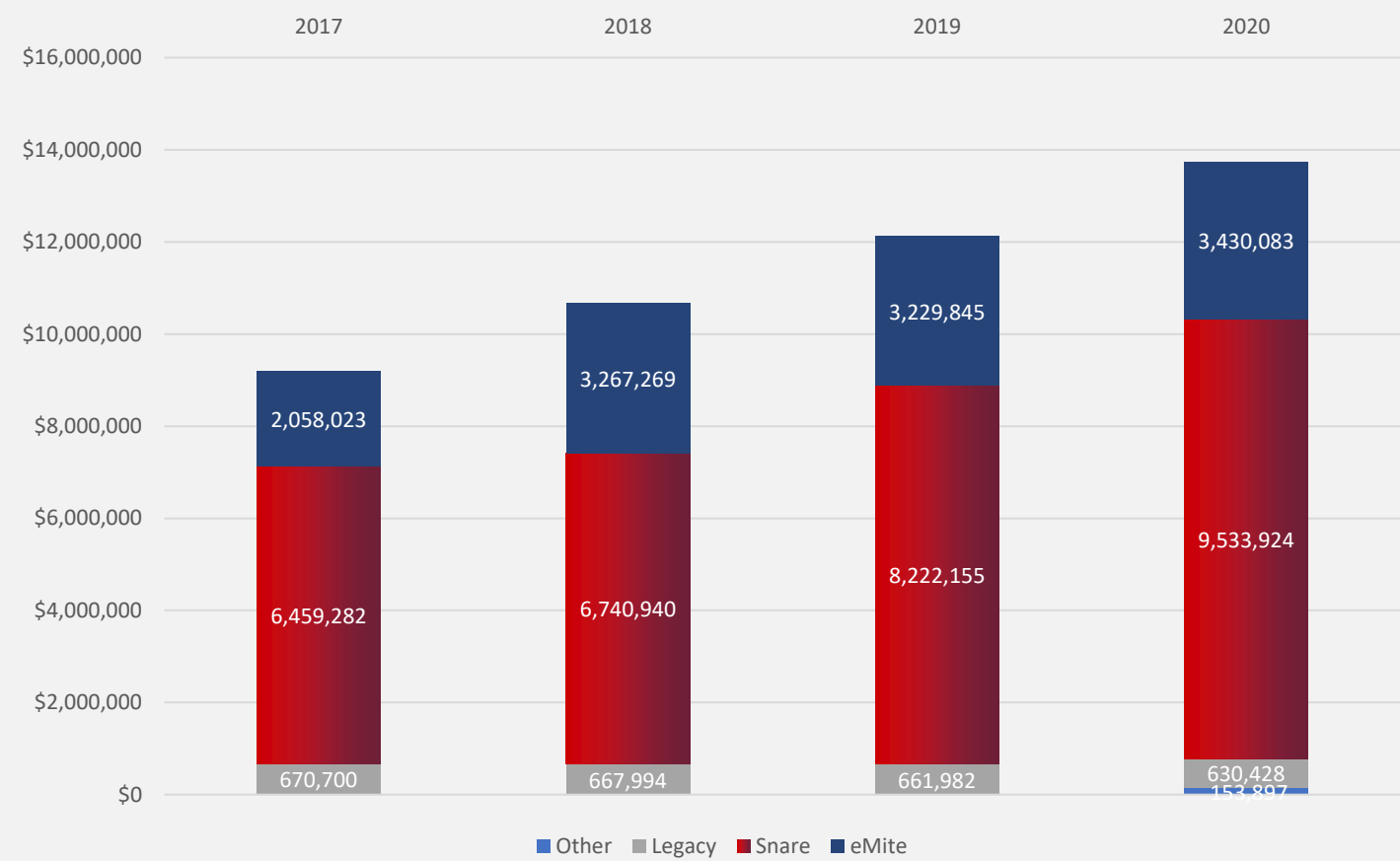
*New sales contracts  
+13% YoY to \$6.8M*

*Sales into 24 countries, with key USA wins including QBE Group, Raytheon, Metlife, Gemalto and Chicago Mercantile*

*Average deal size  
+26% to \$10.9k*



# Consistent and Sustainable Revenue Growth



Total revenue up 13.5% YoY

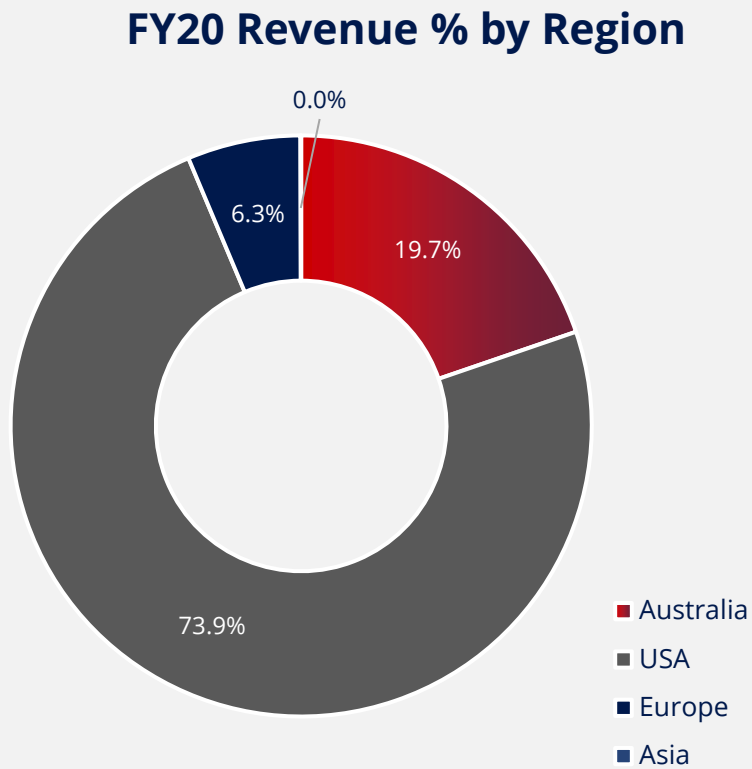
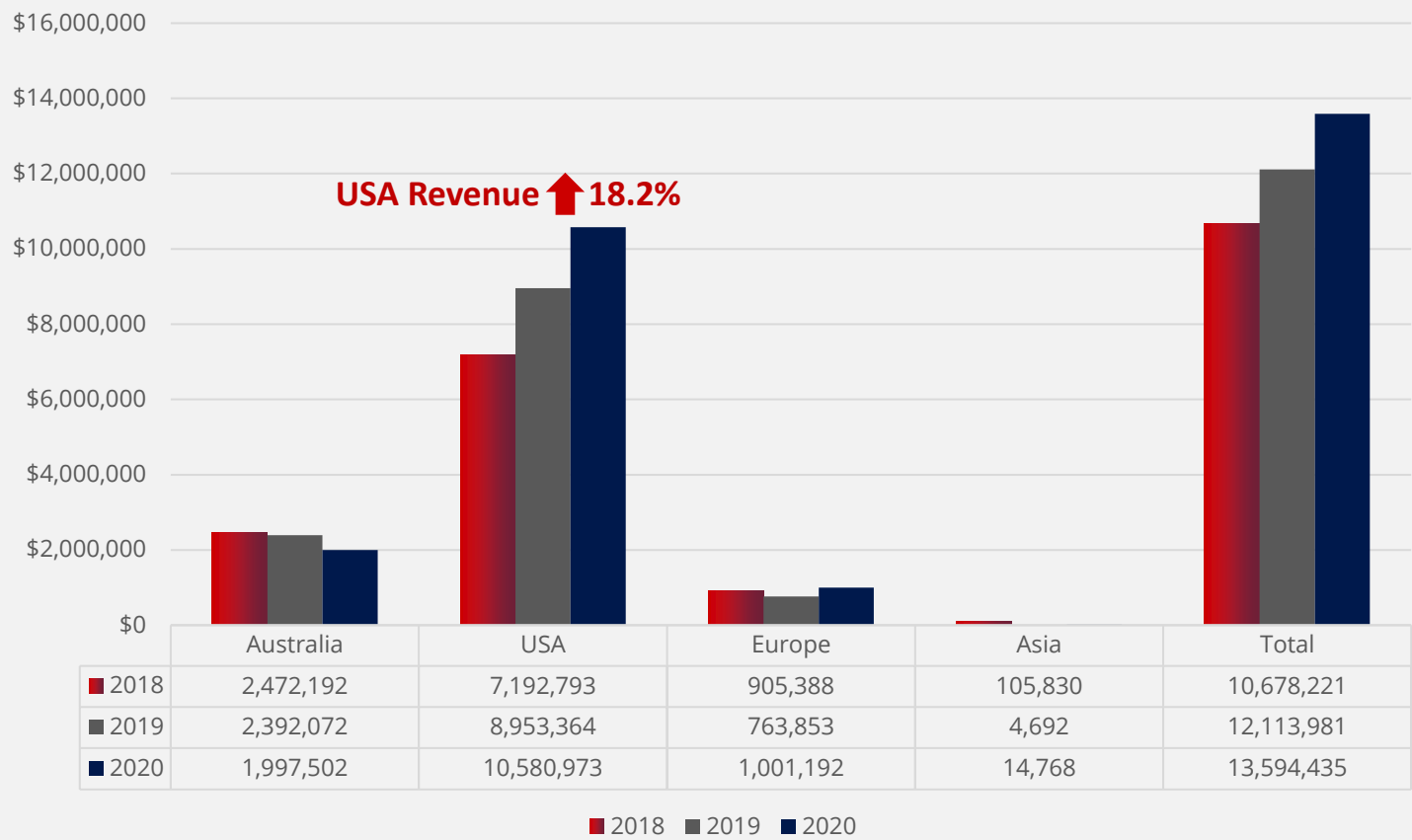
eMite revenue flat YoY amid transition to subscription-based model, promoting ARR growth

Snare revenue up 16%

Legacy revenue flat

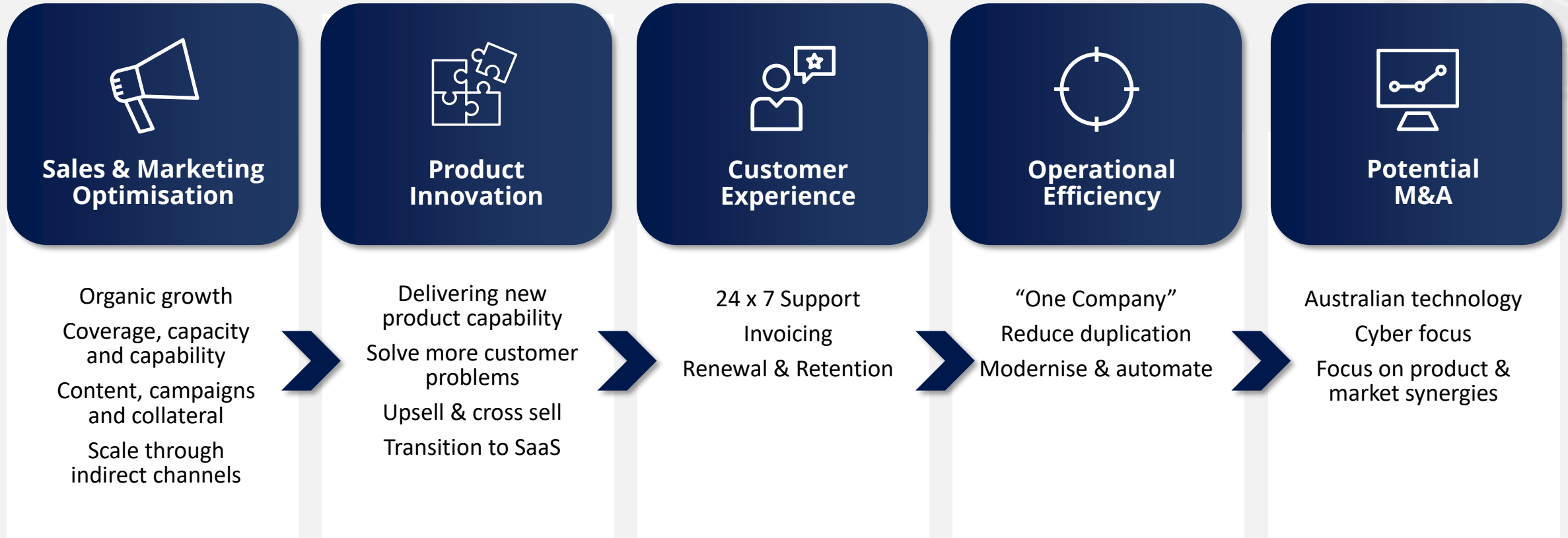
Strong start to FY21: revenue +14.8% in Q1 FY21 vs Q1 FY20

# USA Market a Key Growth Driver



# Strategic Outlook

**In FY21, Prophecy plans to deliver growth by focusing on:**





# Operational Outlook



In cloud migration, eMite is riding a significant growth trend. We expect that COVID-19 will accelerate cloud migration for the next several years as enterprise customers seek to enable working from home.

Our initial experience with Amazon Connect customers indicates that large enterprise are adopting the platform, and as a result the deal sizes can be very large.

eMite continues to evolve and will become vendor-agnostic in the next few months. We expect to add at least one additional vendor partnership similar to Genesys and Amazon in H1 FY21.

Focus on expanding Snare's MSSP partnerships beyond the USA to EMEA and APAC.

Continue to build our global team of committed individuals that want to lead the market, build great software and show the world that we have some of the best Australian innovative technology available.

# Investment Highlights

**Diverse revenue streams** providing cloud and on-premise enterprise solutions, with a focus on essential service segments (cybersecurity and cloud contact centres)

**Large addressable target markets** with clear strategy to boost penetration through new and existing customers across all industries

**Strong cash and earnings** performance: \$1.2M of positive net operational cashflow and EBITDA positive

A global book of **sticky recurring business** based on blue-chip clients: \$13.7M revenue in FY20, with 46% recurring (and rising)

Targeting **scalable growth and margin expansion** through continued focus on subscription-based SaaS licensing revenue

Snare and eMite both benefit from **strong market positions** and multi-year industry tailwinds



SA Business Australian Export Awards: Technology & Innovation Category Winner 2019



eMite - Finalist ARN Innovation Awards 2020



Genesys Global AppFoundry Partner of the Year 2019  
2<sup>nd</sup> year running



Austrade 57<sup>th</sup> Australian Export Awards  
Technology & Innovation Category Finalist 2019



# Prophecy

## Contact Us

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