



# ASX Announcement

21 March 2024

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## Legal Group Investor Presentation

Reckon Limited (“Reckon” or “the Company”) advises that the attached presentation is to be delivered today.

AUTHORISED FOR RELEASE BY THE BOARD OF DIRECTORS OF RECKON LIMITED

### About Reckon:

Reckon is an Australian listed software company (ASX:RKN) that provides world class software for accountants, bookkeepers, lawyers, SMEs and personal users. The Company has offices in Australia, New Zealand, UK and the USA.

Reckon currently operates two divisions:

1. Business Group: provides accounting and payroll software for small to medium sized businesses and personal wealth management software branded as Reckon One, Reckon Mobile and Reckon Accounts Hosted, Reckon Accounts Business and Reckon Accounts Personal. The Business Group operates in Australia and New Zealand.
2. The Legal Group operates under the nQ Zebraworks brand. nQ Zebraworks is a document and billing workflow company that leverages the power of its Zebraworks cloud-based integration platform to deliver digitalisation, billing and collections automation, cost recovery and analytics solutions for law firms and government and corporate legal departments.

nQ Zebraworks products are its server-based scan, print, document workflow, and cost recovery systems together with its cloud based “Queues” technology billings workflow solution, BillingQ and business intelligence tool, DataQ.

nQ Zebraworks is based in the USA with additional operations in the United Kingdom and re-sellers in other parts of the world.

For further information, please contact:

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Reckon Limited  
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Group CFO  
Reckon Limited  
(02) 9134 3360



# Investor Presentation

Legal Group Management Presentation

March 2024

To be read in conjunction with Appendix 4E and Accounts





# Our focus is on two large and distinct markets



## SMALL BUSINESS

Accounting and Payroll solutions for SMEs

Revenue of \$41.7m and \$21.5m EBITDA in FY23

### Total addressable market

3 million small businesses across Australia and New Zealand



## LEGAL

Practice Management and Workflow solutions for Legal firms

Revenue of \$11.7m and \$0.9m EBITDA in FY23

### Total addressable market

500 of the world's largest firms operate in the USA, alongside 46,000 mid-size firms

# Management Team



**Bill Bice, CEO**

Bill has been a proponent of legal tech since starting his first company at age 18, ProLaw Software, the first integrated platform for the legal profession (acquired by Thomson Reuters). Bill created West km, the first widely adopted knowledge management (KM) system in legal, and Exemplify, a transactional KM platform (acquired by Bloomberg).



**Ken Bassham, CRO**

Ken started his career in legal tech at ProLaw Software, advancing to the Director of Sales. Under Ken's management, the company experienced a 78% CAGR. At Thomson Reuters, Ken's role expanded to Elite 3E as Senior Director with a \$25M USD annual sales target.

As part of the leadership teams for some of the world's largest legal tech companies, Ken has had a front-row seat in driving revenue across hundreds of mid-size and large law firms.



# Management Team



**Bill Bice**  
CEO



**Ken Bassham**  
CRO



**Ben Morin**  
CTO



**Stef Odom-Wertz**  
VP Operations



**Glen Grambart**  
VP Finance



**Erin Barrio**  
Director,  
Marketing



**Phil Hewson**  
Director,  
Design



**Mark McNeal**  
Director,  
Development

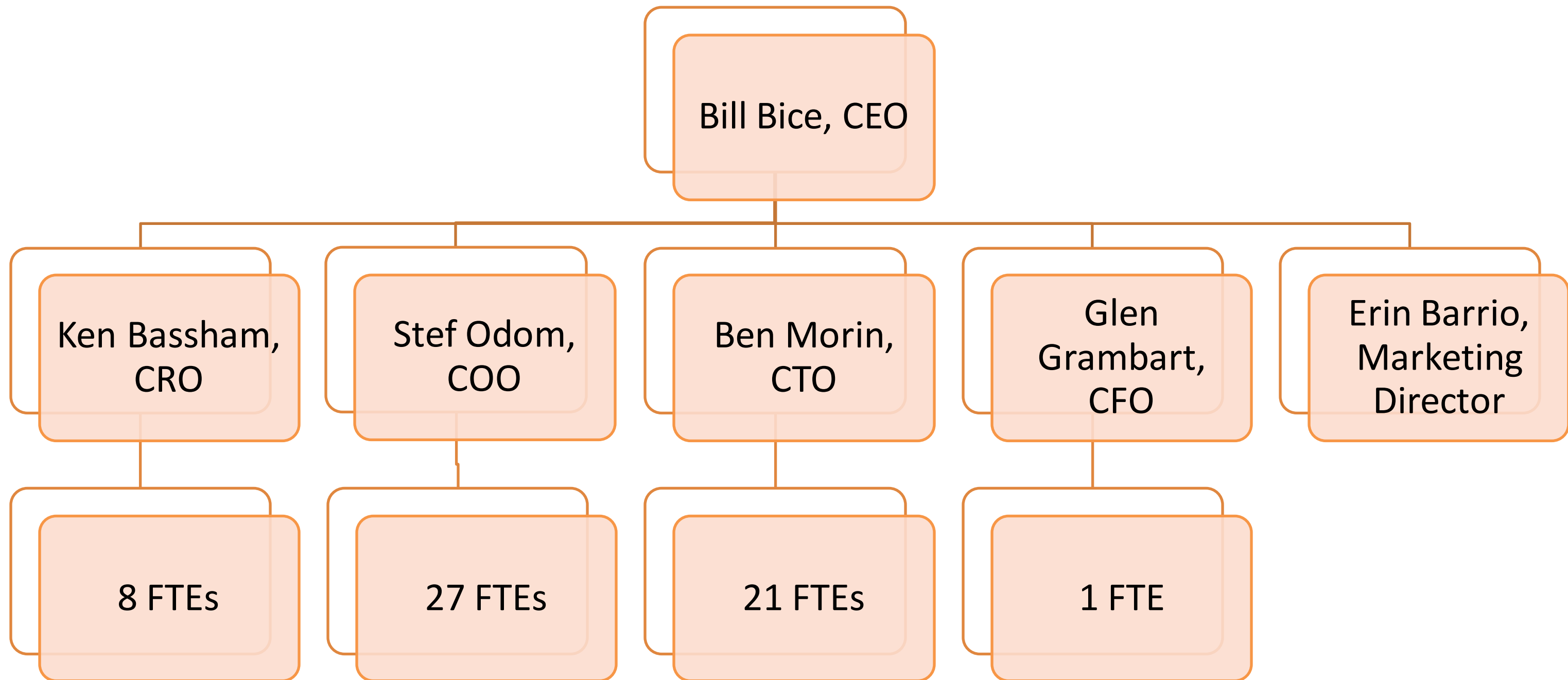


**Greg Blatz**  
Director,  
Operations



**Pam Fabean**  
Director,  
Support

# Organizational Chart



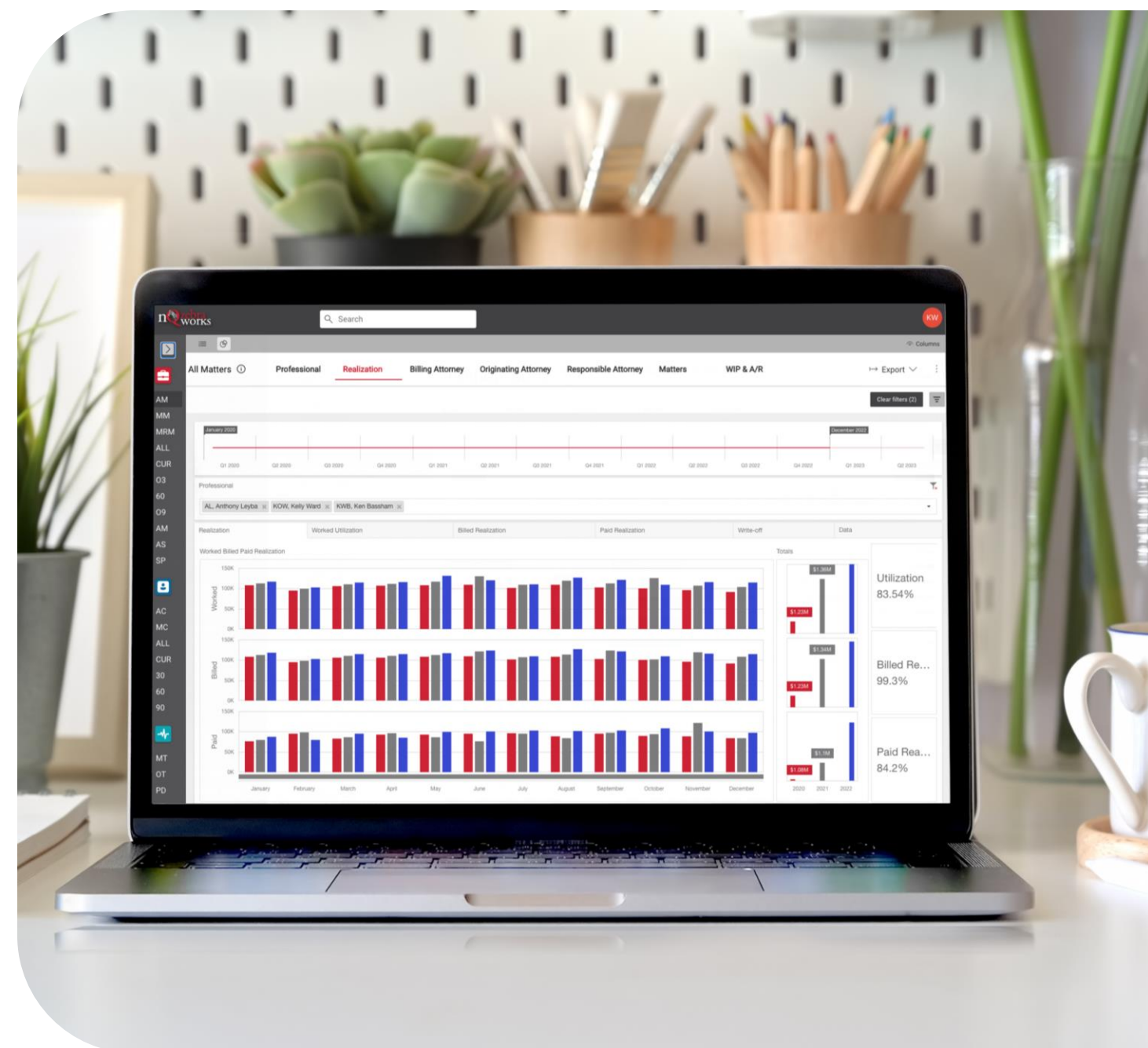
## WORKFLOW FOR LEGAL FIRMS

# Company Overview

- ✓ Subscription revenue growth of 17% for FY23 (12% in constant currency)

### Two product families:

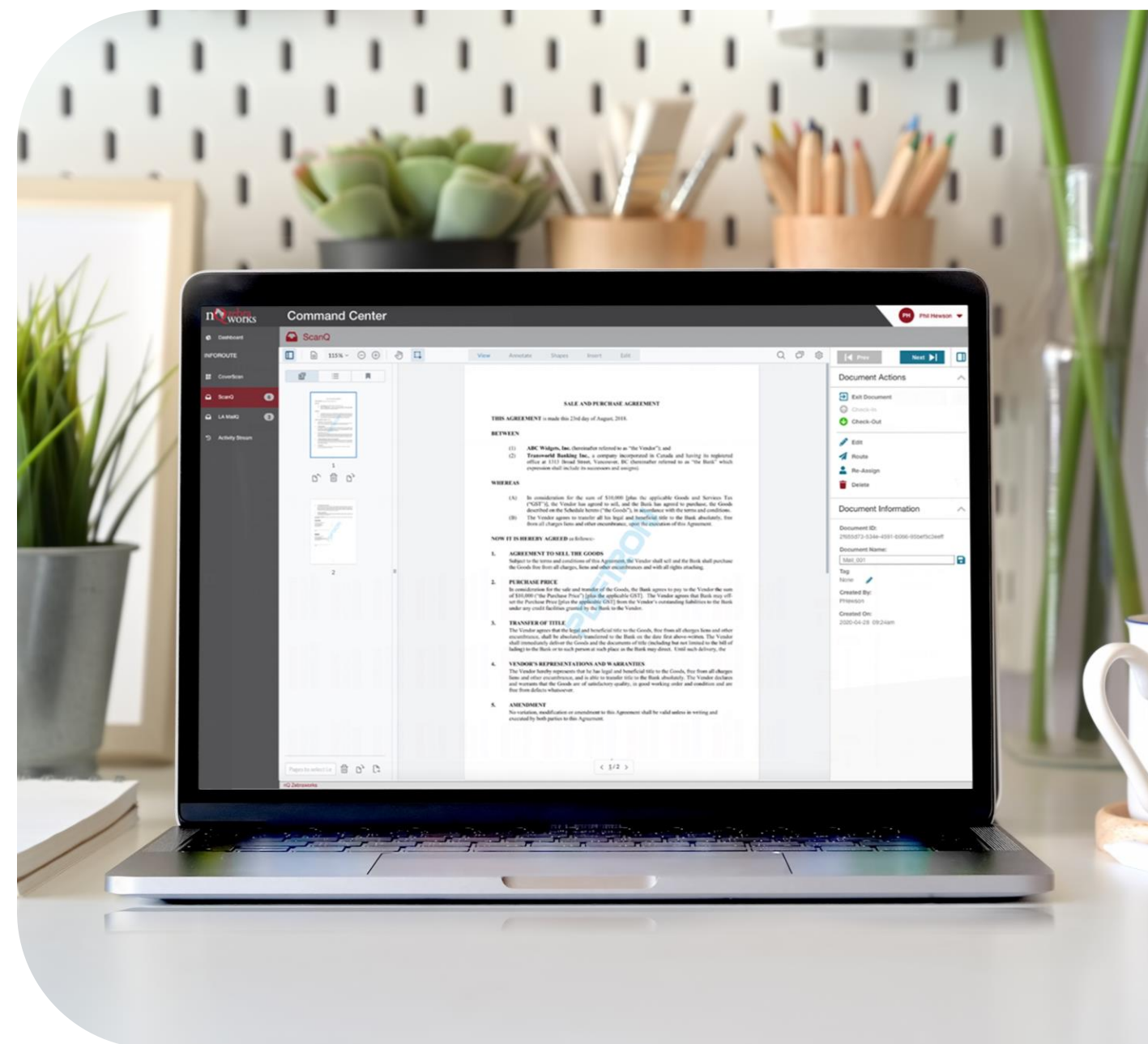
- ✓ Well-established Document Workflows with significant market penetration in the world's largest legal firms; majority of the revenue today
- ✓ Billing Workflows is the new SaaS product line showing significant growth prospects (\$200k ARR FY23)
- ✓ Continuing to re-allocate sales and development resources to leverage Billing Workflows opportunity





# Document Workflows

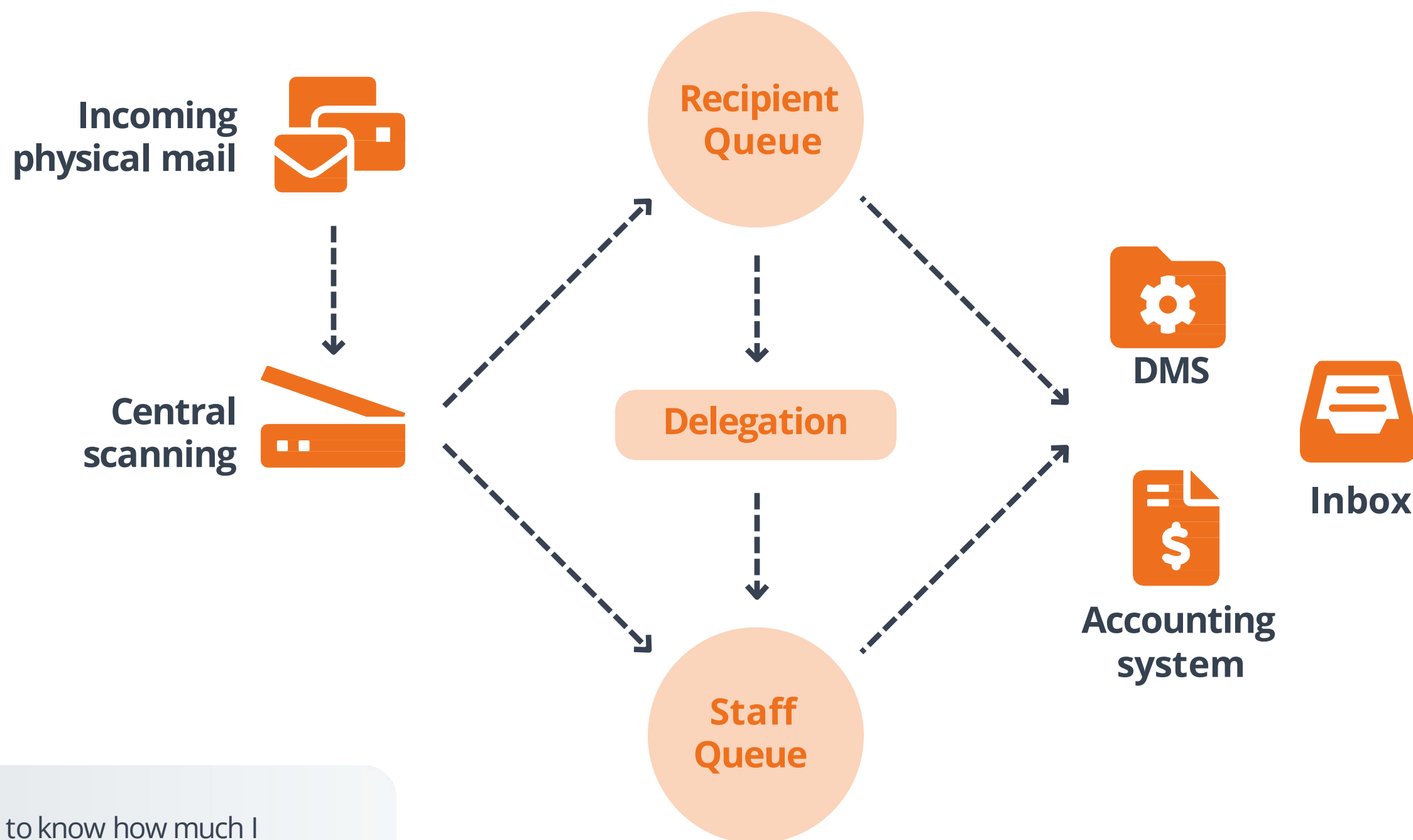
- ✓ Focused on the Global 700 largest law firms, clients include 40% of the AmLaw 200 and 12 of the 20 largest firms in the world
- ✓ Document Workflows is an integrated product suite for scanning, digital mailroom, printing and cost recovery
- ✓ Primary sales in North America with a footprint in UK and resellers in other parts of the world
- ✓ Current upgrade cycle creating significant market opportunity over the next couple of years
- ✓ Expanding to an additional market of 6,000 mid-size firms through resellers and by adding Document Workflows as an add-on to Billing Workflows
- ✓ TAM of \$270M USD, specifically targeting firms representing a Serviceable Addressable Market (SAM) of \$74M USD





DOCUMENT WORKFLOWS USE CASE

# MailQ Digital Mailroom



"I want you to know how much I appreciate nQ Zebra works and this new software. It has made our lives better and that's no exaggeration."

*Partner, NLJ 500 Law Firm*

# Document Workflows

- ✓ ScanQ and MailQ – a better way to scan
- ✓ PrintQ – simplified print management
- ✓ CostQ – cost tracking

## Growth Strategy

- Focus on resellers
- Leveraging trend of vendor consolidation
- Taking full advantage of the current upgrade cycle

## Roadmap

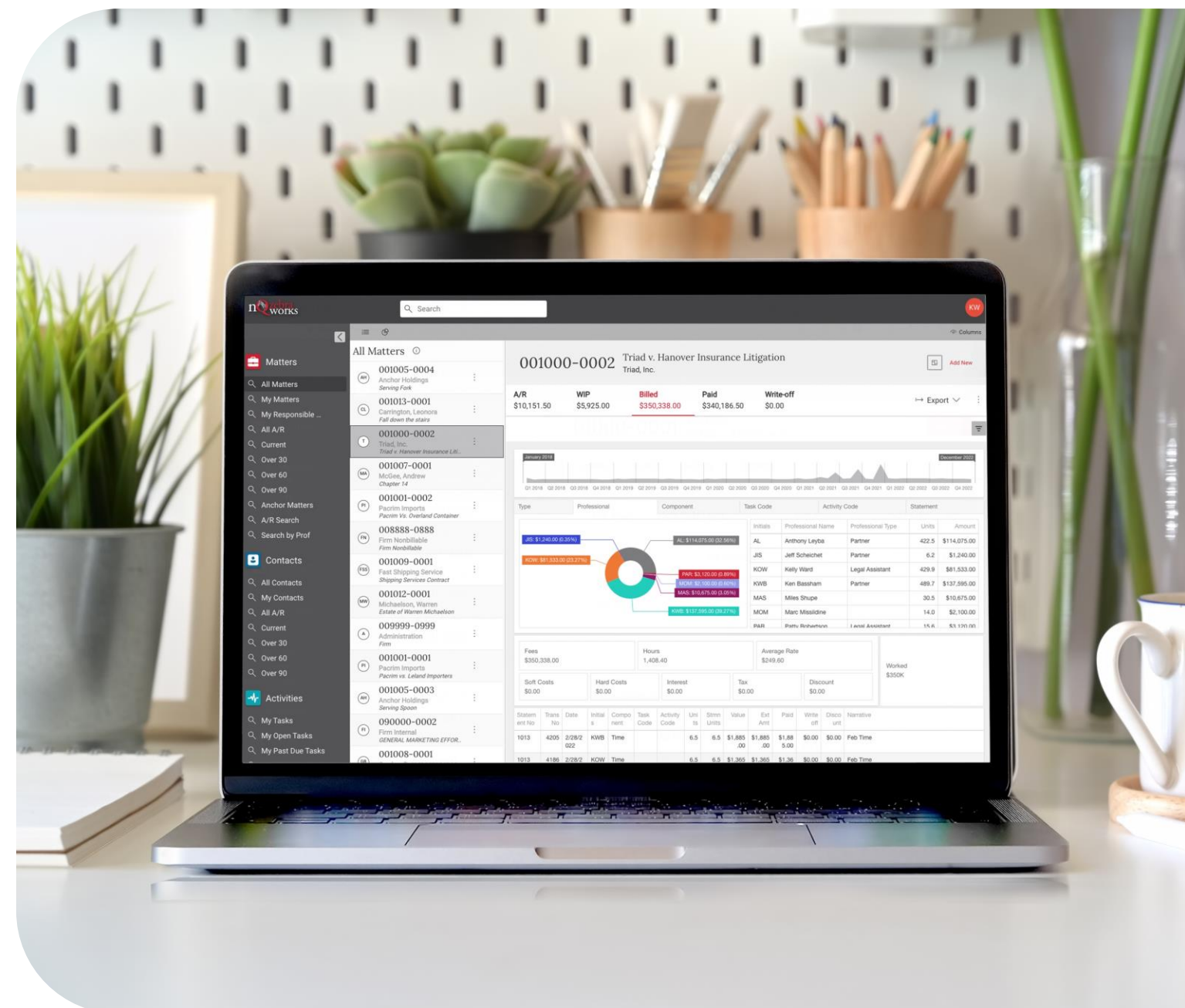
- Responding to client needs while focusing on stability and reliability
- Enhancements to newest product release, Serverless Printing

## Competitors

- Kofax
- Upland Software
- DocSolid in digital mailrooms
- Horizontal: PaperCut, PrinterLogic

# Billing Workflows

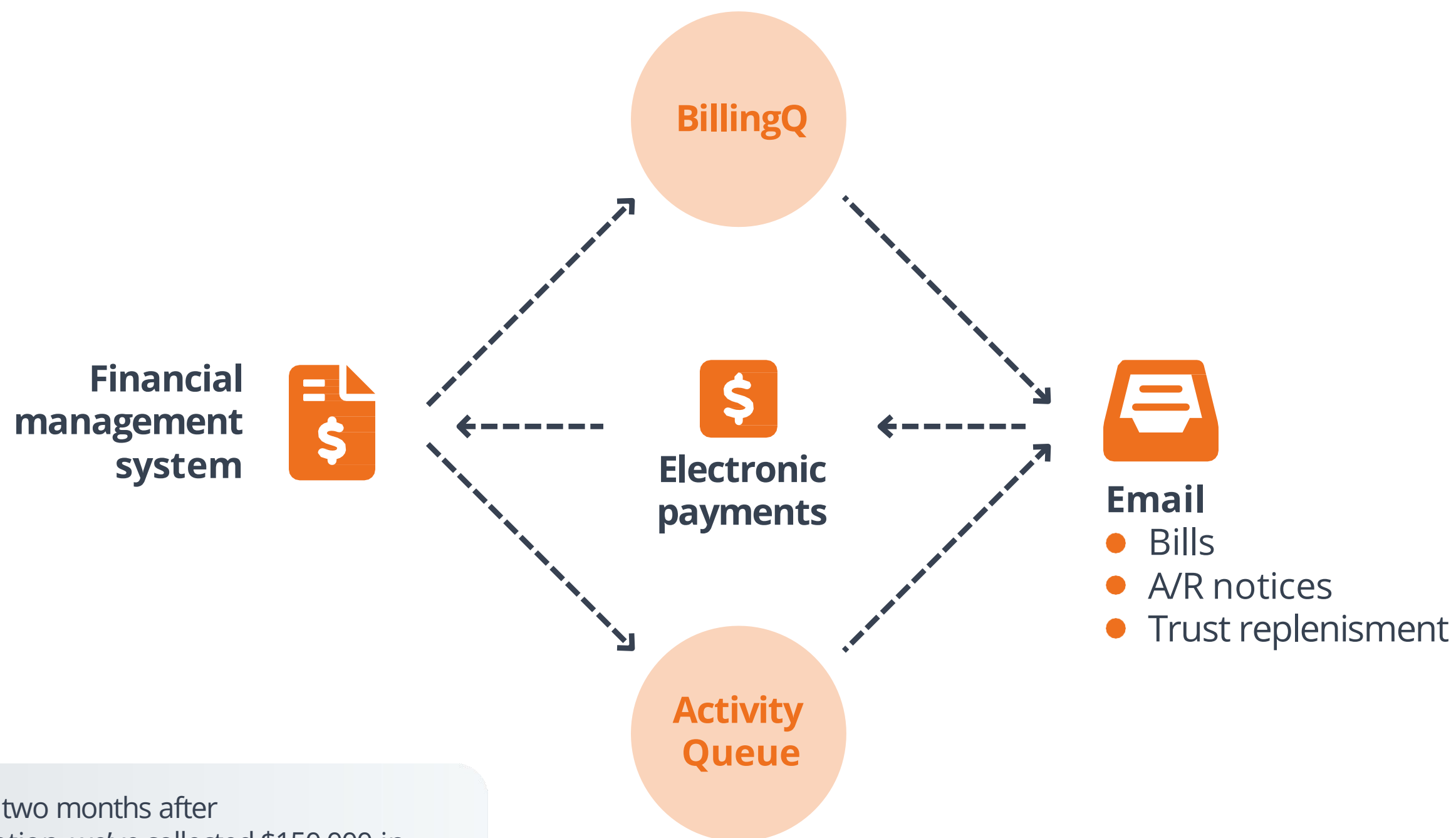
- ✓ Focused on the 46,000 legal firms with 5+ attorneys in North America
- ✓ Billing Workflows enhance bill delivery, A/R follow-up, collections, payments and BI by deeply integrating with firms' financial management systems
- ✓ Currently integrated with three financial management systems
- ✓ Market expansion opportunities via additional integrations
- ✓ TAM of \$2.4B USD; current targeted platforms represent a Serviceable Addressable Market (SAM) of \$70M USD; additional integrations planned in the next two years expand the SAM to \$280M USD





BILLING WORKFLOWS USE CASE

# BillingQ



"In less than two months after implementation, we've collected \$150,000 in 'found money'. I would highly recommend BillingQ, especially for firms struggling with the collections process."

*CFO, Lippes Mathias*

**All Matters**

- 001005-0004 Anchor Holdings Serving Fork
- 001013-0001 Carrington, Leonora Fall down the stairs
- 001000-0002 Triad, Inc. Triad v. Hanover Insurance Liti...**
- 001007-0001 McGee, Andrew Chapter 14
- 001001-0002 Pacrim Imports Pacrim Vs. Overland Container
- 008888-0888 Firm Nonbillable Firm Nonbillable
- 001009-0001 Fast Shipping Service Shipping Services Contract
- 001012-0001 Michaelson, Warren Estate of Warren Michaelson
- 009999-0999 Administration Firm
- 001001-0001 Pacrim Imports Pacrim vs. Leland Importers
- 001005-0003 Anchor Holdings Serving Spoon
- 090000-0002 Firm Internal GENERAL MARKETING EFFOR...
- 001008-0001 Gordon, Bruce Chapter 7
- 090000-0001 Firm Internal GENERAL NON-CLIENT BILLIN...
- 001005-0005

**Contacts**

- All Contacts
- My Contacts
- All A/R
- Current
- Over 30
- Over 60
- Over 90

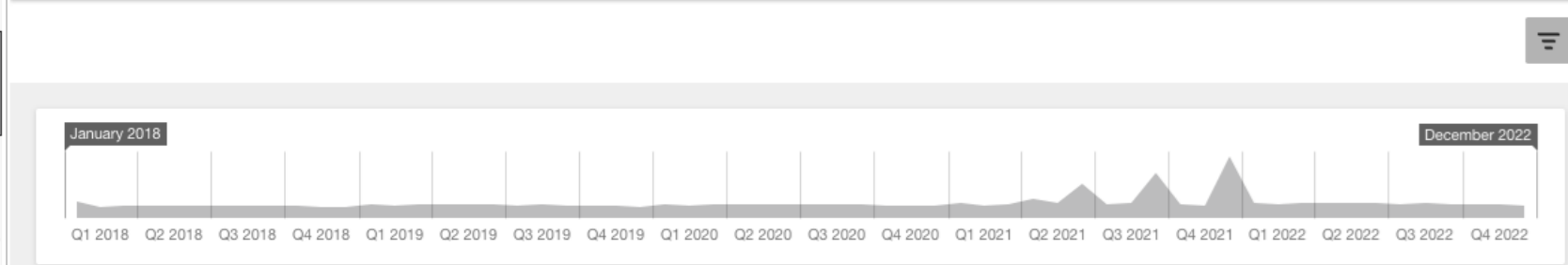
**Activities**

- My Tasks
- My Open Tasks
- My Past Due Tasks
- All Tasks
- All Open Tasks
- Email Queue
- Denied Approvals

## 001000-0002 Triad v. Hanover Insurance Litigation

Triad, Inc.

A/R	WIP	<b>Billed</b>	Paid	Write-off	Export
\$10,151.50	\$5,925.00	<b>\$350,338.00</b>	\$340,186.50	\$0.00	



Type	Professional	Component	Task Code	Activity Code	Statement
Initials	Professional Name	Professional Type	Units	Amount	
AL	Anthony Leyba	Partner	422.5	\$114,075.00	
JIS	Jeff Scheichet	Partner	6.2	\$1,240.00	
KOW	Kelly Ward	Legal Assistant	429.9	\$81,533.00	
KWB	Ken Bassham	Partner	489.7	\$137,595.00	
MAS	Miles Shupe		30.5	\$10,675.00	
MOM	Marc Missildine		14.0	\$2,100.00	
PAR	Patty Robertson	Legal Assistant	15.6	\$3,120.00	

Fees	Hours	Average Rate	Worked \$350K	
\$350,338.00	1,408.40	\$249.60		
Soft Costs	Hard Costs	Interest	Tax	Discount
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Statement No	Trans No	Date	Initials	Component	Task Code	Activity Code	Units	Stmn Units	Value	Ext Amt	Paid	Write off	Discount	Narrative
1013	4205	2/28/2022	KWB	Time			6.5	6.5	\$1,885.00	\$1,885.00	\$1,885.00	\$0.00	\$0.00	Feb Time
1013	4186	2/28/2022	KOW	Time			6.5	6.5	\$1,365.00	\$1,365.00	\$1,365.00	\$0.00	\$0.00	Feb Time
1013	4167	2/28/2022	AL	Time			6.5	6.5	\$1,885.00	\$1,885.00	\$1,885.00	\$0.00	\$0.00	Feb Time
1032	4262	3/31/2022	KWB	Time			7.3	7.3	\$2,102.00	\$2,102.00	\$2,102.00	\$0.00	\$0.00	Mar Time

# Billing Workflows

- ✓ BillingQ – bill delivery and A/R follow-up
- ✓ BillingQ Payments – next generation legal-specific payments
- ✓ DataQ – Business Intelligence for legal billing

## Growth Strategy

- Expand support for additional financial management systems (FMS)
- Focus on payments
- Continued transition of sales and development resources to Billing Workflows

## Roadmap

- Client portal for billing history
- Outlook add-in
- Additional FMS integrations
- Large firm features

## Competitors

- BillingQ: ARCS, FMS vendor-specific solutions
- Payments: AffiniPay, FMS vendor-specific solutions



# Sales Case Study

- ✓ 110 user firm purchased Billing Workflows, with Document Workflows as an add-on
- ✓ Leveraged shorter Billing Workflows sales cycle for both product families
- ✓ Easier implementation (reflected by lower services) for Billing Workflows combined with 2X higher ARR plus payments revenue
- ✓ Expands market opportunity for Document Workflows into mid-size firms by lowering CAC

	Services USD	ARR USD	Average Sales Cycle
Billing Workflows	\$ 3,500	\$ 10,800	3 months
Document Workflows	\$ 4,400	\$ 5,200	9 months (when sold standalone)



# Questions

# Legal Group Financials

Growing subscription revenue and a top tier customer base

## ✓ Financial highlights

### Revenue

- Strong subscription growth of 17%
- Subscription revenue is 92% of revenue

### EBITDA

- Investment in sales and development teams for future growth continues

## ✓ Revenue

	FY23 \$ M	FY22 \$ M	GROWTH	CONSTANT CURRENCY GROWTH
SUBSCRIPTION	10.8	9.2	+17%	+12%
UPFRONT AND SERVICE	0.9	1.2	-24%	-16%
	<u>11.7</u>	<u>10.4</u>	+12%	+7%

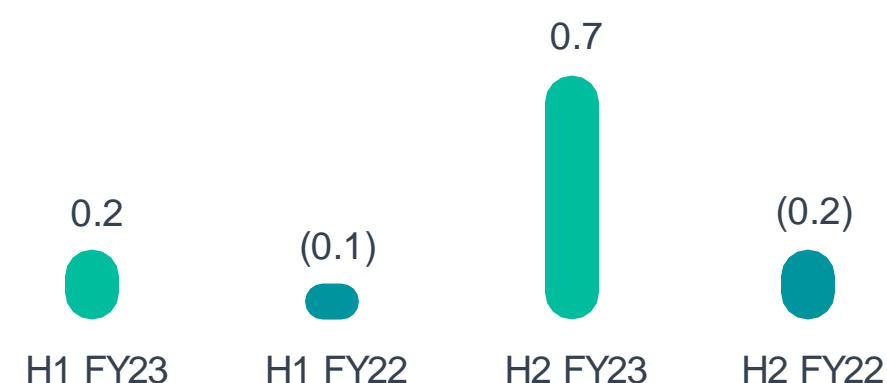
## ✓ EBITDA

	<u>0.9</u>	<u>(0.3)</u>
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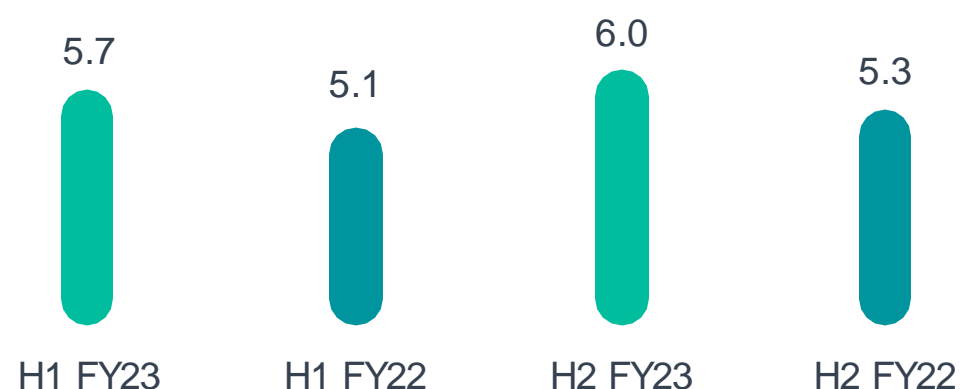
## ✓ Capitalised development costs

	<u>4.9</u>	<u>4.8</u>
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## ✓ EBITDA by half



## ✓ Revenue by half





# Resources



**Website**  
[rekon.com](https://rekon.com)



**About us**  
[rekon.com/au/about-us](https://rekon.com/au/about-us)



**Investors**  
[rekon.com/au/investors](https://rekon.com/au/investors)



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