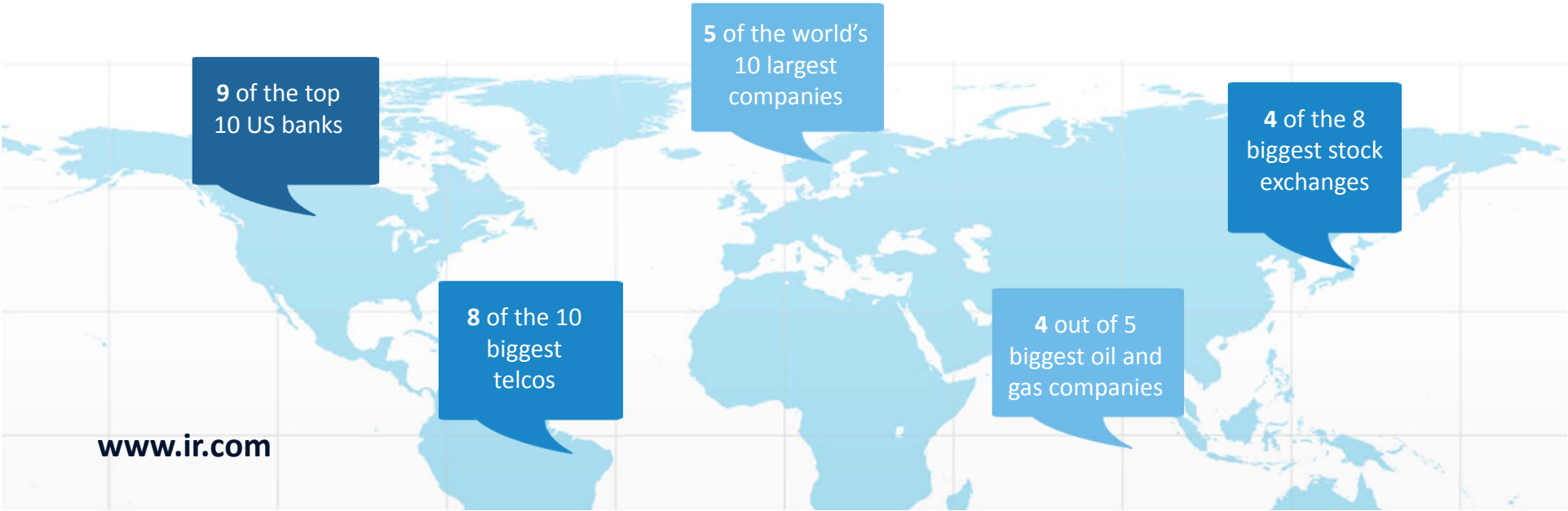


Integrated Research Limited

19 August 2014

ABN: 76 003 558 449

A world map with a light blue grid background. Five blue callout boxes are positioned over different regions, each containing text about Integrated Research's global presence. The callouts are: '9 of the top 10 US banks' over North America, '8 of the 10 biggest telcos' over Africa, '5 of the world's 10 largest companies' over Europe, '4 out of 5 biggest oil and gas companies' over Asia, and '4 of the 8 biggest stock exchanges' over East Asia.

9 of the top
10 US banks

5 of the world's
10 largest
companies

4 of the 8
biggest stock
exchanges

8 of the 10
biggest
telcos

4 out of 5
biggest oil and
gas companies

www.ir.com

WHO WE ARE

Integrated Research

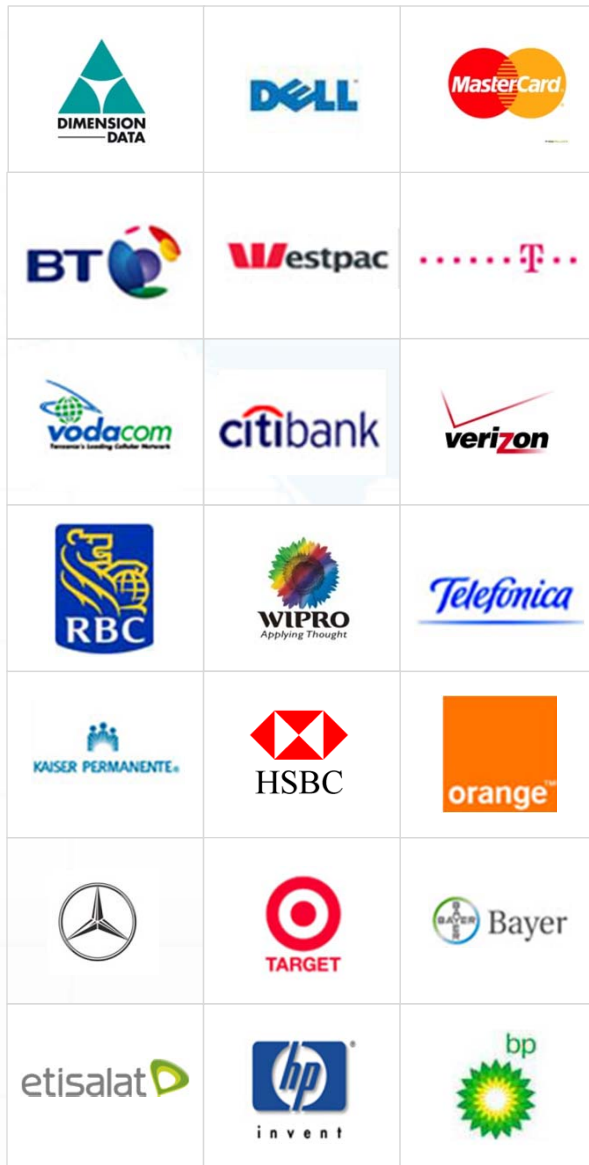
IR is the leading global provider of **Prognosis** for performance management solutions for Unified Communications, Payments and IT Infrastructure.

WHAT WE DO

Capabilities

Prognosis provides availability and performance management, diagnostics and actionable business insight for mission critical systems.





WHY WE SUCCEED

Competitive Advantage

- ✓ **Prognosis is** real-time, scalable, extensible and flexible
- ✓ **Prognosis supports** multiple platforms, vendors and applications
- ✓ **IR has** 1,000 enterprise customers globally
- ✓ **IR has** a world-class R&D capability
- ✓ **IR is** profitable and debt-free

WHY CUSTOMERS BUY

Value Proposition

Prognosis increases technology performance, minimizes outages, reduces cost, delivers business critical insight and ensures user satisfaction

Key Highlights

Financial Results

- New Licence Sales up 5% to \$28.0m
- Total Revenue up 9% to \$53.2m
- Net Profit After Tax down 6% to \$8.5m
- Unified Communications Revenue up 15%
- Payments Revenue up 31%
- Infrastructure Revenue steady
- No debt

Solution Highlights

- New Prognosis 10 successfully released
- New Contact Center Solution
- New Microsoft Lync release
- New Prognosis Mobile delivered
- Prognosis now Cloud Enabled
- High Customer Satisfaction Rate at 93%
- UC Retention 97%, Payments Retention 96%

Operational Highlights

Strategic Marketing

- New Marketing Team in place
- New Marketing platform in place
- Voice of the Customer initiative launched
- Re-inventing Marketing at IR

Regional Growth

- European re-structure complete
- New European & APAC Sales team in ramp-up
- Executing against European & Asia Pacific opportunity

Partnering

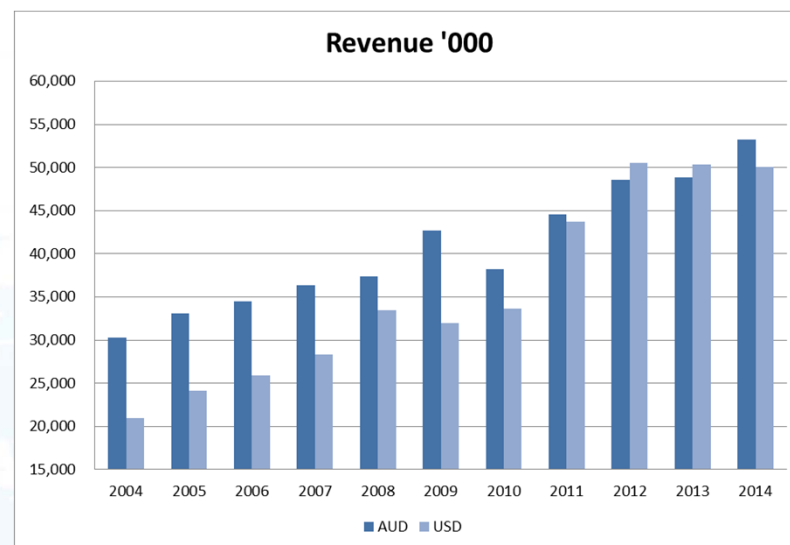
- Avaya Alliance Revenues up 109% from low base
- Prognosis now ships with every Avaya order
- Avaya Alliance expanded into EMEA & Asia Pacific
- ACI Alliance Revenues up 136% from low base
- Prognosis module embedded in ACI Solution

Financial Results



Financial Results

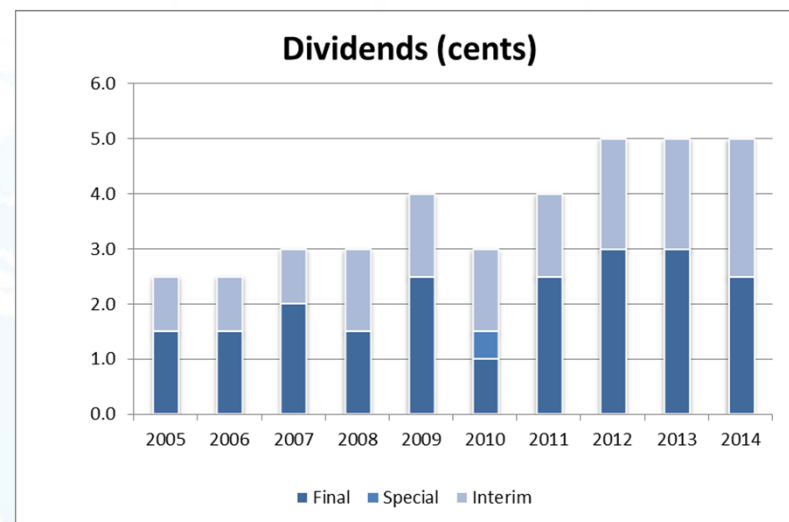
	30 June 2014 A\$000's	30 June 2013 A\$000's	% change
Licence fees	28,048	26,632	5.3%
Maintenance fees	20,562	17,717	16.1%
Consulting fees	4,633	4,510	2.7%
Total revenue	53,243	48,859	9.0%
R&D expenses - net	11,067	10,777	2.7%
Sales, consulting & marketing expenses	26,836	23,279	15.3%
General & Administrative expenses	4,707	4,280	10.0%
PBT	10,653	11,570	(7.9%)
PAT	8,489	9,078	(6.4%)



- **Record revenue:**
Surpasses \$50 million
- **Constant currency impact:**
Revenue flat on prior year
- **Large deal lumpiness:**
Impact 2nd half licence fees
- **Maintenance revenue:**
Strong retention rates at 95%
- **Investment:**
Continuing investment in R&D at 21% of revenue

Balance Sheet

	30 June 2014 \$000's	30 June 2013 \$000's
Cash at bank	13,300	14,827
Trade receivables	22,857	23,564
Intangible assets	16,257	15,040
Deferred revenue	16,369	14,729
Net assets	30,747	30,010

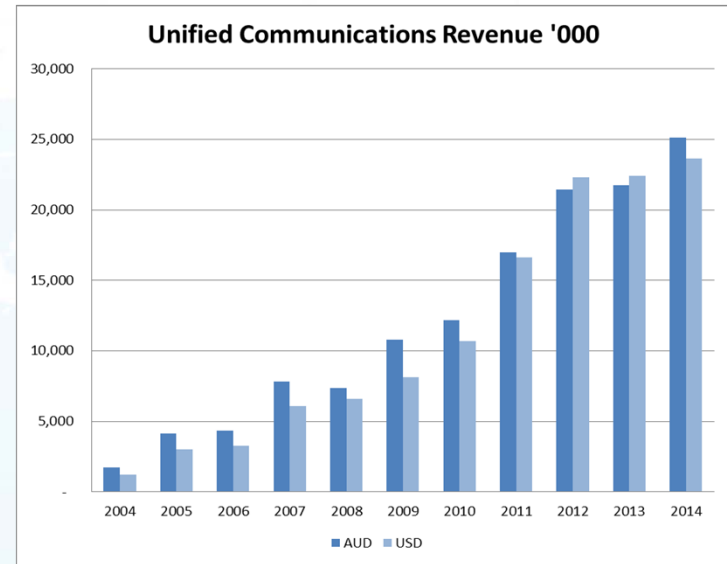


Shareholder Returns

	2014	2013	2012
Basic earnings per share	5.03¢	5.40¢	5.41¢
Dividends per share (interim and final)	5.0¢	5.0¢	5.0¢
Franking percentage	33%	36%	58%
Return on equity	28%	30%	31%

Review of Operations - Products

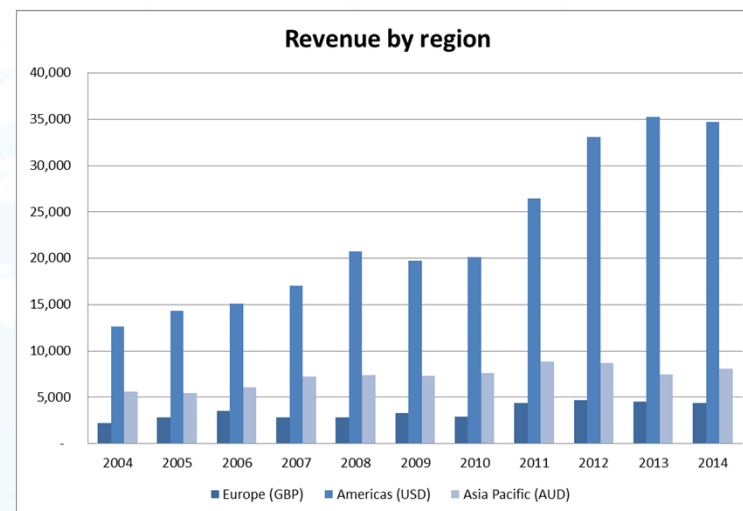
Revenue by Product Line (\$A)	June 2014 \$000's	June 2013 \$000's	% change
Unified Communications (UC)	25,118	21,760	15%
Infrastructure	19,530	19,566	(0%)
Payments	3,962	3,023	31%
Consulting Services	4,633	4,510	3%
Total Revenue	53,243	48,859	9%



- **UC growth supported by**
 - Growing sales through Avaya channel
 - New Microsoft Lync solutions
- **Payments growth supported by**
 - Growing sales through ACI channel
 - New solution releases
- **Infrastructure**
 - Mature, stable & high margin line of business
- **Consulting**
 - Low FY14 opening backlog led to small growth of 3%

Review of Operations - Regions

Revenue by Geographic region (In local currency)	30 June 2014 000's	30 June 2013 000's	% change
Americas (USD)	34,759	35,247	(1%)
Europe (GBP)	4,415	4,519	(2%)
Asia Pacific (AUD)	8,100	7,496	8%



- **Americas** flat 2H licence sale lumpiness, US UC Western Region restructure
- **Europe** transitional build phase
- **Asia Pacific** growth through payments; New sales team in place as of late FQ4.

Growth Strategy



Growth Initiatives

Solution Strategy



Strategic Marketing



Regional Growth
Europe & Asia Pacific



Partnering



Solution Strategy

Prognosis 10 – The Foundation for Innovation

Solution Highlights

- New Prognosis 10 & two subsequent releases
- New Contact Center Solution
- New Microsoft Lync release
- New Prognosis Mobile delivered
- Prognosis now cloud enabled
- In Lab with HP on new HP NonStop release
- Rapid Innovation & Release Program in action

Strong Prognosis 10 Adoption

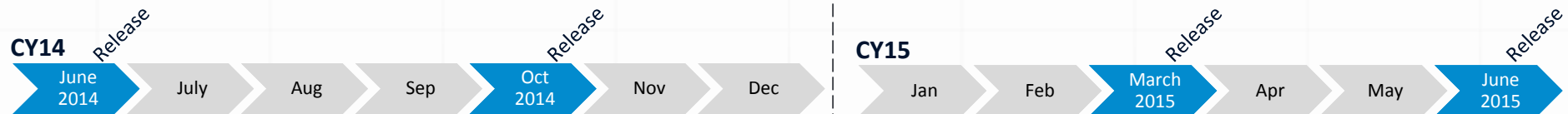
- 279 Prognosis 10 Customers
- All product lines
- 5.4 million phones
- Overwhelming positive feedback
- Upgrades timed by Customers to change windows

Prognosis 10 the Foundation for:

**Rapid Innovation
New Solutions**

**High Speed Delivery
New Markets**

Prognosis Rapid Release Schedule



Contact Centre

First Rapid Development Product Released

- Manages critical business functions & regulatory compliance
 - Out-of-box functionality for rapid insight
 - Clearly measurable ROI
 - 8x spend of Enterprise UC User
-
- Prognosis supports 46% of the market

Contact Centre Market Share:

Vendor	CY2013
Avaya	29.4%
Cisco	16.9%

Market size \$2 Billion

First Release

- Prognosis 10.1 (May, 2014)
- Avaya Aura & Elite

Second Release

- Prognosis 10.1.5 (June, 2014)
- Cisco Unified Contact Center Enterprise

Future Releases

- 3 releases per year
- Best of breed applications
- Best of breed vendors

First Customers

- Presidio (IT Service Provider)
- Standard Bank of South Africa
- Cigna (Global Health Services)

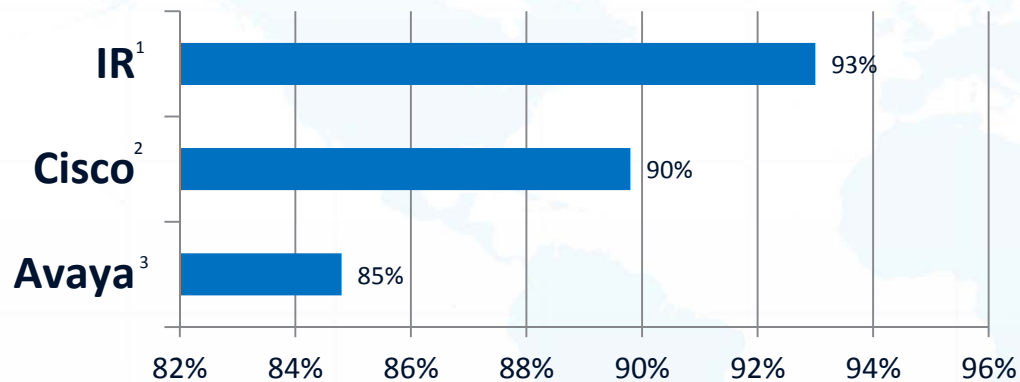
PRESIDIO™



Customer Support

Satisfaction & Retention Rates

Customer Satisfaction Best in Class among Industry Leaders



Drivers for Success

- Product quality
- Deep Domain Expertise
- Responsive Support
- 24 x 7 follow the sun
 - Sydney
 - London
 - Denver

Retention Rates By Product Area

Product	Retention Rate
HP NonStop	97%
Distributed Systems*	71%
UC	97%
Payments	98%

**Distributed Systems revenues represent 10% of total maintenance revenue.*

Annual Recurring Maintenance Fees
\$21 million
39% of Total Revenue

Sources:

1. [IR 2014 Annual Maintenance Satisfaction Survey](#)
2. [Cisco Corporate Overview FY14](#)
3. [Avaya Global Support Services 2013 Client Satisfaction Annual Report](#)

Strategic Marketing

Leveraging IR's Leadership & World Class Customer Base for Growth

Integrated Research has built a base of world class customers without significant marketing focus. Management is building a smart, lean and effective “start-up” marketing strategy to fully leverage the leadership that Prognosis has in the market.

- Rebuilt Organisational Capability
- Completed Strategic Brand Review
- Launched Voice of the Customer Plan
- Building Digital Marketing Capabilities
- Launched New Marketing Campaigns
- Building Key Influencer Relationships



In Place and in Execution

- New Marketing Team
- New Marketing Platform
- Accelerated Campaigns



New Customers

Increasing number of Customers using multiple solutions



Regional Growth

Taking advantage of the European & Asia Pacific Market Opportunity

Integrated Research has a strong Revenue base in the Americas, where it expects continued growth. Management is moving to take advantage of the remaining 65% of the global market through initiatives to grow in Europe and Asia Pacific.

2013 Enterprise Telephony Market Share:

Region	UC Market ¹	IR Revenue
Americas	35%	71%
Europe, Middle East & Africa	37%	15%
Asia Pacific	28%	14%

Europe

- Built & executing on European Operational Plan
- Relocated and build out UK office
- Re-built UK & Ireland team
 - Expanded Team to 11 FTE (incl. Support)
- Built Continental Europe team
 - New Management
 - Team of 6 FTE
- Team on board July 2014 & Trained at US Kick-Off

Asia Pacific

- Built & executing on Asia Pacific Operational Plan
- Re-Built APAC Team (90% new sales hires)
- Expanding team to 19 FTE
- Built out Singapore office
- Team on board July 2014 & Trained at US Kick-Off

Sources:

1. Forecast: Enterprise Communications Applications, Worldwide, 2011-2018, 2Q14 Update



Partner Update – Avaya & ACI

Partnerships growing, driving access to scale and more markets

Avaya

a leading global provider of business collaboration & communications solutions with over \$4b in annual revenues

- Re-architected the partner model, Dedicated Alliance Manager appointed
- Elevated the nature of the relationship, exclusive Joint Strategic & Product Development
- Building ability to fully leverage Avaya, initially on a “sell for” model
- **Expanded into 47 countries**, across North America, Europe, Middle East & Africa and Asia Pacific
- IR no longer requires direct Reseller agreement **Access to 100+ Avaya Platinum Partners**
- **109% increase in Avaya SPP revenue from low base**

Avaya upgrades focus on Prognosis

- Avaya ships Prognosis trial with every order
- Avaya funded Prognosis CollaborateNow campaign
- Expanded SPP into Europe & parts of Asia Pacific
- 109% increase in Avaya SPP Revenues

ACI

the global leader in the delivery of electronic payments & transaction banking software solutions with \$1b in annual revenues.

- Re-architected the partner model, Dedicated Alliance Manager appointed
- Elevated the nature of the relationship, exclusive Joint Strategic & Product Development
- Prognosis module embedded as part of the ACI MTS solution, **Prognosis now included in every new ACI MTS sale**
- Enablement of ACI marketing & sales in progress
- ACI acquires Retail Decisions, IR is extending Prognosis to performance manage ReD
- **136% increase in ACI Prognosis Revenue from low base**



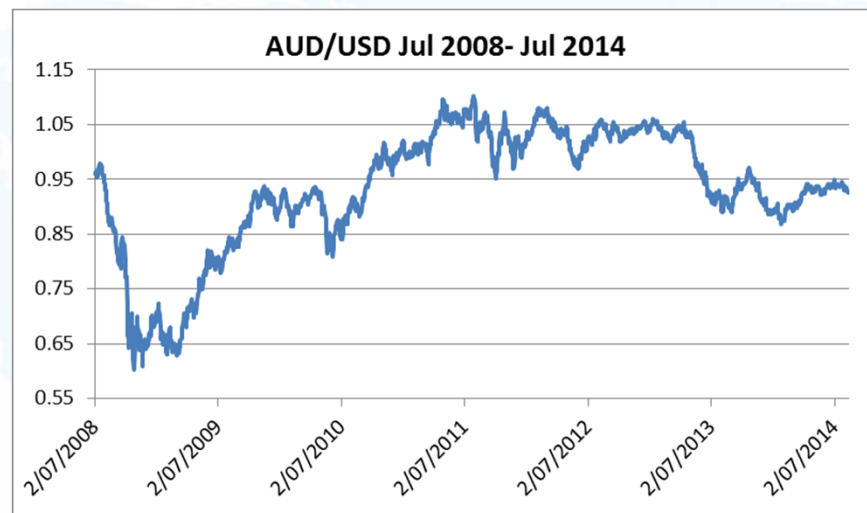
Growth Strategy - Risks

Risk and Challenges

- Currency exchange rate movements
- Global economic volatility
- Timing of large Licence sales
- Performance in focus markets (Europe & APAC)

Proactive Management

- Hedging
- Diversification of product and services
- Geographic diversification
- Continuous productivity improvements:
 - Absorbs AUD increases
- Well positioned if AUD decline continues



Source: National Australia Bank

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**Thank You
Questions?**

