

ENVERRO LTD (ASX:ERR)

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Lodgement of Market Briefing

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Market Briefing

Enverro CEO on recent IPO, strategic positioning and growth outlook for the business

Interview with Leigh Kelson (CEO)

In this Market Briefing Interview, Leigh Kelson, Enverro's CEO, discusses the company's cloud software platform, its recent IPO, and the company's growth strategy, including:

- *Enverro's unique proprietary workforce management software platform*
- *Outlook for the cloud software industry*
- *International expansion plans*
- *Industry capabilities and opportunities*

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Leigh, tell us about the Enverro business and what its software does?

Leigh Kelson

Enverro is a workforce management software platform that was designed to meet the complex needs of industries where large teams of people need to be effectively managed, including the construction, energy and resources sectors.

Enverro's software speeds up the process of approving, deploying and assigning workers to a project, a process referred to as "mobilisation". When you consider that labour costs on projects can account for up to 30% of operating expenses, Enverro's unique proprietary software platform solves a very costly problem in the industry.

Surprisingly, a significant portion of the companies we have spoken to still utilise spreadsheets and email to mobilise and manage their teams, leaving them exposed to safety and financial risk and correctable inefficiencies. Enverro's end-to-end solution is offered via Software as a Service (SaaS) through a cloud architecture that will extend to the complete lifecycle of the project and associated workforce.

To fully understand the problem that Enverro solves, you must appreciate that the ecosystem involved in these projects is highly fragmented. Each of the project stakeholders have unique objectives, data needs and IT systems that support them. Enverro's solution connects the industry, and facilitates collaboration and data sharing between the asset owner, the engineering,



procurement and construction contractors, multiple sub-contractors, and the individual worker. Our clients receive a centralised view of their workforce and project progression, and best of all, our cloud architecture lets our users view and respond anywhere, anytime, and on any device.

Enverro was designed in phases and now consists of four separate yet integrated products, including Mobilisation, Travel & Accommodation, Crew & Roster, and Resource & Cost Control, as well as our two-way communications portal connecting the worker and the project team called Enverro Connect.

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Who is currently using the Enverro platform and which industries do they represent?

Leigh Kelson

Any company that is responsible for providing labour on construction, energy and resources projects is a prospect for the Enverro platform. Currently we have implemented the solution at both oil & gas and mining companies that are the asset owners on billion dollar projects, as well as engineering and construction contractors.

There is strong demand for this solution within the engineering and construction space at present, which we see as a key sizeable opportunity as we expand into North America.

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What was the rationale for the IPO of Enverro?

Leigh Kelson

The purpose of the IPO was two-fold. Firstly, it was to raise capital to fund Enverro's global expansion, particularly in North America where the construction sector is entering a growth phase. To pursue this market opportunity we opened a US office in Austin, Texas where the technology talent is plentiful and the oil and gas industry is nearby. Secondly, we needed to fund the rapid product development required to meet the strong demand for improving workforce management processes in the wider market.

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You mentioned that you have a number of mining and oil & gas sector clients. Given the difficult trading conditions currently facing these two sectors, do you see any significant risks to your business?

Leigh Kelson

The cyclical nature of the commodities business is actually a positive for Enverro and a key driver to the future growth of the company. When profits are getting squeezed there is no better time for companies to re-evaluate processes and cost controls to ensure their operations are as efficiently managed as possible. The current focus on capital discipline in the mining and oil & gas sectors reinforces the Enverro value proposition of process automation, organisation-wide collaboration and performance management through data analysis. The opportunity is ripe in current market conditions as there is a focus on cost containment and productivity increases by companies operating in these industries.

Additionally, Enverro is relevant at all stages of a project lifecycle, whether it be on-going operations, decommissioning, or initiating a new project. No matter what the state of the industry is or the phase of the project, Enverro's platform delivers efficiency improvements to its users.

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Are there any other emerging industries using the software now, or industries that represent a significant growth opportunity going forward?

Leigh Kelson

We have had a number of discussions with emergency services, military and government entities. There are definite use cases with the Commonwealth games, for example, to mobilise volunteers and verify their credentials.

We see lots of interesting potential in other verticals, however the greatest addressable market opportunity right now is in construction, energy and resources, and that will remain our focus for the time being.

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Who are your main competitors that operate in this space? What sort of dynamics are at play in this industry?

Leigh Kelson

There are a number of legacy software companies that have 'point solutions.' They tend to excel at addressing one piece of the overall problem, but do not provide a complete end-to-end software solution like Enverro. Typically, competitor solutions are offered 'on-premise' meaning that they require a larger capital expense, rely heavily on their IT resources for maintenance, and take significant time and money to customise.

Enverro's cloud architecture enables us to offer a customisable solution addressing specific project and workforce needs. The deployments are much faster and we integrate into clients' existing HR and financial systems offering them a true end-to-end view of their workforce data. With competitor solutions, easy actions like adding or changing a field could take weeks.

Additionally, Enverro was built for a global workforce, so our platform supports over 15 languages and currencies and we enable clients to alter currencies when analysing costs on multi-national projects. We don't know of any company with Enverro's breadth of service combined with a true-cloud architecture.

In terms of the broader industry, we are definitely seeing significant changes. The globalisation and increasing workforce mobility, increased size and lifecycle of projects, volatility of the commodities markets and new technology adoption all present both challenges and opportunities. Our clients have turned their focus to process improvement and performance management particularly when it comes to managing their workforce. It's imperative that they focus on taking care of their labour pool. They must monitor and contain recruitment costs and focus on retention. Enverro provides them with the tools they need to succeed in a tight labour market.

In addition, cloud software improves an enterprise's agility and ability to respond in times of major change. Real-time collaboration, data centralisation and in-depth reporting are all key benefits of cloud-based software. The recent increase in cloud software adoption and the decommissioning of legacy IT systems are trends that our clients will benefit from. Enverro is very well positioned to take advantage of this trend. We are excited about the opportunity to leverage the position and expertise that we have gained over the last 10 years and across 300 cloud application deployments.

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How does Enverro's revenue model work? What are your contract renewal rates like?

Leigh Kelson

The revenue model is a standard annual subscription-based model with a per-user pricing structure. For customers that require customisation, engagements can be project-based and delivered in phases with either a fixed-quote or time-and-materials billing.

The sales cycles are typically long because the wheels of enterprise customers tend to move slowly and the adoption of cloud technology is still early days. Whilst an extended sales process isn't ideal, the benefit of this is that it generally means our clients become more "sticky". To date we have a 100% renewal rate. Since our solution is new to the market, we realise this will change over time. That being said, SaaS solutions have an impressive industry standard for renewal levels above 90%.

Our customers consider Enverro to be a mission-critical application and its importance grows as they build their worker database and historical data within the application. Solutions like ours typically become ingrained in the business processes when they are delivering value, and as such there is no desire to remove them.

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On 9 December you announced the signing of a contract with a global engineering and construction firm who will use your software for managing their workforce at the Wheatstone LNG project. How significant is this contract? Do you have any other large opportunities in the pipeline?

Leigh Kelson

All of our customers are important and customer success is the key to driving revenue in a SaaS model. It is very much a seed and grow approach.

Obviously Wheatstone is a large project and it is important in raising the awareness of Enverro but it really just validates the size of the problem we are solving and highlights the enormous opportunities that exist in the market. The savings and efficiencies we can deliver to our clients are significant and we look forward to demonstrating that on this project.

We currently have a very strong pipeline with opportunities in North America, Africa, Europe and APAC. As we ramp up and continue to invest heavily in sales and marketing, the pipeline has quadrupled and we will see further growth over this calendar year as we build out our North American sales team. We are focused on large enterprise deals where the sales cycle can be extensive, and where our software becomes pervasive within organisations.

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What are your growth aspirations for the business? Where do you see most of the growth coming from?

Leigh Kelson

We see growth coming predominantly from the North American and APAC markets where we are focusing our current sales and marketing efforts. We have an aggressive product roadmap in place and will be directly driven by market and customer demand. Ultimately, we want to connect the industry and be the platform that improves their ability to interact with each other, make mobilisations safer, more productive and increase profit margins for our customers.

We are very excited by the growth opportunities available to us and we certainly look forward to capitalising on these.

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Thank you, Leigh.

For further information, please contact Enverro Limited on 1300 131 311, or visit <https://enverro.com>

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