

8common

 (ASX:8CO)

Market Eye Technology Conference

Nic Lim – Chairman
Andrew Bond - CEO

Our platform

8common solutions deliver enterprise grade closed loop financial transaction processing

3 complementary fintech 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



Closed loop pre-paid card platform

Scalable, government grade platforms improve organisation, productivity and compliance.

118,000 users

Over three million transactions processed by 8CO in FY19

\$2.9b transaction value processed since 2003, \$600m+ in FY19

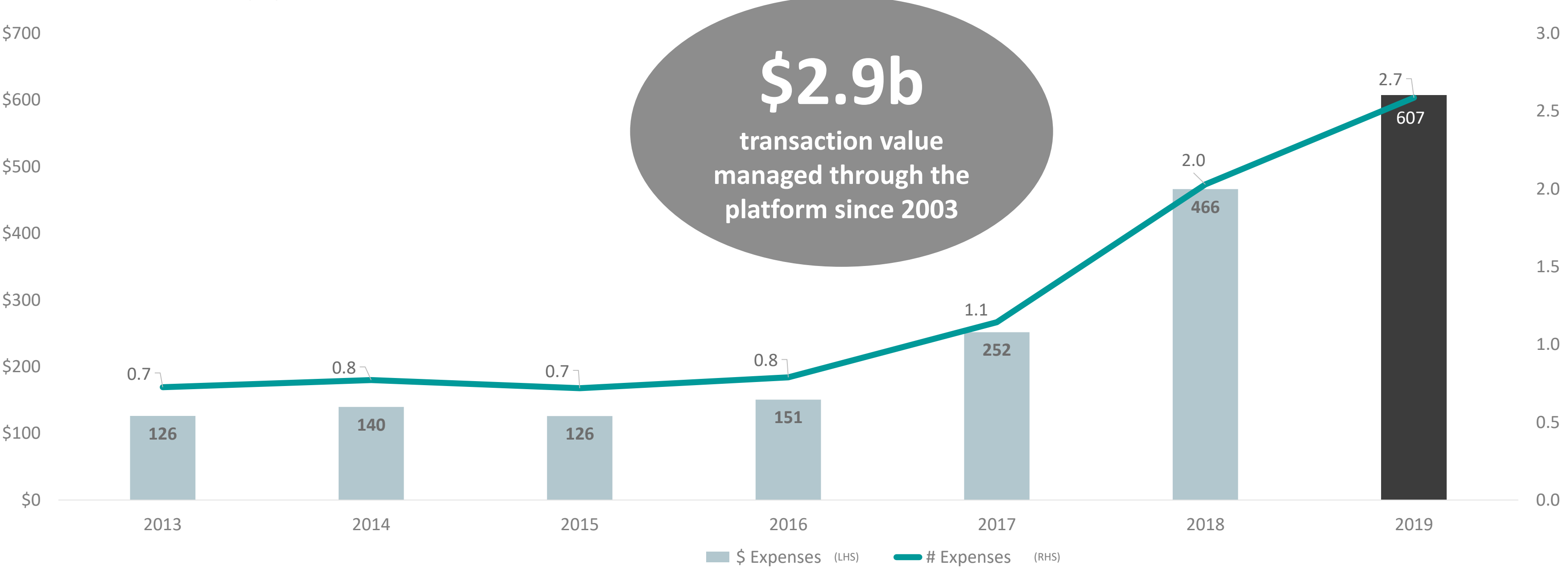
118,000 platform users within large enterprise customers and over 120 state and federal government entities.



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)



Our business model

Our platforms manage closed loop financial transactions for our customers

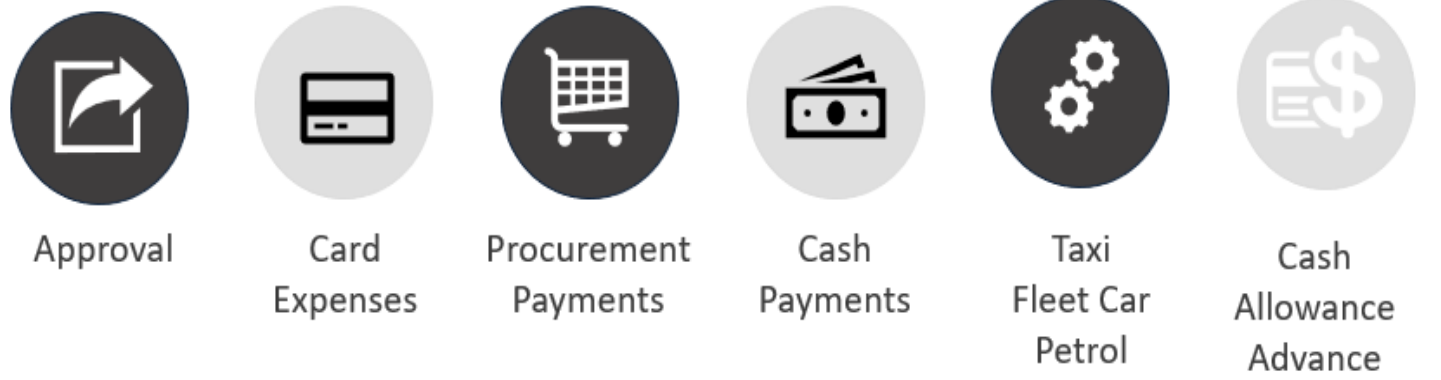
Travel and Expense Management (TEM) is our core product offering

8CO is delivering new solutions for our customers

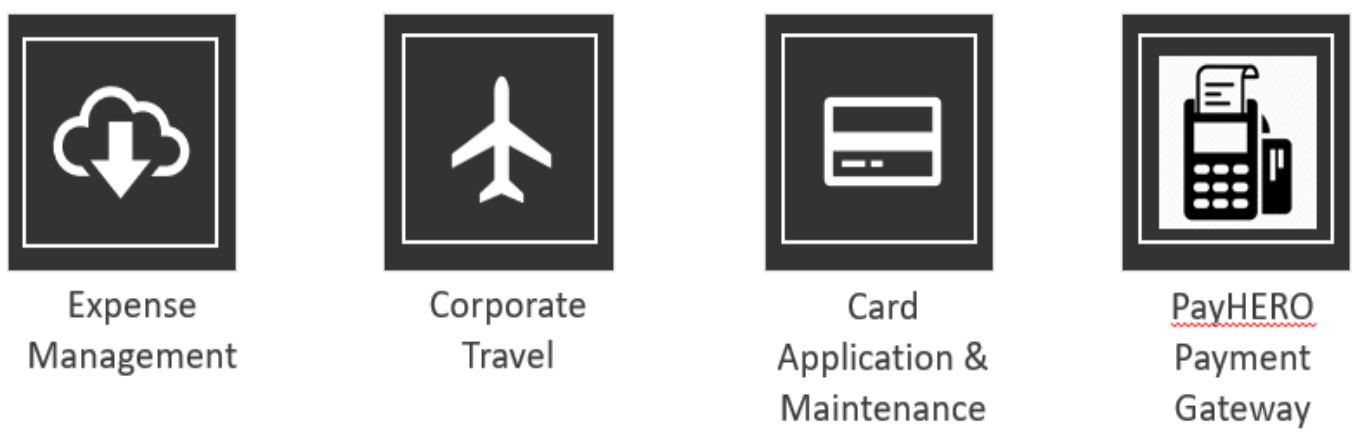
Our platforms integrate and reconcile with customers' payroll and ERP software



We help clients manage transactions...



via our platforms...



to reconcile with payroll & financial ERP



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 compliance and audit oversight of government and enterprise spend

8CO platforms are set to benefit from continued change in Government and corporate expense and procurement 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

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

Highlights

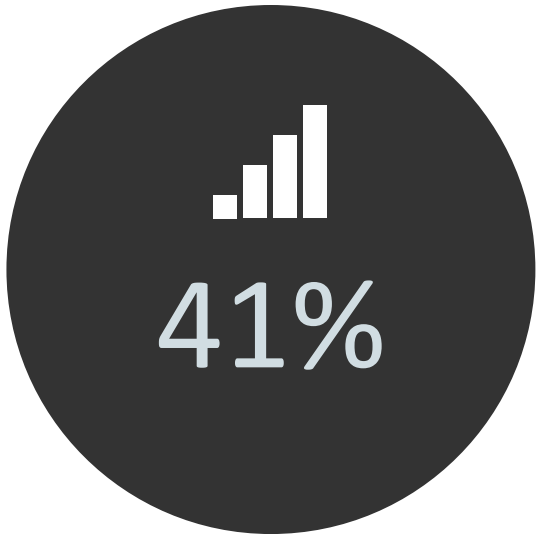
Strong corporate footprint and leading position in Government with strong order book

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

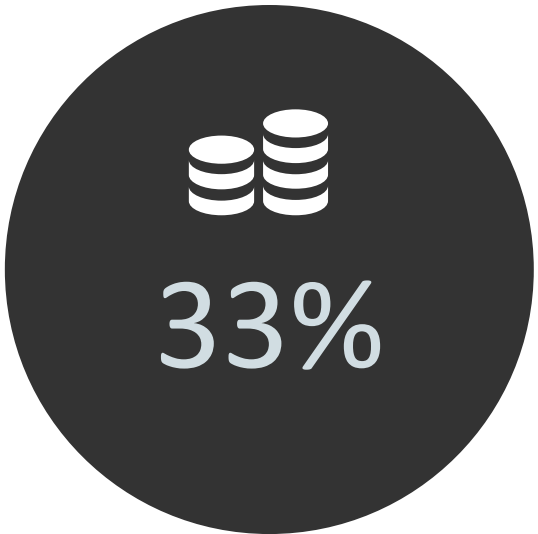
Strong multi-year revenue growth

Three consecutive quarters of positive cashflow

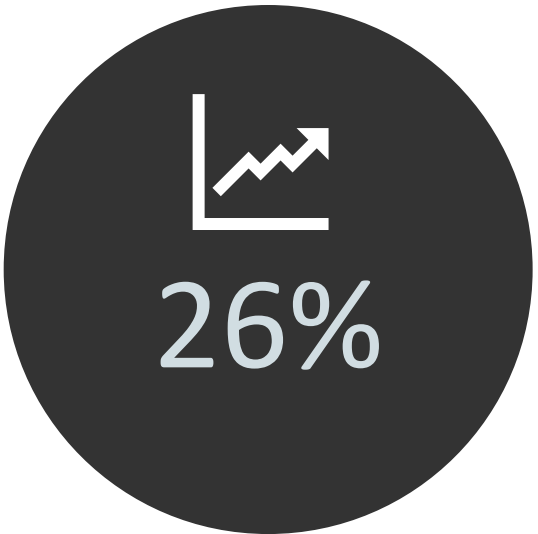
Revenue and cash receipt growth providing clear path towards positive EBITDA and profitability



PCP revenue lift



Increase in cash receipts



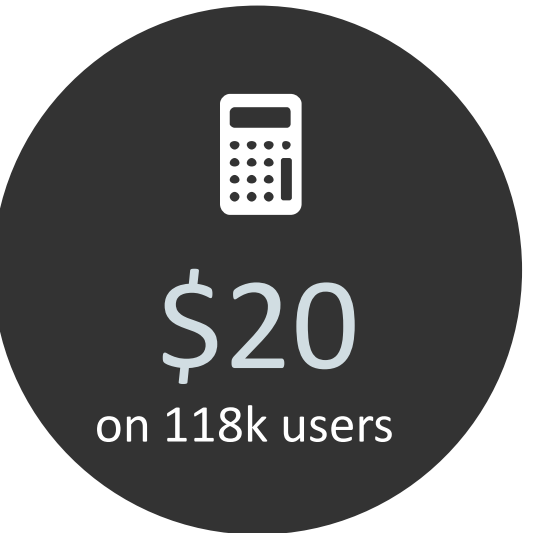
PCP SaaS revenue increase



Continuous quarters of positive cash flow



Q1 FY20 unaudited EBITDA*



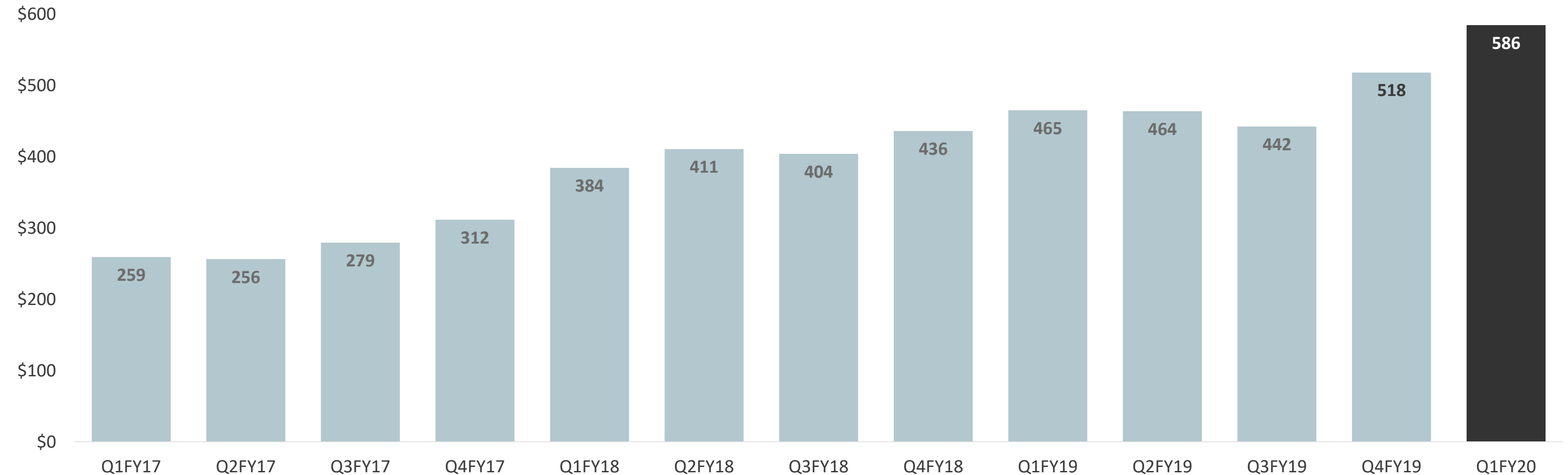
ARPU with further potential upside

* Includes R+D tax refund of \$280k

Recurring revenue

- Q1 FY20 (unaudited) recurring revenue generated from our SaaS technology has grown 26% versus Q1 FY19
- October 2019 (unaudited) revenue was \$210K
- Annualised 12-month recurring revenue equates to ~\$2.5 million

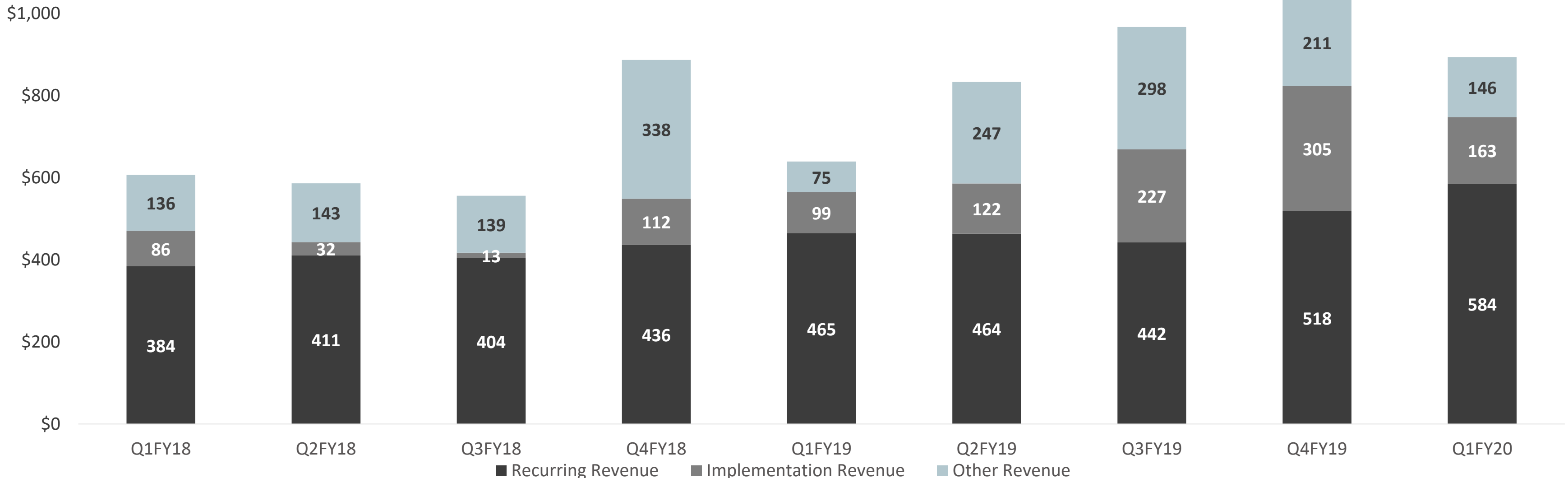
Quarterly Recurring SaaS Revenue (\$000)



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

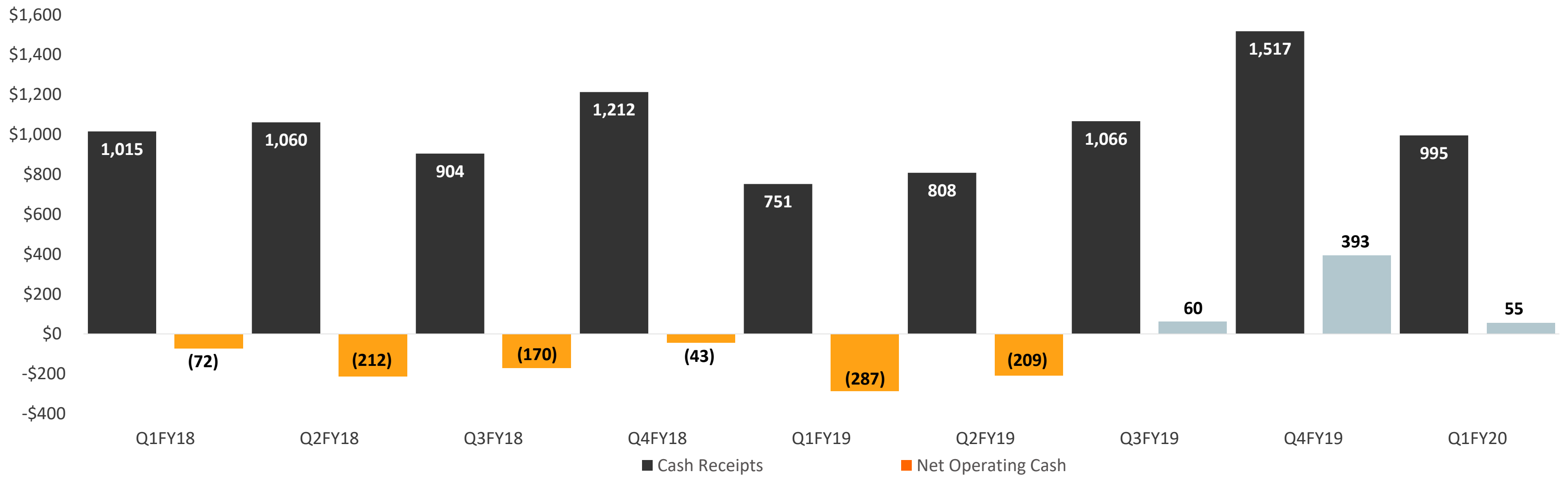
Quarterly Total Revenue (\$000)



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)



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



Growth targets



Universities



Schools



Corporate

2. Product leverage

Leverage existing relationships to introduce other 8CO products

Travel - Federal Government

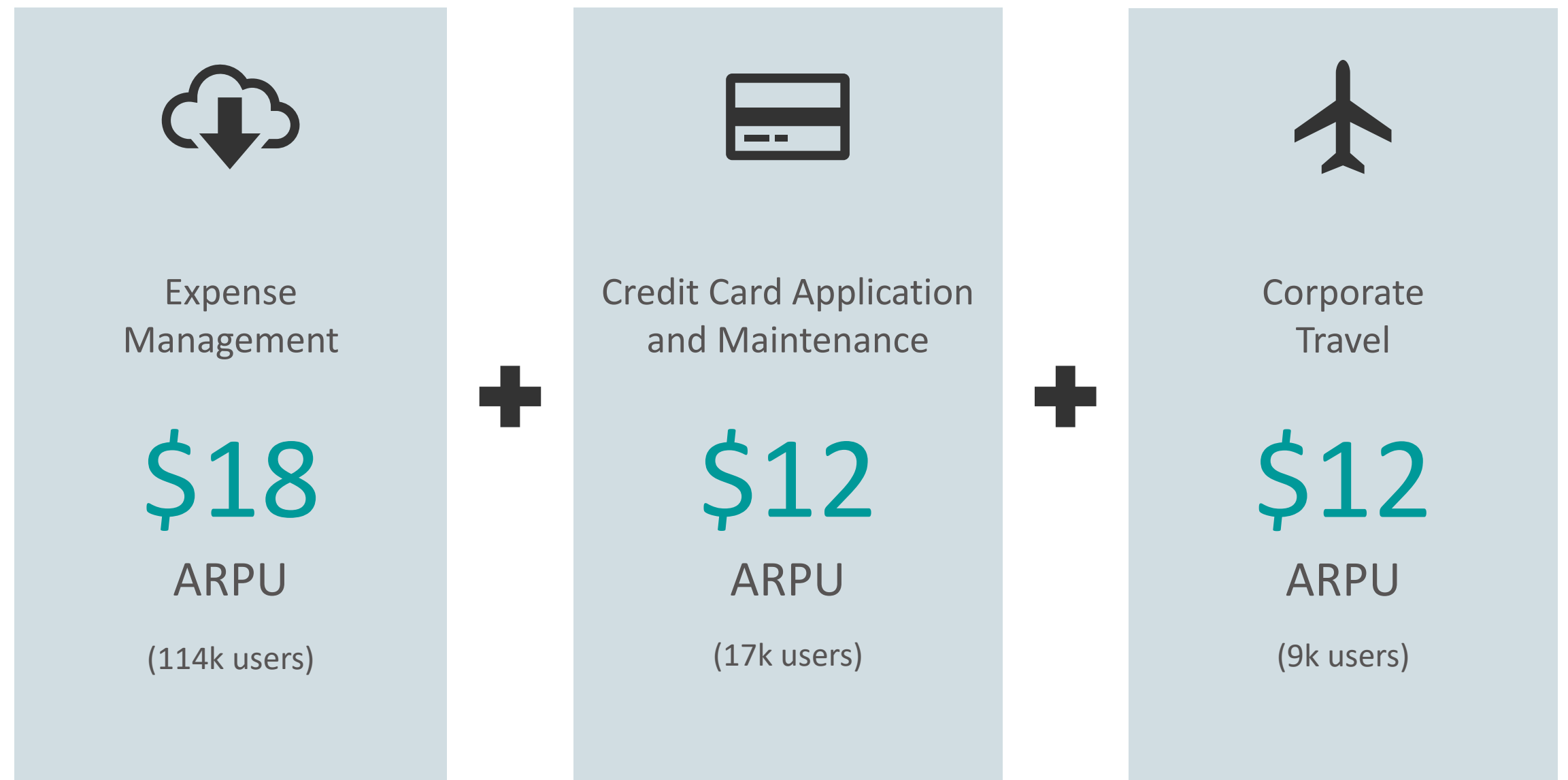
- Only eight Agencies currently use corporate travel (8k people)
- Under shared services potential to add a further +50 agencies and +40k people into travel module

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



CardHERO

Closed loop fund disbursement platform

1st Client has signed a paid pre-implementation product discovery phase

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:

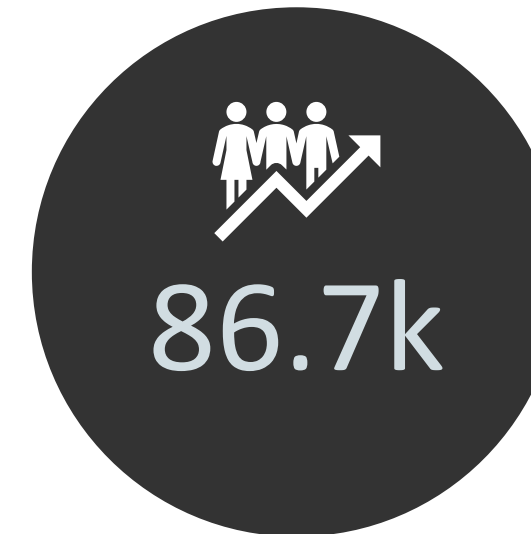
- Implementation Fee
- Monthly Platform Fee
- Monthly Subscription Fee per card
- % of load fee charged monthly

Example: National Disability Insurance Scheme

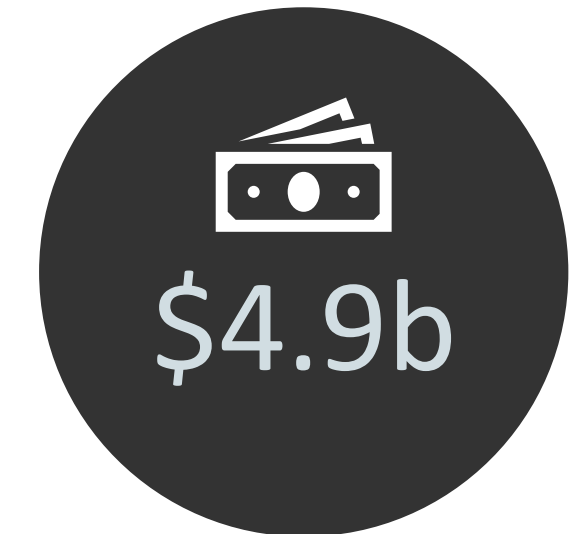
Largest provider of not for profit funds in Australia and a perfect potential client for 8CO given our technology and strong Government relationship



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:

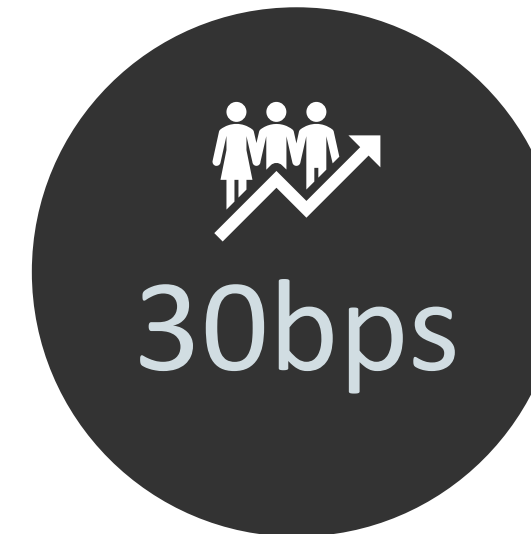
- Implementation Fee
- Monthly platform fee
- Monthly subscription fee per card
- % of transaction value & per transaction fee

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>

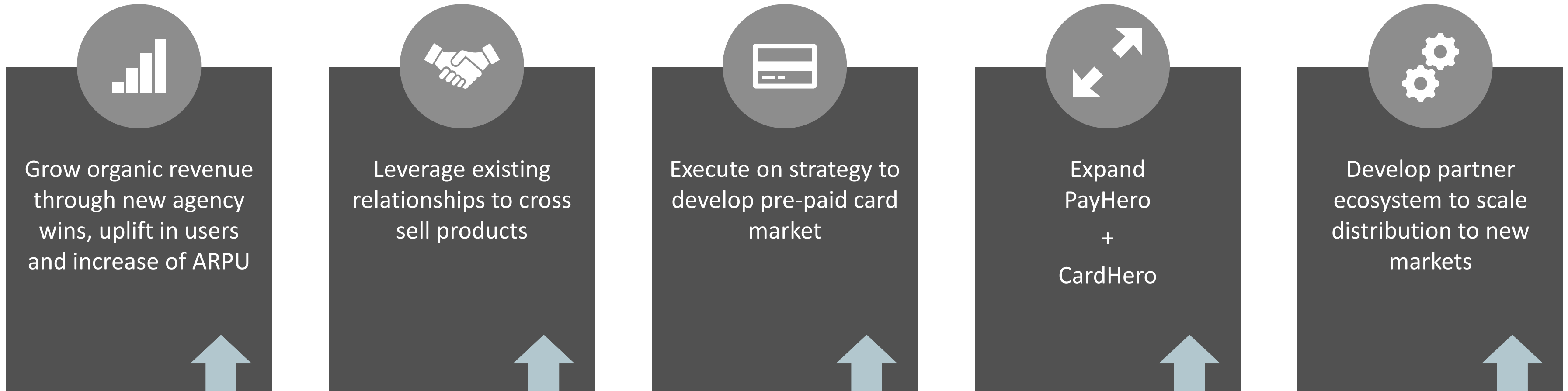
<https://www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/>

<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:



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