

# ANNUAL MEETING 2013

30 OCTOBER 2013 //

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# AGENDA

- // CHAIRMAN'S REPORT
- // A FEW WORDS FROM THE DIRECTORS
- // CHIEF EXECUTIVE'S REPORT
- // CFO REPORT
- // ORDINARY BUSINESS
- // ELECTION OF THE DIRECTORS
- // APPOINTMENT OF THE AUDITORS
- // COFFEE AND TEA

# CHAIRMAN'S REPORT

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ANNUAL MEETING 2013 // 30 OCTOBER 2013

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**GREG CROSS**  
BOARD CHAIRMAN



# FOCUS FOR THE BOARD



LISTING/  
COMPLIANCE //

EXECUTING  
OUR PLAN //

REPORTING/  
KPIs //

GOVERNANCE //

# OUR MARKET

**Ecommerce is a large, fast growing market**

- >> USD one trillion forecast
- >> 16% CAGR

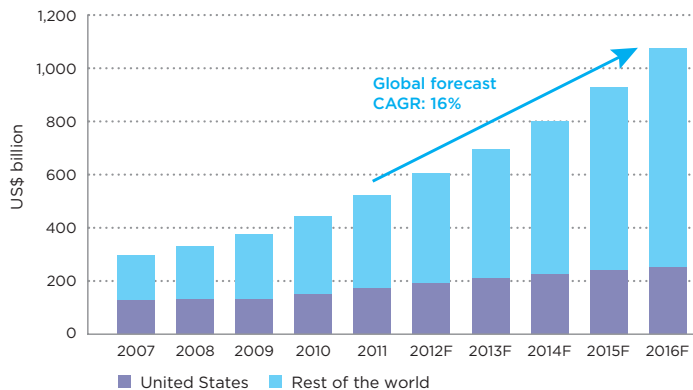
**SaaS spending by ecommerce is large and growing**

- >> 19% CAGR

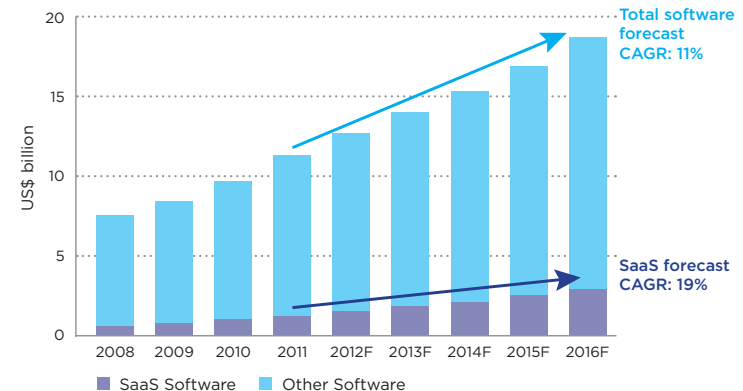
**We expect increased spending on**

- >> Customer conversion
- >> Marketing

## GLOBAL ONLINE RETAIL SECTOR VALUE //



## GLOBAL SPENDING ON SOFTWARE BY ECOMMERCE PROVIDERS //

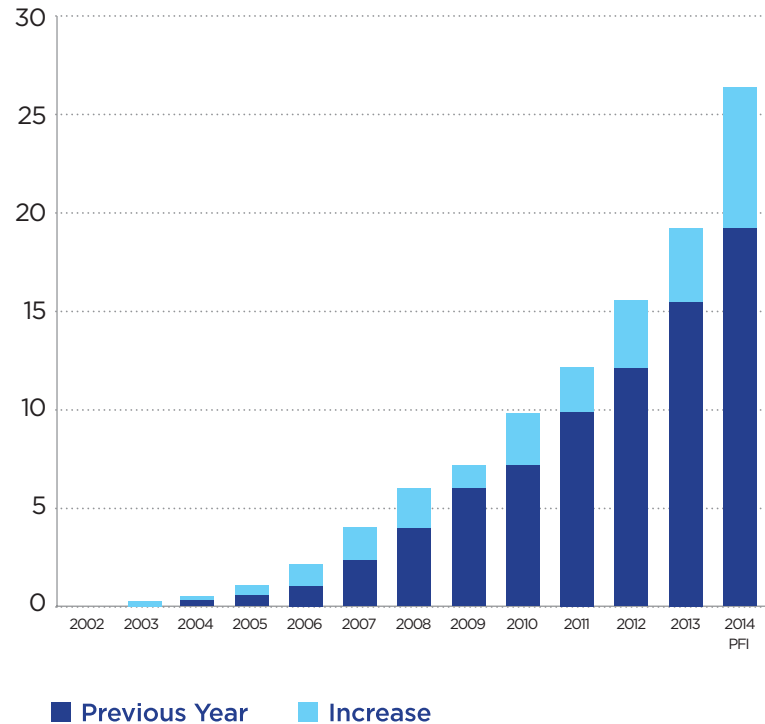


# OUR STRATEGY

Grow shareholder value  
through increasing  
Annualised Recurring  
Revenue (ARR) that is:

- >> High gross margin (77%)
- >> High retention rate (92%)

ANNUALISED RECURRING REVENUE<sup>1</sup> NZ\$MILLION //



# ANNUAL RESULTS HIGHLIGHTS

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## OUR RESULTS ARE IN LINE WITH FORECAST //

>> ARR of \$19.26m (\$19.16m forecast)

>> Retention rate 92% (91% forecast)

>> Total revenue \$18.31m (\$18.29m forecast)

>> Loss \$2.01m (\$2.15m forecast)

EXECUTING OUR  
PLAN, WITH  
A FOCUS ON  
HIRING //

NEW MARKETS  
ARE SHOWING  
PROMISE //

EXCITING  
PROGRESS  
WITH PRODUCT  
DEVELOPMENT //

# YOUR BOARD

## EXISTING BOARD MEMBERS //



// GREG CROSS  
*Chairman*



// SHAUN RYAN  
*CEO*



// STEVEN MARDER



// MATTHEW HOUTMAN

## NEW IN FEBRUARY //



// SARAH SMITH



// SAM KNOWLES

## THANK YOU //



// GRANT RYAN



# CHIEF EXECUTIVE'S REPORT

—  
SHAUN RYAN

○ .....



WE'RE  
JUST  
GETTING  
STARTED

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# OVERVIEW

- // LEADERSHIP TEAM
- // WHAT WE DO AND THE VALUE OUR CUSTOMERS GET
- // OUR MARKET LEADING POSITION
- // OUR SALES AND CUSTOMER CARE MODEL
- // HIRING PROGRESS
- // UPDATE ON EXISTING AND NEW MARKETS
- // NEW PRODUCTS

# LEADERSHIP TEAM

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// **ROD GARRETT**  
CFO



// **GEOFF BRASH**  
VP, Business Intelligence  
and Co-Founder



// **DR. WAYNE MUNRO**  
CTO and Co-Founder



// **DR. BLAIR CASSIDY**  
VP, Product Management



// **ED HOFFMAN**  
VP, Global Business and  
Corp. Dev

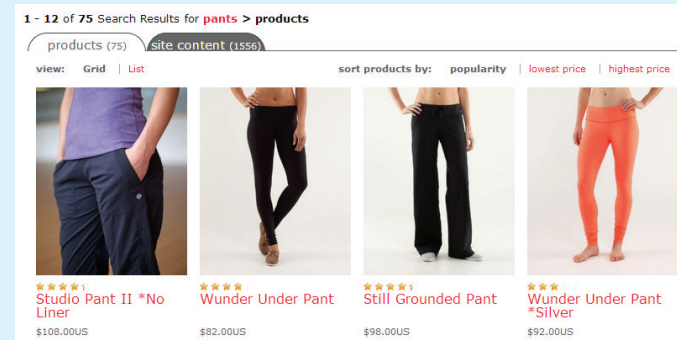
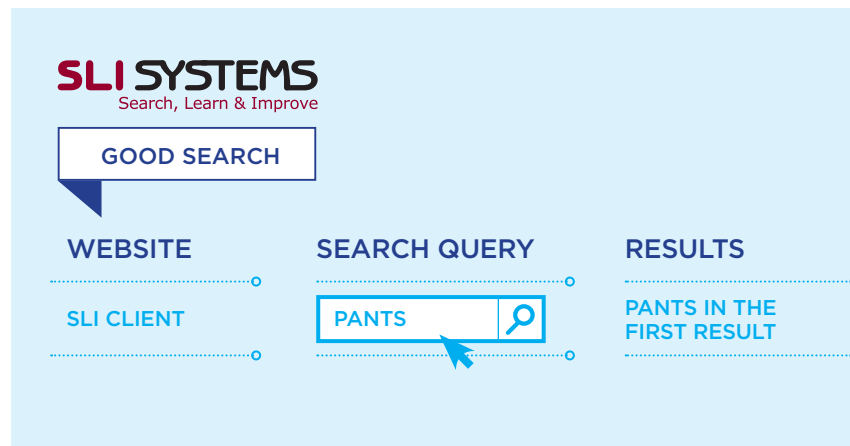
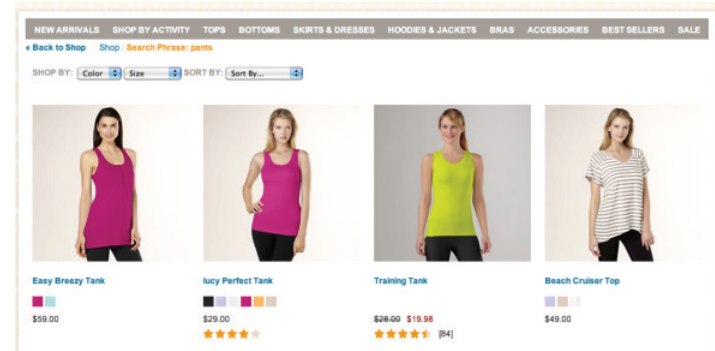
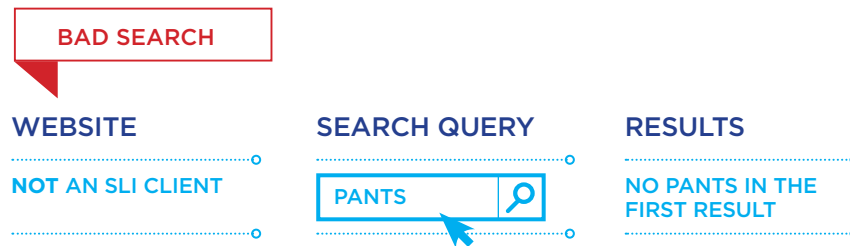


// **CHRISTOPHER RILAND**  
VP, Customer Success



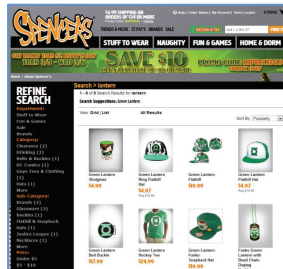
// **MICHAEL GRANTHAM**  
Operations Manager and  
Co-Founder

# SLI FIXES BAD SEARCH: IMPROVES E-RETAILERS' REVENUE

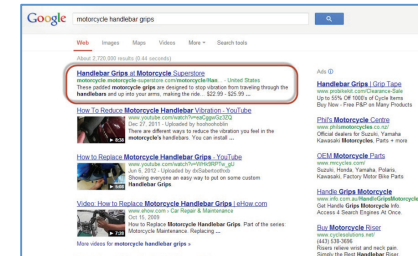


# PRODUCT RANGE

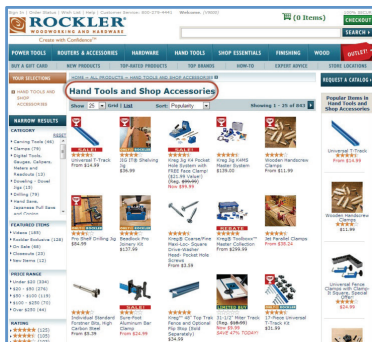
## LEARNING SEARCH



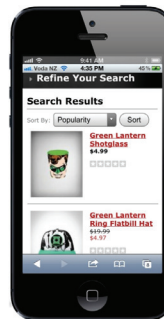
## SITE CHAMPION



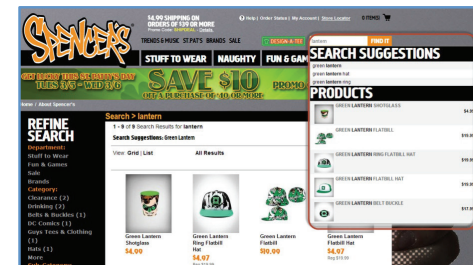
## LEARNING NAVIGATION



## SLI MOBILE



## RICH AUTO COMPLETE



# TESTIMONIALS



- ↑ Conversion rates 203%
- ↑ Average order value 18%

“These increases are important because they demonstrate the business value that SLI’s solution offers, which delivers an almost immediate ROI”



- ↑ Conversion rates 11%
- ↑ Revenue per visit 8%

“It’s clear from the results that with SLI’s expert assistance, our site search now delivers on the promise of making shopping easy and productive for our customers”



- ↑ Site revenue 58% from search
- ↑ Conversion rates 3.5x higher than non search

“We can see that search users are responsible for a greater share of revenue, so it’s to our advantage to make sure that as many customers as possible conduct successful searches. SLI gives us the user tools we need to drive this increase, as well as the strong conversion and revenue performance we now enjoy.”

# RECOGNISED SITE SEARCH LEADER

## LEADING SITE SEARCH PROVIDERS - IR 1000 US CLIENTS //

VENDOR	2012	2013	DELIVERY MODEL
Oracle/Endeca	111	113	On premise
<b>SLI Systems</b>	<b>60</b>	<b>73</b>	<b>SaaS</b>
Nextopia	42	44	SaaS
Adobe	44	42	SaaS
Google	34	37	SaaS
GSI Commerce	30	24	Platform
Celebros	20	20	SaaS / On premise
DemandWare	12	16	SaaS
Magento	11	15	Platform
Apache Solr	5	12	On premise
EasyAsk	12	12	SaaS / On premise
ThanxMedia	11	10	SaaS / On premise

Source: Internet Retailer, August 2013

# WINNING WITH LARGER CUSTOMERS

## Billion Dollar Customers

- >> SLI has 17 billion\* dollar customers
- >> Added 6 billion dollar companies in last year – **55% increase!**
- >> New enterprise sales team focusing on these and larger clients

## Lakeshore learning case study

- >> Presented at Shop.org Annual Summit
- >> Since implementing SLI's flagship LearningSearch, sales +25%, transactions +16% and time on site +20%.



\* Customer's revenue > US\$1b



# SLI'S BUSINESS MODEL

**Subscription-based  
Software as a Service  
(SaaS) recurring revenue  
model**

**Increasing specialisation of  
our direct sales team:**

- >> Market development
- >> Direct reps
- >> Enterprise reps
- >> Account Managers

**Growth in revenue from:**

- >> Existing markets
- >> Opportunities in new markets
- >> Existing customers growing and using additional products / features



# CUSTOMER CARE MODEL

Each customer allocated a  
Customer Success Manager



YOUR CUSTOMER SUCCESS MANAGER

**Joe Riney**

408-777-6015 joe.riney@slj-systems.com

Customer Success Manager  
works with customer and  
client facing engineers

Cost is built into  
recurring fee

“You guys made it too easy!”

“It’s great to work with a vendor  
that’s as responsive as SLI.”

“We love the SLI Product!”

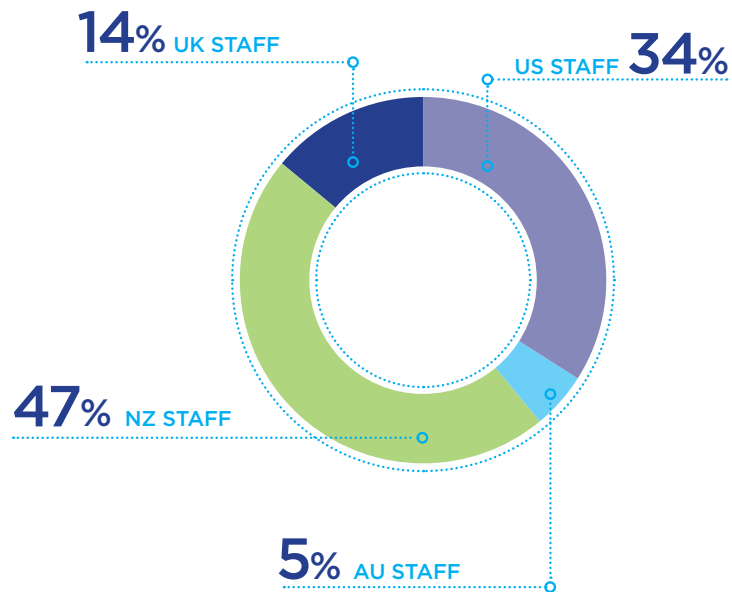
**Happy customers mean**

- >> Higher retention rates  
(approximately 92% by  
value)
- >> Customers as advocates

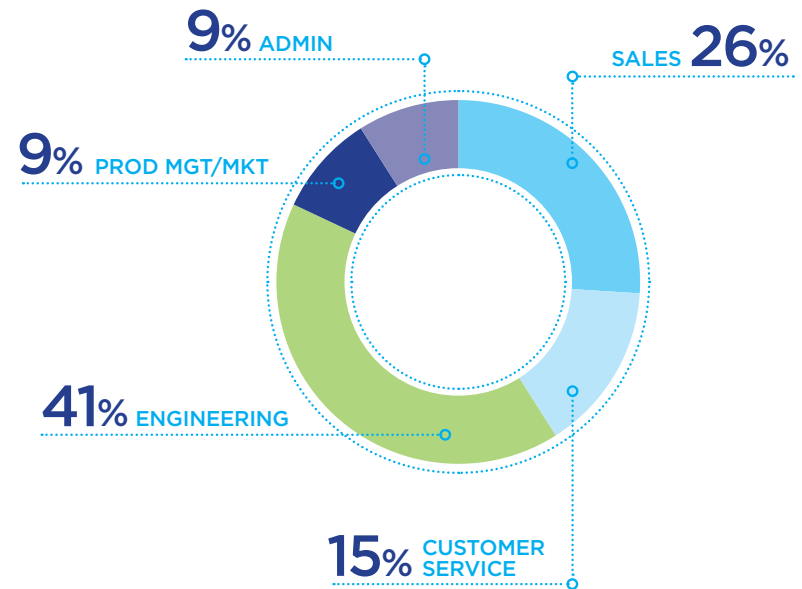
**Compelling long term  
value potential created  
with each new customer  
through**

- >> High gross margin  
(77%) coupled with  
high retention features

# EMPLOYEES



Currently 131 staff



## Stock options

- >> All employees
- >> Aligns employees with shareholders
- >> 4 year vesting, 1 year cliff, 10 year expiration

# EXISTING MARKETS

## US

- >> 62% of our ARR
- >> Expanded Sales, Marketing and Customer Success teams
- >> Expanded office



## UK

- >> Expanded Sales, Customer Success, and Engineering teams
- >> Dedicated Marketing
- >> Altered office



## Australia

- >> Expanded sales team
- >> Dedicated Marketing and established Customer Success team
- >> Stand alone office in downtown Melbourne



# NEW MARKETS

## Brazil



- >> 110% growth
- >> 4 of top 10 online retailers, negotiating with 3 others
- >> Sizeable market opportunity
- >> Planning on more sales people
- >> Brazilian engineers hired

## Japan



- >> 1st customer
- >> Have established partner relationships
- >> Improving product to meet market demands
- >> Establishing subsidiary
- >> Looking to hire our first sales person
- >> Good size opportunities
- >> Japanese engineer hired

# NEW PRODUCTS

History of innovative product development

Hiring development engineers

## 2 Products in Beta:

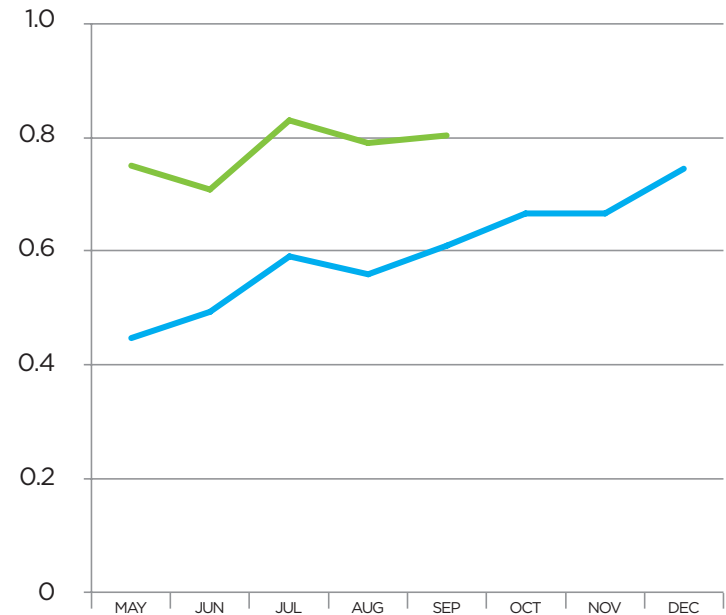
- >> SLI Live
- >> “New product” (commercially sensitive prior to release)

## Largest opportunity for us to outperform

- >> Close relationship with a growing base of happy customers
- >> Large amount of activity and product data

## BILLIONS OF QUERIES/MONTH //

■ 2013 ■ 2012



# KEY POINTS

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**GREAT  
PRODUCT //**

**MARKET  
LEADER //**

**BUILDING  
OUT TEAMS  
GLOBALLY //**

**CLOSE  
RELATIONSHIP  
WITH  
CUSTOMERS //**

**LARGE  
POTENTIAL  
FOR FUTURE  
PRODUCTS //**

# CFO REPORT

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ANNUAL MEETING 2013 // 30 OCTOBER 2013

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ROD GARRETT



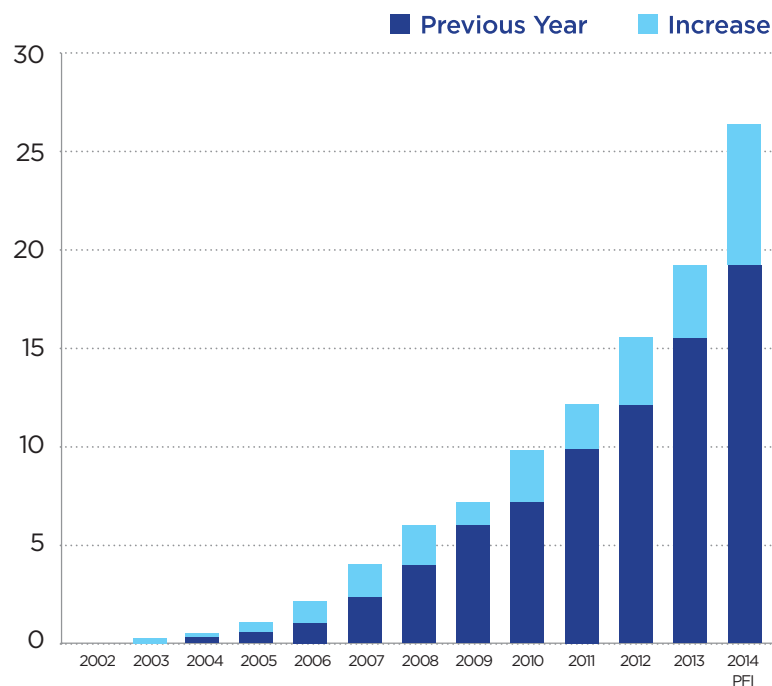
IT'S ONLY  
BEEN A  
MONTH!



# ANNUALISED RECURRING REVENUE (ARR)

## HISTORICAL AND PROSPECTIVE ARR AT JUNE EACH YEAR //

Annualised Recurring Revenue<sup>1</sup> NZ\$Million



ACHIEVED \$19.26M  
AS AT 30 JUNE 2013  
(25% GROWTH FROM  
PRIOR 12 MONTHS) //

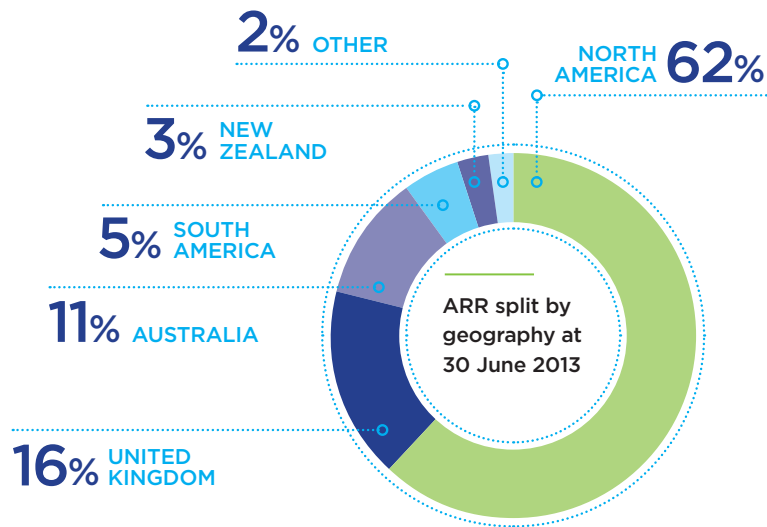
CONTINUING TO FORECAST  
\$25.88M AS AT 30 JUNE  
2014 (34% GROWTH YEAR  
ON YEAR) //

CONSTANT PFI EXCHANGE  
RATES USED //

<sup>1</sup> Annualised Recurring Revenue, a non-GAAP financial performance measure used internally by SLI that represents the annualised monthly recurring revenue from SLI's customers for its Learning Search and related products and its Site Champion product on an assumed constant currency basis using the PFI exchange rates. ARR does not include revenue from SLI's Related Search product, which it does not actively promote.

# ARR SPLIT (AS AT 30 JUNE 2013)

## ARR BY GEOGRAPHY (NZD)<sup>1</sup> //



## ARR GROWTH BY GEOGRAPHY //

REGION	% increase in ARR in last 12 months
North America	21%
United Kingdom	10%
Australia/New Zealand	34%
South America	110%
Total	25%

<sup>1</sup> Annualised Recurring Revenue, a non-GAAP financial performance measure used internally by SLI that represents the annualised monthly recurring revenue from SLI's customers for its Learning Search and related products and its Site Champion product on an assumed constant currency basis using the current exchange rates. ARR does not include revenue from SLI's Related Search product, which it does not actively promote.

# FINANCIAL PERFORMANCE - FY13 ACTUAL VS PFI

NZ\$'000	ACTUAL FY13	FORECAST FY13	FY13 VARIANCE FAV (UNFAV)
<b>Total Revenue and Other Income</b>	<b>18,955</b>	<b>18,819</b>	<b>136</b>
Delivery Costs	4,222	4,188	(34)
Growth Costs	9,410	9,546	136
Other Costs	7,379	7,237	(142)
<b>Total Costs</b>	<b>21,011</b>	<b>20,971</b>	<b>(40)</b>
<b>Operating loss before finance income</b>	<b>2,056</b>	<b>2,152</b>	<b>96</b>
<b>Gross Margin</b>	<b>77%</b>	<b>77%</b>	<b>0</b>

# FOREIGN INVESTMENT FUND (FIF) TAX REGIME

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**WE ADVISED THAT SHAREHOLDERS WOULD BE SUBJECT TO THE FIF REGIME AT TIME OF ISSUE OF PROSPECTUS //**

- >> Use of FDR to calculate income
- >> Conservative approach

**DECISION FROM IRD //**

- >> SLI is not a foreign company
- >> The FIF regime does not apply

# FINANCIALS SUMMARY

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FY 2013 ON  
TARGET //

FIF TAX  
REGIME ISSUE  
RESOLVED //

ON TARGET FOR  
FY 2014 //

# FORMAL RESOLUTIONS

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## ITEM 1 - FINANCIAL STATEMENTS //

To receive and consider the financial statements of the Company for the year ended 30 June 2013, together with the auditor's report on such financial statements both as contained in the 2013 annual report.

## ITEM 2 - ELECTION OF DIRECTORS //

To consider and if thought fit to pass the following resolutions as separate ordinary resolutions:

- (a) That Greg Cross, retires by rotation in accordance with clause 25 of the Company's constitution, and, who being eligible, offers himself for re-election as a director of the Company, be re-elected a director of the Company.
- (b) That Steven Marder, retires by rotation in accordance with clause 25 of the Company's constitution, and, who being eligible, offers himself for re-election as a director of the Company, be re-elected a director of the Company.

## ITEM 3 - APPOINTMENT AND REMUNERATION OF AUDITOR //

To consider and if thought fit to pass the following resolution as an ordinary resolution:

That PricewaterhouseCoopers be reappointed as the Company's auditors to hold office from the conclusion of this meeting to the conclusion of the next annual meeting and the Directors be authorised to fix the remuneration of the Auditors for the ensuing year.

# FORMAL RESOLUTIONS



## RESOLUTION 1 //

That Greg Cross, retires by rotation in accordance with clause 25 of the Company's constitution, and, who being eligible, be re-elected as a director of the Company.

# FORMAL RESOLUTIONS



## RESOLUTION 2 //

That Steven Marder, retires by rotation in accordance with clause 25 of the Company's constitution, and, who being eligible, be re-elected as a director of the Company.



# FORMAL RESOLUTIONS



## **RESOLUTION 3 //**

That PricewaterhouseCoopers be reappointed as the Company's auditors to hold office from the conclusion of this meeting to the conclusion of the next annual meeting and the Directors be authorised to fix the remuneration of the Auditors for the ensuing year.

# TEA AND COFFEE

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