

whispir

26 August 2020

# FY20 Results

Investor briefing  
materials

A S X W S P



# Agenda – Investor briefing materials

Who is presenting today?



Jeromy Wells  
CEO



Justin Owen  
CFO

BUSINESS UPDATE:

Increasing ARR & executing on strategy

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FINANCIAL RESULTS:

Achieved FY20 Prospectus forecast

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OUTLOOK:

Positioned for growth

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Q & A

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# Introduction to Whispir

Whispir is a global scale SaaS company, providing a communications workflow platform that automates communications with people across all digital channels.

## Our products and Services

Ensure people everywhere receive accurate, timely, useful and actionable insights in a manner that is sensitive to individual contexts and preferences.

## Our platform

Delivers repeatable products and services to a broad range of organisations, across multiple industries.

## Our growth

Leveraging the significant global shift to cloud-based communications and the broad acceleration of Digital Transformation beyond the current crisis.



# Whispir Today



1.5B interactions  
per annum

Products solve a broad range  
of common business challenges



3 regions

Operating out of 3 regions and  
through global industry partners



150 + Staff

Worldwide and growing



>630 blue chip  
customers

Proven scalability globally



11,000 + use cases

Delivered for  
customers worldwide



99.95%

Availability



Interactions with >55m  
unique people per annum

Proven product market fit



60 countries

Global customer base



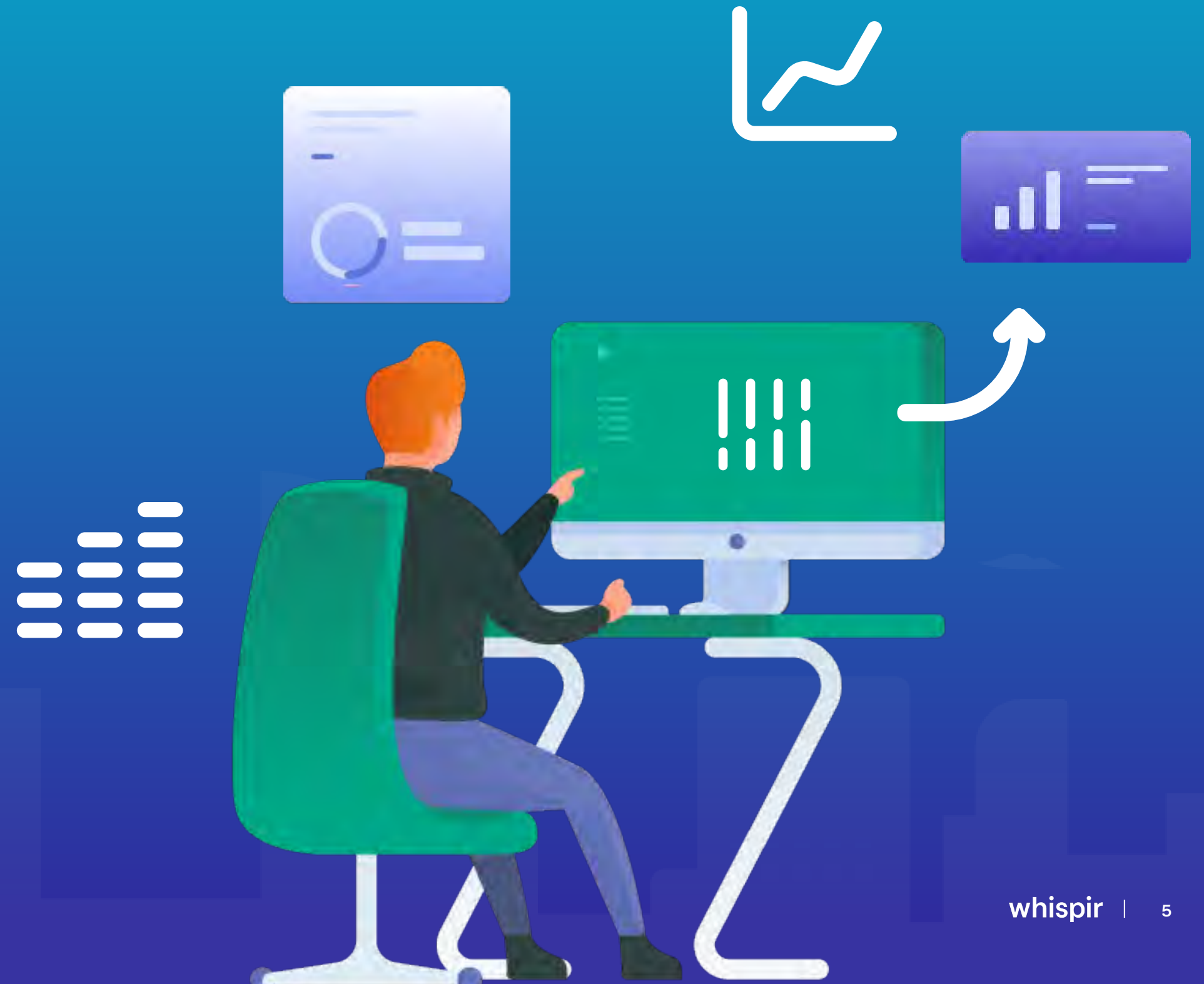
24/7/365

Tech support



# Business Update:

Increasing ARR & executing on strategy



# ARR increased 34% year on year

Increased platform usage by installed base and significant new customer growth.

# \$42.2m



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FY20 annualised recurring revenue

Prospectus forecast ARR \$42.0m

# Customer Revenue Retention of 124.1%

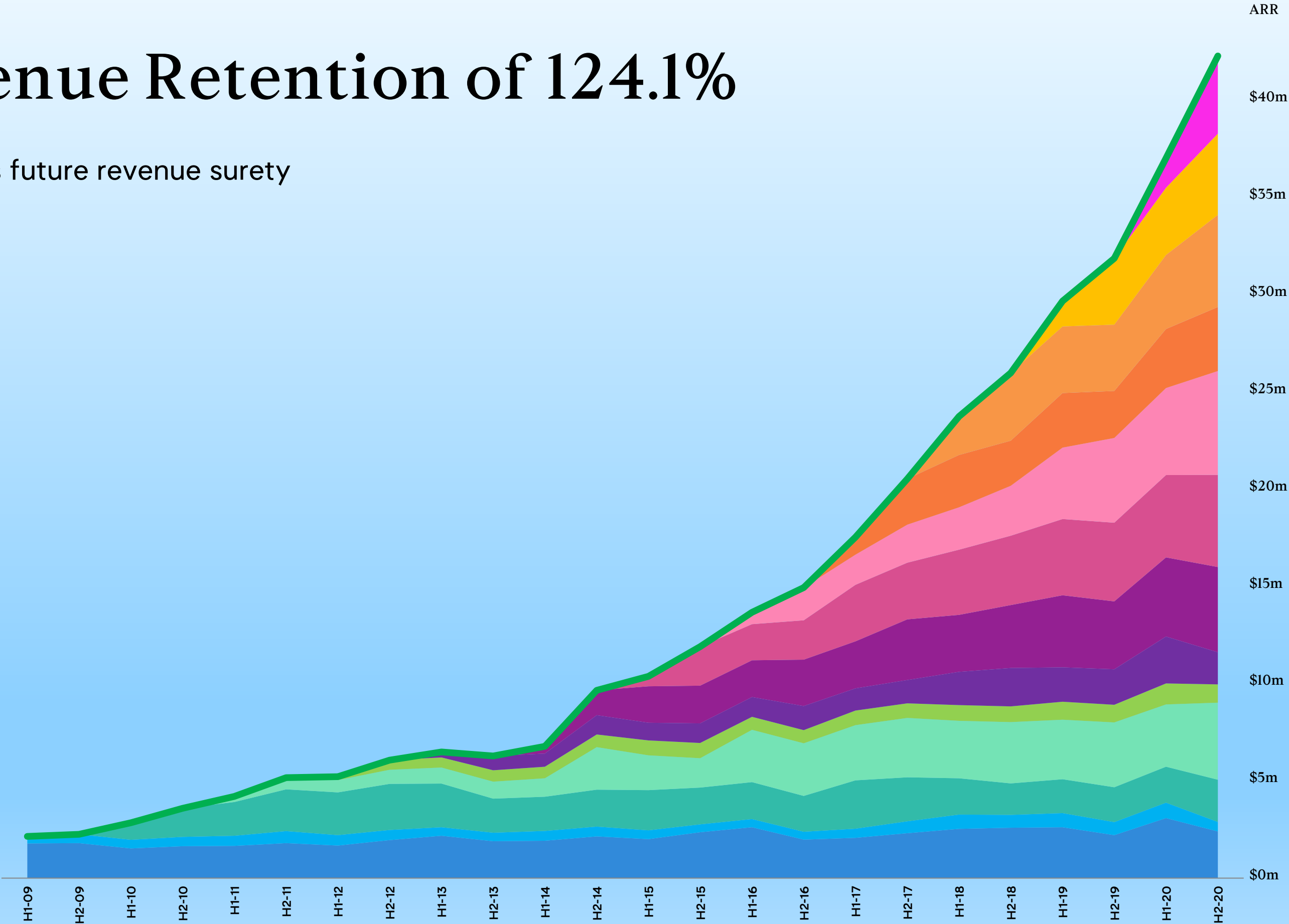
Best in class performance provides future revenue surety

Prospectus Forecast CRR 121.5%



**Note**

Cohort analysis excludes DBS Bank Singapore as a former customer, fluctuating transactional customers and one-off items such as paid proof of concepts.





# Outperformed FY20 Prospectus forecast

Strong revenue growth and optimised management of operating expenses

62.5%

FY20 Gross Margin

\$379m

Lifetime value of customer cohort as at 30 June 2020

115% Growth on FY19 & up  
60% on Prospectus forecast

23.7x

LTV/CAC Ratio

\$39.1m

FY20 Revenue

25.5% Growth from FY19

\$(5.6m)

FY20 EBITDA excluding non-cash share-based payments

50% ahead of FY19

95.6%

Recurring Revenue

FY20 Recurring provides  
future revenue surety



# Record new customer growth

Increased demand for communications software for COVID-19 stakeholder engagement driving macro trends.

# 630 Customers



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72 net new customers in Q4 FY20

Prospectus forecast Customers 621

# Reduced churn

Gross revenue and customer churn significantly below expectations, reflecting stickiness of platform.

2.4%



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Revenue churn reduced to 2.4%,  
down from forecast of 5.3%

7%



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Customer churn below Prospectus forecast of 11%

# Average customer ARR

Existing customers using platform to solve more communications challenges.

\$671k

6.9% growth from FY19



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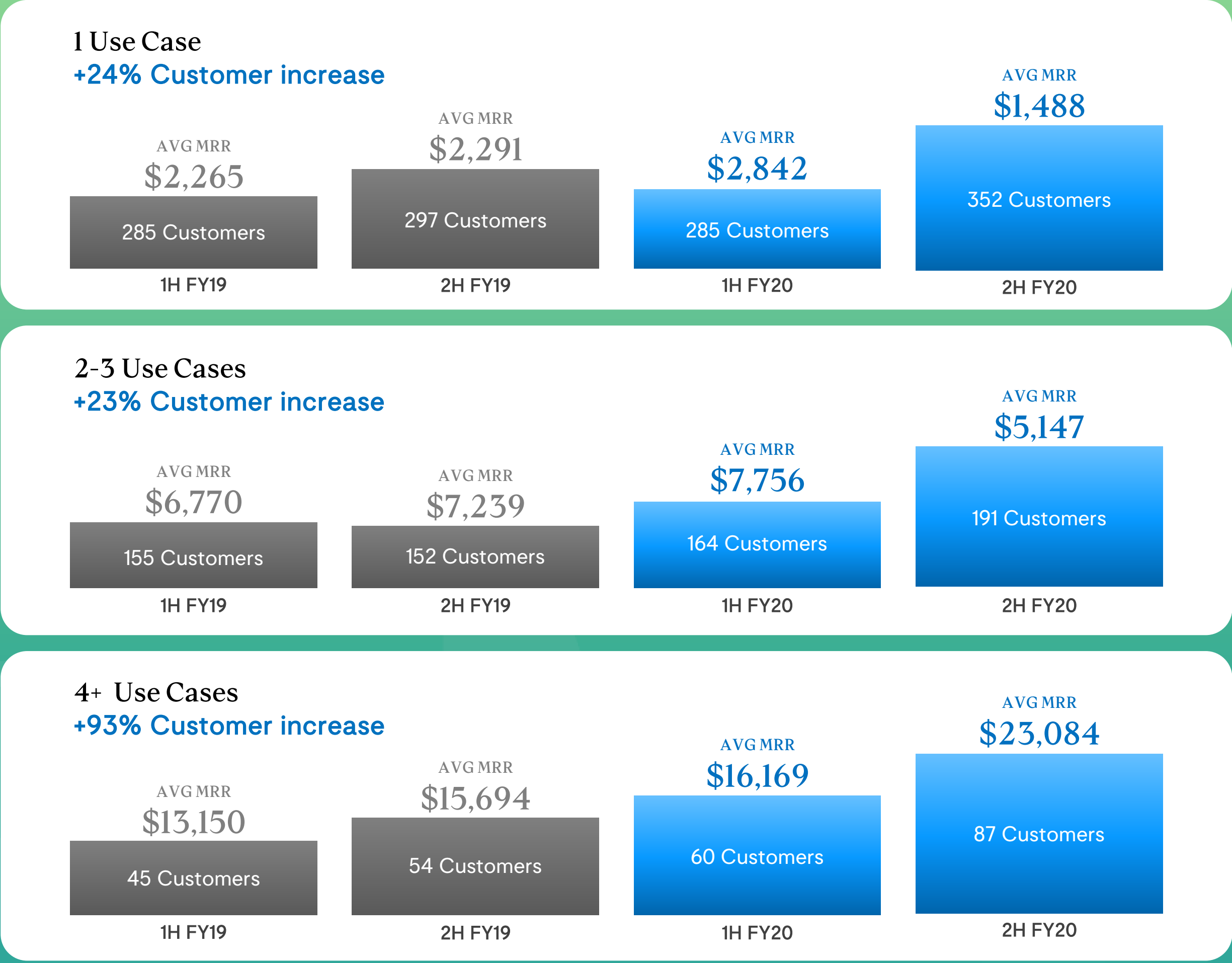
630 customers

# Higher-value customers

New use cases, templates and functionality increasing customers with 4+ use cases by 93% over the last 2 years.

4+ Use Case  
YoY MRR Growth

+47%



# George Weston Foods

## – Case Study

### Initial use case in 2017

- Emergency communications

### Data Security Breach Prevention

- GWF used Whispir to prevent a data security breach
- Stakeholders informed of phishing email
- Internal systems safeguarded
- This one instance, saved more than \$400K in potential damage

“We didn’t need COVID-19 for us to prove that we are future-ready, in fact, the current crisis only justifies our efforts and investment in our digital transformation journey which the Whispir Platform supports.

It naturally puts us in a sweet-spot position to absorb the shocks from the COVID-19 disruption, without any un-manageable turbulence to business operations or employee well-being.”

**Michael Hull**

Vendor and Risk / Business and Architecture Team Lead,  
Business & Technology Services



# George Weston Foods - Accelerating digital transformation

“At GWF our Business units drive their own direction, the Whispir platform has been seen to be a tool that all can utilise. From HR through to Ops and Customer Service/Sales, we are adapting the one platform to meet different needs.”

**Michael Hull**

Vendor and Risk / Business and Architecture Team Lead,  
Business & Technology Services

# George Weston Foods - Increasing use cases to drive digitisation

## Expanding to nine use cases in 2020

### Business continuity plan

- Emergency communications

### Streamlining operational processes

- Notifications of product short supply
- Staff/ company-wide updates
- Pricing changes for customers
- Customer service NPS
- Customer service replies
- Customer surveys

### Automating manual processes

- Team rostering
- Training and education
- Lone worker “R U Safe” check-in

### George Weston Brands x Whispir Use

	Human Resources	Customer Service	Sales	Operations	Business Continuity Planning	Education
	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓
	✓			✓	✓	✓
	✓			✓	✓	✓
				✓		



# Financial results:

Achieved FY20 forecasts



# Financial Performance

Increasing revenues and tight cost control

- Software revenue growth of 27% YOY
  - Gross margins of 62.5%
- EBITDA of \$(7.3m), significantly better than Prospectus forecast of \$(9.4m)



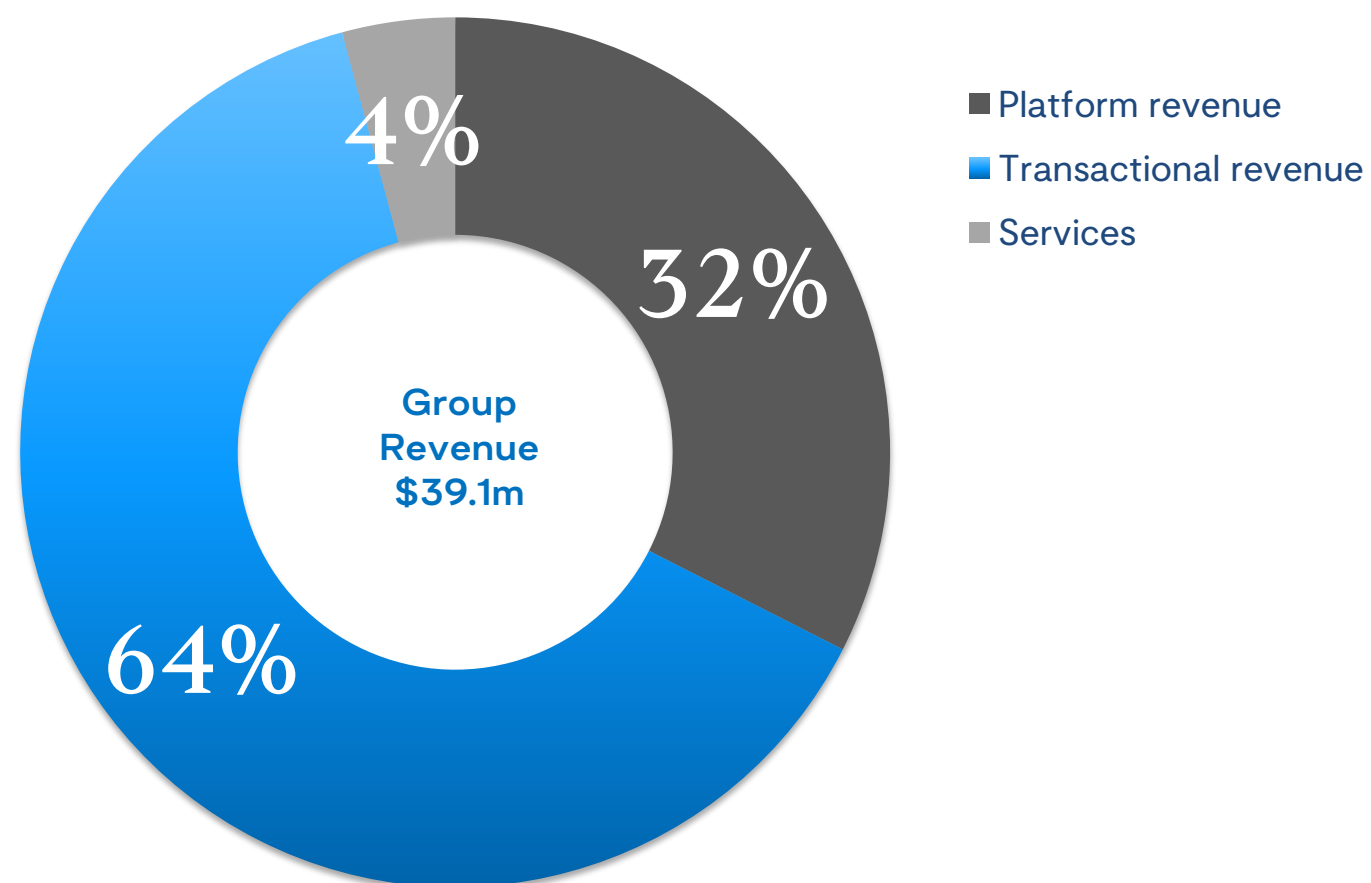
	FY20 (\$000's)	FY19 (\$000's)	YOY Change* (%)
Software revenue	37,361	29,389	27.1%
Professional services revenue	1,734	1,759	(1.4)%
<b>Revenue</b>	<b>39,095</b>	<b>31,148</b>	<b>25.5%</b>
<b>Gross Margin</b>	<b>24,431</b>	<b>19,507</b>	<b>25.2%</b>
Gross Margin %	<b>62.5%</b>	<b>62.6%</b>	<b>(0.2)%</b>
<b>Total operating expenses</b>	<b>31,708</b>	<b>33,482</b>	<b>5.3%</b>
<b>EBITDA</b>	<b>(7,277)</b>	<b>(13,975)</b>	<b>47.9%</b>
<b>EBITDA</b> (ex non-cash, share-based payments)	<b>(5,640)</b>	<b>(11,258)</b>	<b>49.9%</b>
<b>EBITDA</b> (ex non-cash, share-based payments & IPO offer costs)	<b>(5,640)</b>	<b>(7,570)</b>	<b>25.5%</b>

\* YOY percentage movement based upon rounded numbers within table

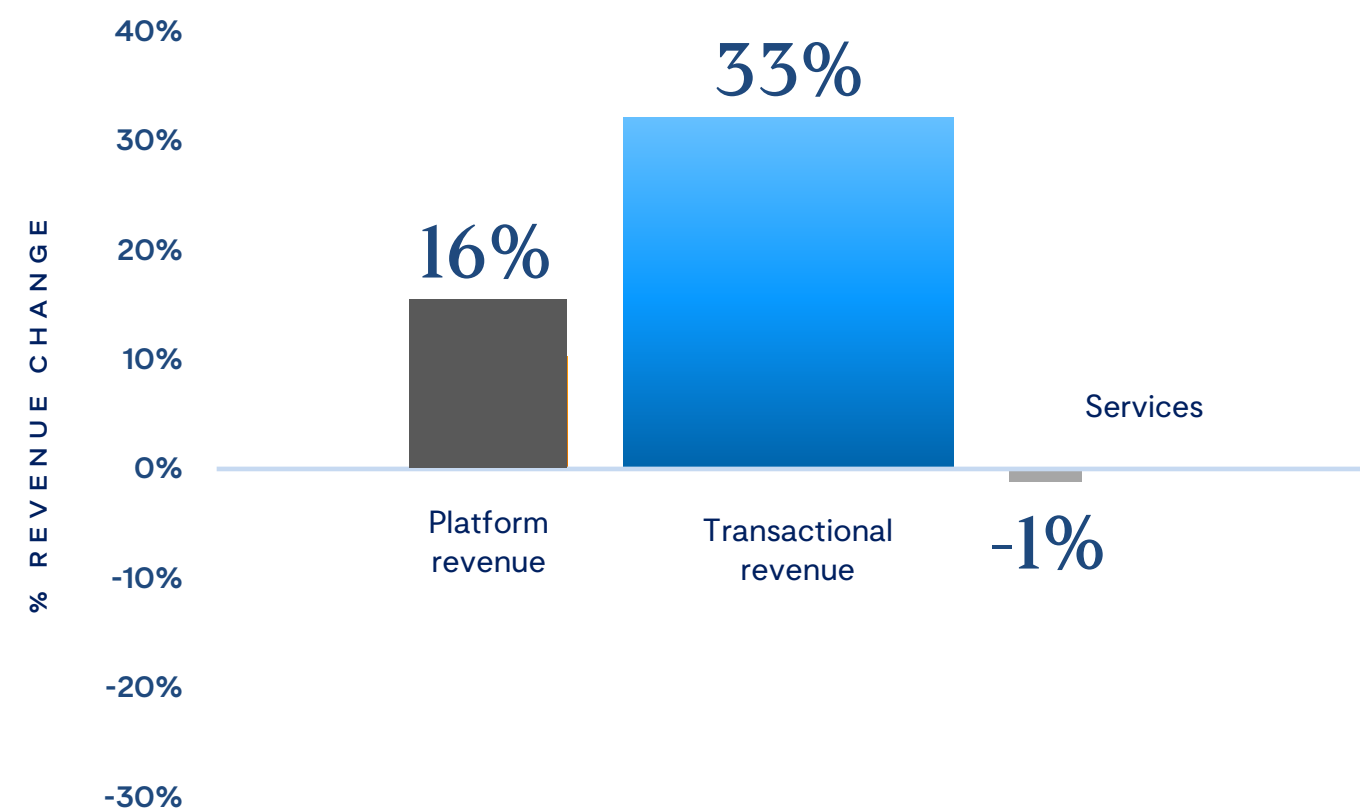
# Driving growth through the platform

Network effect within customers driving transaction & revenue growth

## FY20 Revenue Composition



## FY20 Revenue Growth PCP



# Balance Sheet

Well funded for growth

Cash balance ahead of expectations



A\$('m)

30 June 2020

Statutory

## Assets

### Current assets

Cash and cash equivalents	15.2
Trade and other receivables	5.5
Prepayments and other current assets	4.3

<b>Total current assets</b>	<b>25.0</b>
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<b>Non-current assets</b>	<b>12.4</b>
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<b>Total assets</b>	<b>37.4</b>
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## Liabilities

### Current liabilities

<b>Total current liabilities</b>	<b>(13.3)</b>
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<b>Total non-current liabilities</b>	<b>(4.4)</b>
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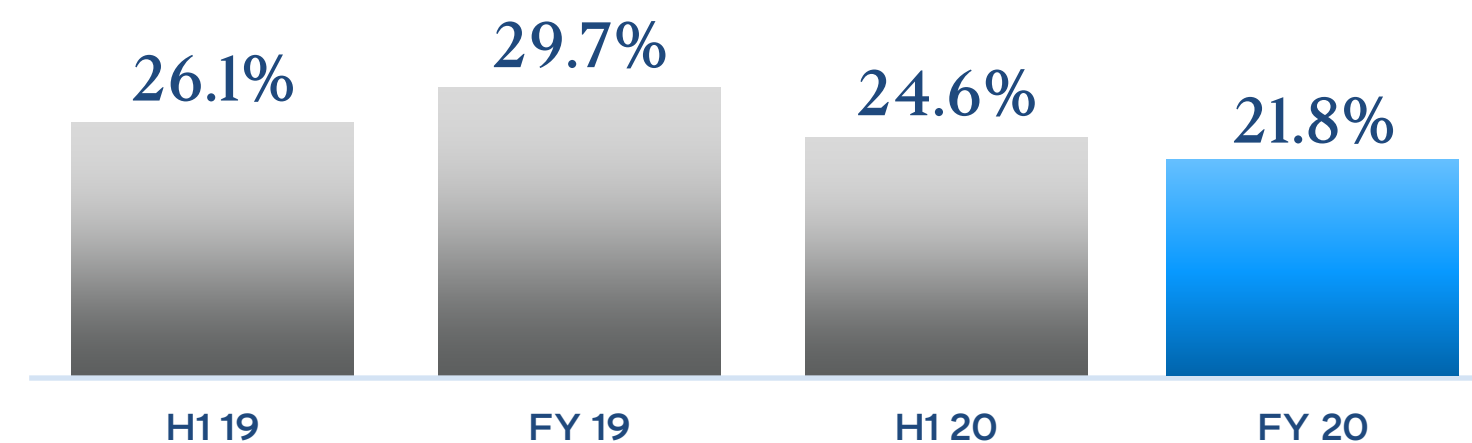
<b>Total liabilities</b>	<b>(17.7)</b>
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<b>Net (liability)/assets</b>	<b>19.7</b>
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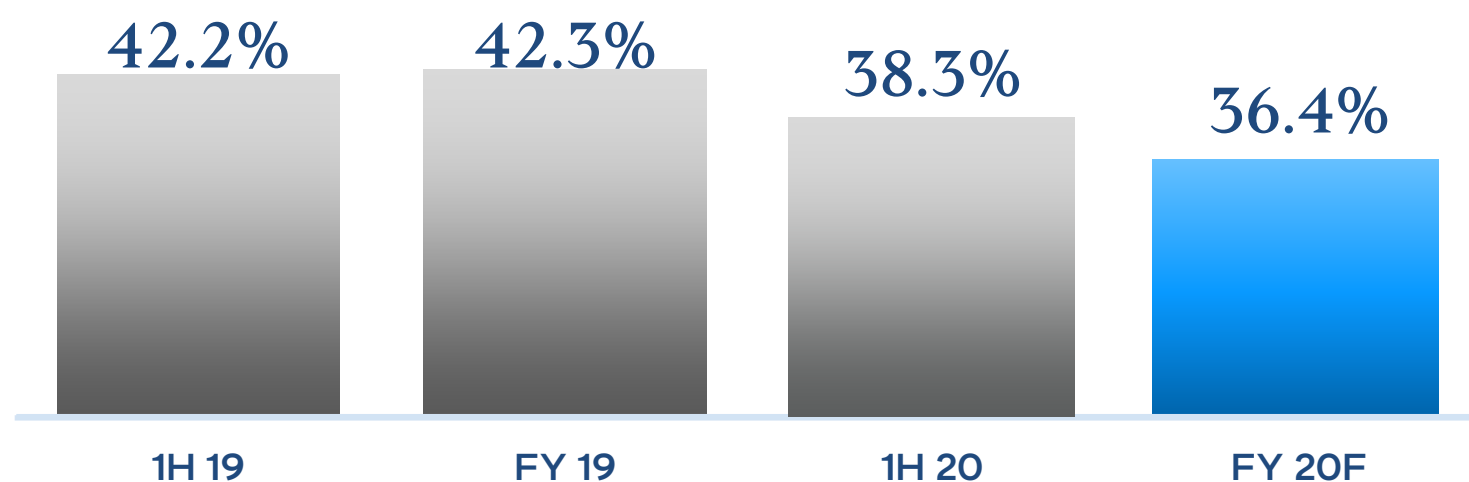
# Improving operational leverage

Revenue growth exceeding growth in expenses

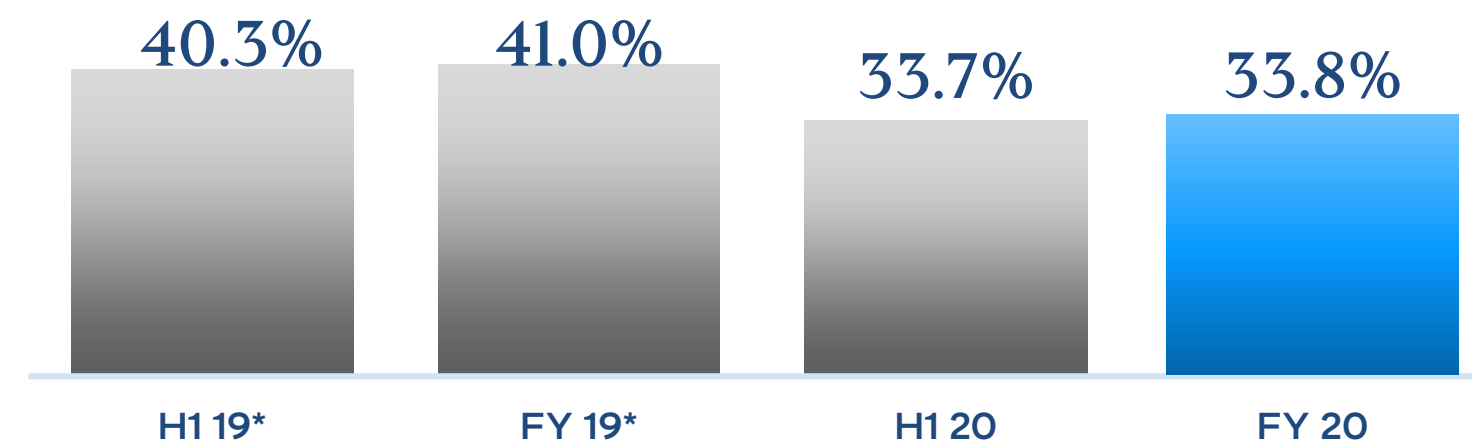
R&D (Cash Spend) as percentage of revenue



S&M as percentage of revenue



G&A as percentage of revenue



\*FY19 ProForma numbers

# FY21 Strategic Focus

Scaling to support business growth,  
market expansion and platform innovation





# Land & Expand

Industry diversity provides unique cross-selling opportunities



Financial Services



Emergency Services



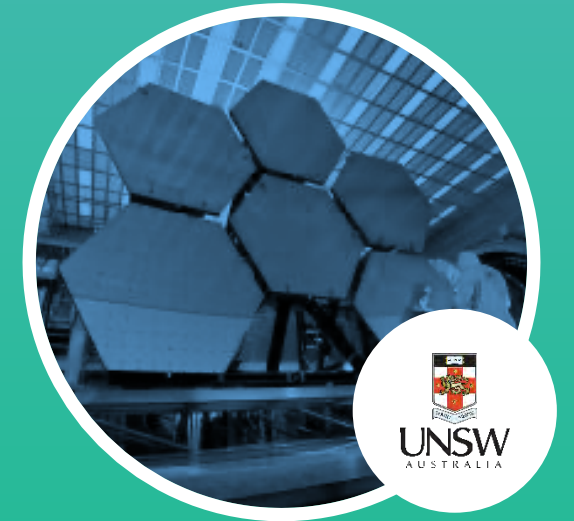
Utilities & Infrastructure



Local Government



Federal Government



Education



IT, Telecoms & Media



Healthcare



Transport and Logistics



Resources & Mining



Consumer / Media / Technology



State Government



# Diversity of use cases applies to multiples industries

Proven product market fit.

Diversified customer set opens cross selling opportunities



Industry	%ARR Mar 2020	1 Use Case	2 - 3 Use Case	4+ Use Case
Banking	13%	RACQ, MALAYAN INSURANCE, FWD	Westpac, CUA, medibank	CHUBB, THE REAL LIFE COMPANY, PRUDENTIAL
Education	2%	Chisholm, Catholic Schools NSW, UNSW SYDNEY	MONASH University, CATHOLIC DIOCESE OF LISMORE, RYKES HIGH SCHOOL	THE UNIVERSITY OF NEWCASTLE AUSTRALIA, NUS, IEU
Government	24%	METROPOLITAN FIRE SERVICE, Ambulance Victoria	Australian Government Department of Employment, V/Line, THE SOUTH COAST HOSPITAL	NSW GOVERNMENT Transport for NSW, DFES, FIRE + RESCUE
Health	6%	Cabrini, Royal Freemasons, JOBFIT	WORK HEALTH GROUP, Hearing Australia, FEPOC	SONIC HEALTHCARE, Warrigal, Community Memorial Health System
ICT	15%	inspectrealestate, HealthEngine, accenture	assurity, m, Disney	TELSTRA, StarHub, First Data
Industrial	5%	FCAI, apa, TasNetworks	ROY HILL, JBS, CALTEX	BHP, SOUTH32
Logistics	12%	secure P, TOLL, ACC	randstad, transdev, asciano	Singapore POST, QANTAS, CUBIC
Mid Market	6%	Instant Connect, TREASURY WINE ESTATES	REA Group, Immo, WorkPac, Interactive	CITY OF GLEN EIRA, Australian Red Cross BLOOD SERVICE, CORRS CHAMBERS WESTGARTH
Retail	8%	Miele, CHEMIST WAREHOUSE, BRITISH AMERICAN TOBACCO	RICHEMONT, GWF, KENNARDS HIRE	foxtel, Fonterra
Utilities	9%	Yarra Valley Water, City West Water, South East Water	SA Power Networks, agl, Jemena	SA Water, essential energy, Sydney WATER

# Asia market expansion

Significant growth from existing customer base, large market opportunity

## Revenues

- Fastest growing region
- \$6.8m in FY20
- Annual growth of 44%

## Geographic

- Manila now second largest centre of operations globally
- Focus on Philippines, Singapore and Indonesia
- Increasing market presence in Thailand

## Partnerships

- Joint COVID-19 go-to-market strategy with StarHub
- Indosat has hard bundled Whispir with their iCanvas product
- Partnering with Accenture on digitisation projects
- Vonage APAC partner of the year award
- High quality channel partners
  - Cost-effective acquisition of new customers
  - Channel diversification
- Investment in Customer Success Management function and dedicated head of services Asia



Channel partners in this region include

# US opportunity

Sustainably increasing market footprint

## Partnerships

- New initiatives with contemporary channel partners Vonage & AWS
  - **Vonage:** Intensified the co-marketing activities
    - Frost & Sullivan white paper, insurance campaign including joint video launched and joint webinars
  - **AWS:** Broadening partnership
    - AWS Partner Network Advanced Technology partner
    - Digital Customer Experience Competency
    - Dedicated AWS partner manager - focus on public sector
- Leveraging blue-chip customer references

## Leadership

- Building senior leadership team in the region
- Dave Everett appointed as Director, Sales & Channel Partnerships Americas
- Refreshed go-to-market strategy

## Revenues

- Largest market opportunity
- Increased revenue and customer numbers in FY21

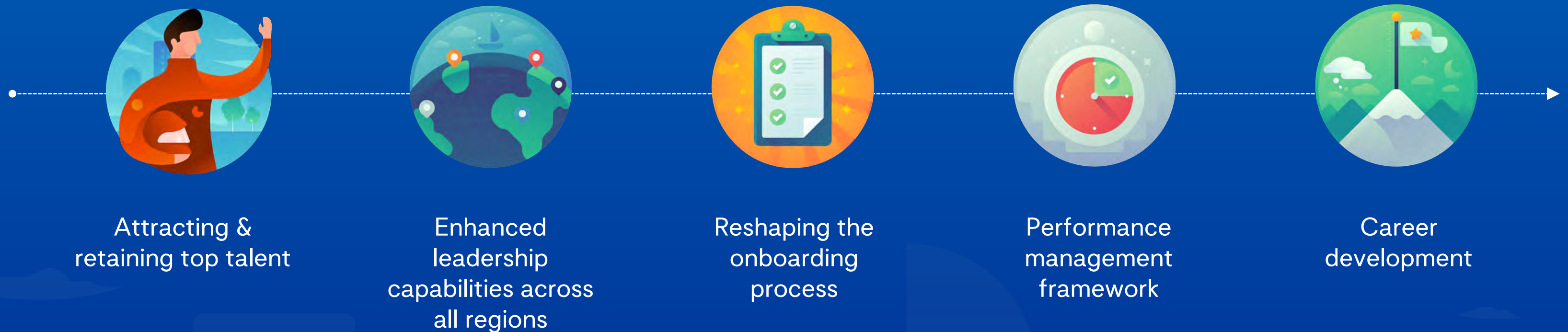


**Dave Everett**

Director, Sales & Channel  
Partnerships Manager Americas

# Building a high performance culture

Investing in people & culture





# Refreshed senior leadership

New bench strength to drive future growth

## Executive leadership



Jeromy Wells  
Chief Executive Officer  
and Executive Director



Justin Owen  
CFO



Tobias Brix  
COO

## Senior leadership team



Matt Lambie  
CTO



Andrew Fry  
VP ASIA



Daniel Cherin  
Group People &  
Culture Manager



Brad Dunn  
CPO



Peter Gehl  
VP Americas



Ben Erskine  
Head of Marketing



Fiona Milne  
Head of AI & Data



Dave Everett  
Director, Sales &  
Channel Partnerships  
Manager Americas



Wayne Lee  
VP ANZ



Dima Vovchak  
VP of Group Services

# Strong growth outlook



# Global market opportunity

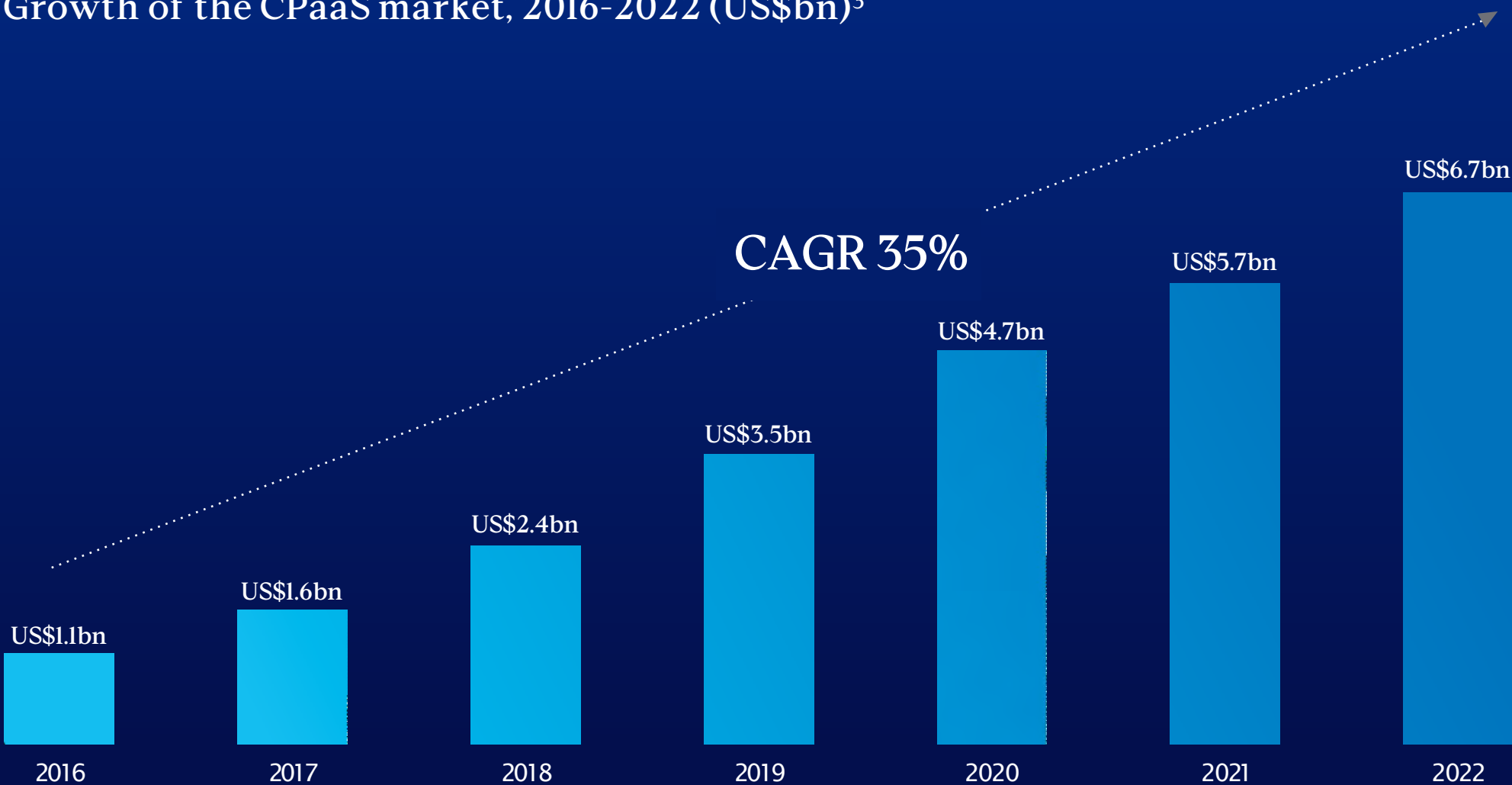
Operates in the WCaaS<sup>1</sup> market, at the intersection of multiple high growth markets

Whispir’s potential addressable market<sup>2</sup> (US\$bn)



~US\$170Bn addressable market by 2024

Growth of the CPaaS market, 2016-2022 (US\$bn)<sup>3</sup>



Notes

- 1.Workflow Communications platform as a Service
- 2.Nemertes Research, Whispir Enterprise Communications Industry Analysis, January 2019.
- 3.This estimate takes into account the limited available information on the emerging WCaaS market and its growth potential; the CPaaS market not growing as predicted over the next five years; and the WCaaS market not exceeding the CPaaS market over the next five years.
- 4. Juniper, Communications Platforms – Transforming Enterprises into Digital Innovators, 2017.



# Macro communications trends

## Accelerated digital transformation\*

### Digital transformation projects fast-tracked by years

- Digital channels becoming main form of customer engagement during COVID-19
- Process automation increasing organisational productivity

### Increased budgets for digital transformation

- 80% of companies increased budgets due to COVID-19

### Enduring trend for many years

- 90% to continue digital transformation post COVID

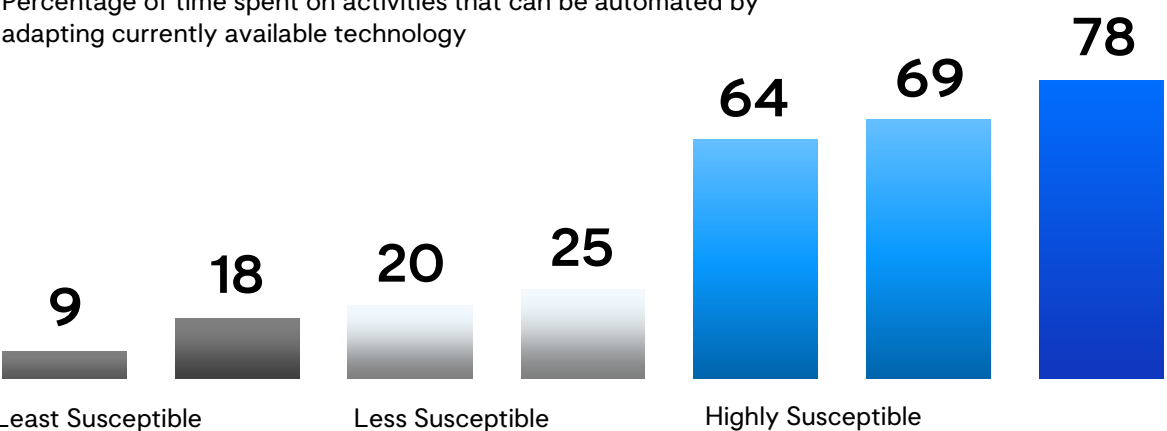
### Substantial long-term growth opportunity for Whispir



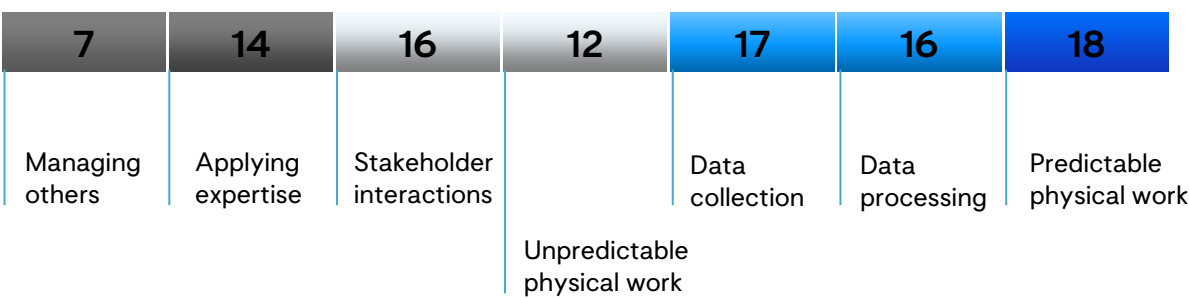
Analysing work activities rather than occupations is the most accurate way to examine the technical feasibility of automation

### Technical feasibility

Percentage of time spent on activities that can be automated by adapting currently available technology



### Time spent in all US occupations %



\* Refer to Slide 45 for sources of data

# Digital Transformation market size

Global technology investment rapidly increasing\*

Whispir is broadly applicable to much of this digital transformation as illustrated in the GWF case study

\$336<sub>bn</sub>

(USD) Market size value in 2020

DX accounts for the majority of global  
information & communications tech investment



\$1.4<sub>trillion</sub>

(USD) Revenue forecast in 2027

Long-term, growth driver



22.5%

CAGR from 2020 to 2027



# Competitive strengths

Moving swiftly to enhance our competitive advantage



Scalable platform with  
on demand capacity



Easily integrates with  
existing IT systems



Low code,  
No Code platform



Fast development  
with modern tools  
and frameworks



Cost-effective  
infrastructure and  
service delivery



Repeatability



Reliable process  
automation



# Distribution channels

- Brand and product validation from global brands
- Access to trusted relationships
- Qualifications of opportunities and ability to match a customer's needs with our capabilities
- New market entry costs are significantly reduced
- Effective sales force expansion with multiple sales partners
- Incentivised Partners receive a % of total customer revenue

## Key Channel Partners



Established channel partnerships with global brands for cost effective customer acquisition

## FY20 revenue by distribution model



# Growth strategy

Multiple levers to sustain growth & increase market penetration



Increasing platform use  
with existing customer base



Acquiring new  
customers



Diversification of  
channel partners



New Digital Direct  
go-to-market strategy



Increasing presence  
within three key markets  
– ANZ, Asia and US



Increasing product  
offering to drive adoption

# FY21 expectations\*

Momentum to drive growth in FY21 & beyond

FY21 ARR

**\$51.1m-\$55.3m**

21-30% Growth on FY20

FY21 EBITDA

**\$(6.23m)-\$(4.76m)**

14-35% improvement on FY20

FY21 Revenue

**\$47.5m-\$51.0m**

21-30% Growth on FY20

R&D Cash Investment

**\$9.2m-\$9.8m**

8-15% Growth on FY20

\*Acknowledging the high level of uncertainty in the current economic and business environment, Whispir provides the above outlook guidance for FY21.



# Investing in innovation

Data intelligence, functionality & enhanced usability

## 5-Year Product Roadmap

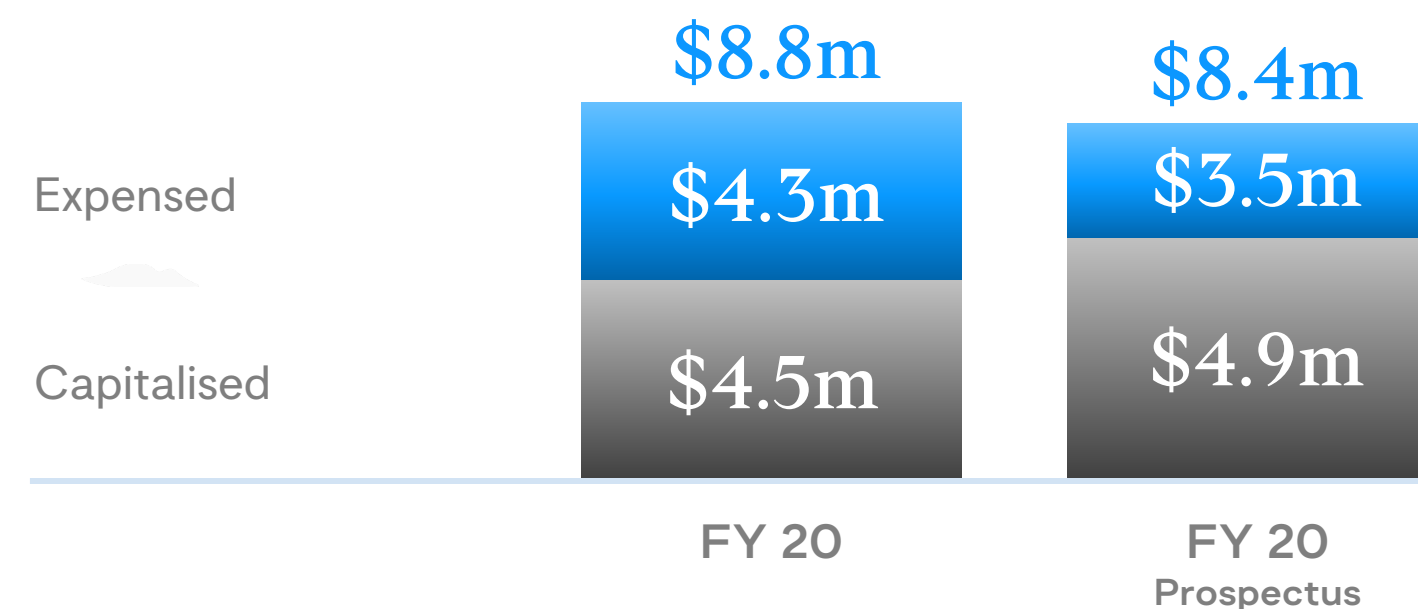
- Conversational messaging
- Intelligent message designer
  - Identify errors in spelling, tone
  - Smart scheduling
- Data-driven insights into recipient preferences
- Data engineering services
- Suggested workflows

## Ongoing Improvements

- Digital direct capability
- AI & IoT functionality
- New delivery channels
- Visual workflows
- Interface refinements
- Reporting intelligence

## FY20 R&D investment

\$30m over the past four years



Prospectus Forecast R&D \$8.4m, guidance revised at the end of H1 FY20 to \$8.9m





## Communications Intelligence



### Prediction

Reduce waste



### Detection

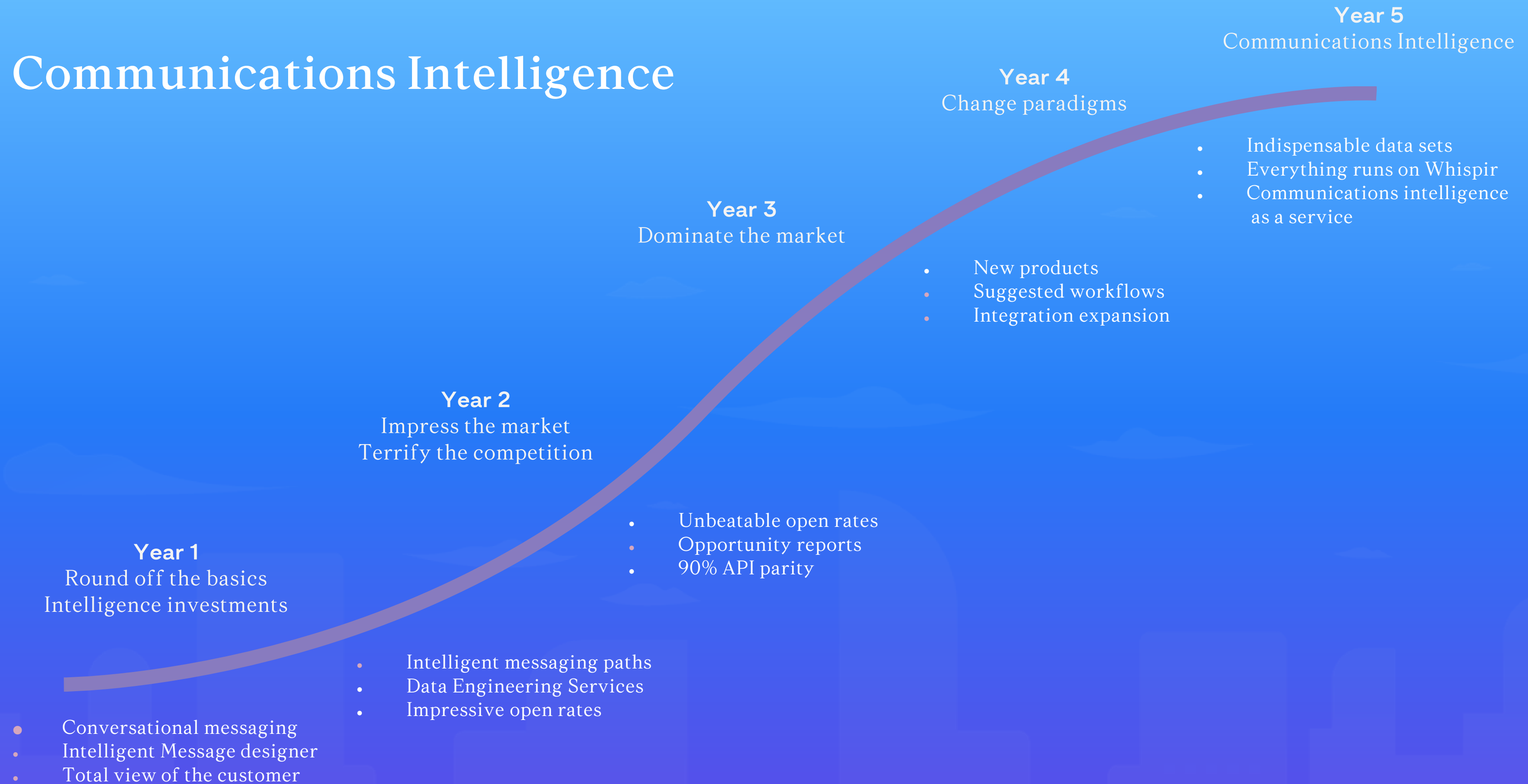
Better moves / less mistakes



### Automation

Save time / speed up value

# Communications Intelligence



OUR PURPOSE

# Change the way the world communicates



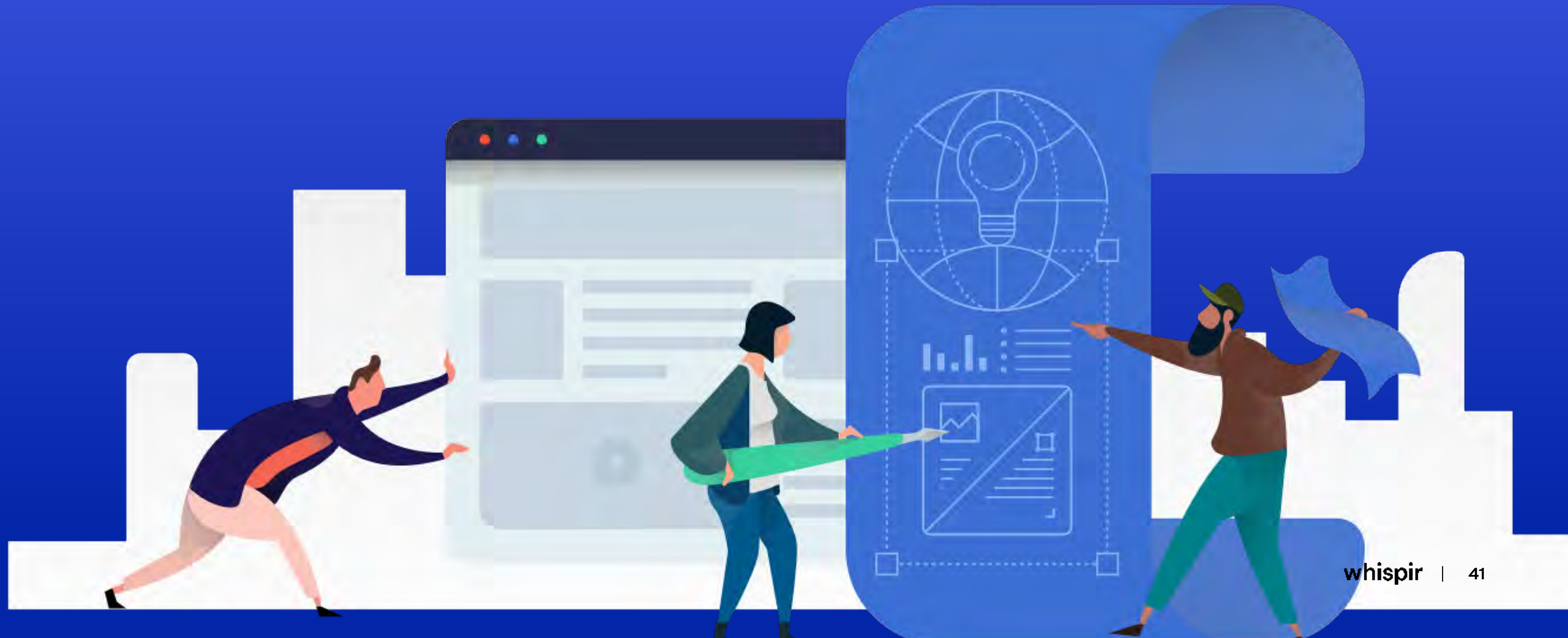
OUR VISION

# A world where organisations communicate like people



WE BELIEVE

# Value is created, when people are engaged





OUR PROMISE

# Enabling you to master connection and engagement with other people at scale



# Connect Engage Thrive

**whispir**

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- Currency All amounts in this presentation are in Australian dollars unless otherwise stated.
- FY refers to the full year to 30 June.
- Rounding Amounts in this document have been rounded to the nearest \$0.1m. Any differences between this document and the accompanying financial statements are due to rounding.

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# Glossary —

## Profit or loss

- **Software revenue:** revenue generated from collecting contracted monthly licence and transaction fees from customers based on a contracted fee per user and cost per transaction;
- **Professional services revenue:** professional fees in respect of implementation, configuration, training and integration fees;
- **Cost of service:** the costs relating to the delivery of the software including the costs of running the data centre, wages and salaries of data centre based Whispir staff and the carrier cost in delivering transactions;
- **Gross profit:** total revenue less cost of services;
- **EBITDA:** earnings (or losses) before interest, income tax, depreciation and amortisation. Amortisation of contract acquisition costs are included within EBITDA. Management uses EBITDA to evaluate the operating performance of the business. EBITDA can be useful to help understand the cash generation potential of the business. EBITDA should not be considered as an alternative to measures of cash flow under IFRS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of Whispir’s operations; and
- **EBIT:** earnings (or losses) before interest and income tax.

## Cash flow

- **Capitalised development:** proportion of the wages and salaries of employees whose activities relate to the development of software;
- **Capital expenditure:** investment in property, plant and equipment including leasehold improvements and IT equipment;
- **Working capital:** trade and other receivables, contract acquisition costs, other current assets, less trade and other payables and income received in advance;
- **Operating cash flow:** EBITDA after the removal of non-cash items in EBITDA (such as share-based payments, amortisation of contract acquisition costs and net foreign exchange difference) less net interest paid and changes in working capital; and
- **Free cash flow:** operating cash flow less capital expenditure and IPO offer costs.

## Financial metrics

- **Gross margin:** gross profit divided by revenue expressed as a percentage;
- **EBITDA margin:** EBITDA expressed as a percentage of total revenue;
- **EBIT margin:** EBIT expressed as a percentage of total revenue;
- **Contract acquisition cost:** commission costs incurred in winning new customers;
- **Customer acquisition cost (CAC):** expenses directly incurred in winning new customers, which includes the contract acquisition costs, divided by the total number of new customers won in the period;
- **Customer revenue retention %:** revenue earned from customers in a year/half year divided by the revenue from the same customer cohort in the corresponding prior year/half year;
- **Customer churn %:** number of customers lost in the period divided by the number of opening customers in the period;
- **Lifetime value of customer (LTV):** ARR per customer multiplied by the gross margin for the period, divided by the customer churn in the period. The LTV of the customer cohort represents the LTV multiplied by the number of customers at the period end;
- **Annualised recurring revenue (ARR):** recurring revenue from the final month in a period (licence and transaction revenue) multiplied by 12 months; and
- **Research and development % spend of revenue:** The total of the research and development expenditure recorded in the statement of profit or loss (excluding amortisation) and the capitalised spend in the period divided by revenue.

Data Sources referenced in Slide 30

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