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## ASX Release

### Strategic Update: Positioning Melbourne IT for Growth

Following is the presentation to be given at the Investor teleconference scheduled at 9:00 am today.

As per the announcement on 26 November 2014, following are the teleconference access details:

Dial-In No.: 1800 084 307 (Australia)

International dial-in numbers are available at:

<https://www-apac.intercallonline.com/listNumbersByCode.action?confCode=7928955178>

Conference Code: 7928955178

Yours sincerely

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# Strategic Update: Positioning Melbourne IT for Growth

Tiger Pistol Alliance  
Amazon Web Services Premier Consulting Partner Certification

Martin Mercer – CEO  
Peter Findlay – CFO  
27 November 2014



# Melbourne IT - Purpose

The Internet is **revolutionizing** the way business is done.

Everything Melbourne IT does **enables** businesses to be successful online.

We are the designers, the engineers and the operators of the most **effective** online solutions.

# Re-engineering for Growth - SMB Division

- Melbourne IT is expanding its suite of products and services to significantly improve Average Revenue Per User (ARPU)
- Costs are being managed prudently

## Online components

- Domain names
- Website hosting
- Email
- Do-It-Yourself (DIY) Web Design
- ARPU \$5-\$40/month

CY14

## Web Solutions

- Search Engine Optimization services
- Do-It-For-Me (DIFM) website design
- **DIFM Social Media**
- DIFM online advertising
- Sold as monthly subscription managed services
- ARPU \$100-\$400/month

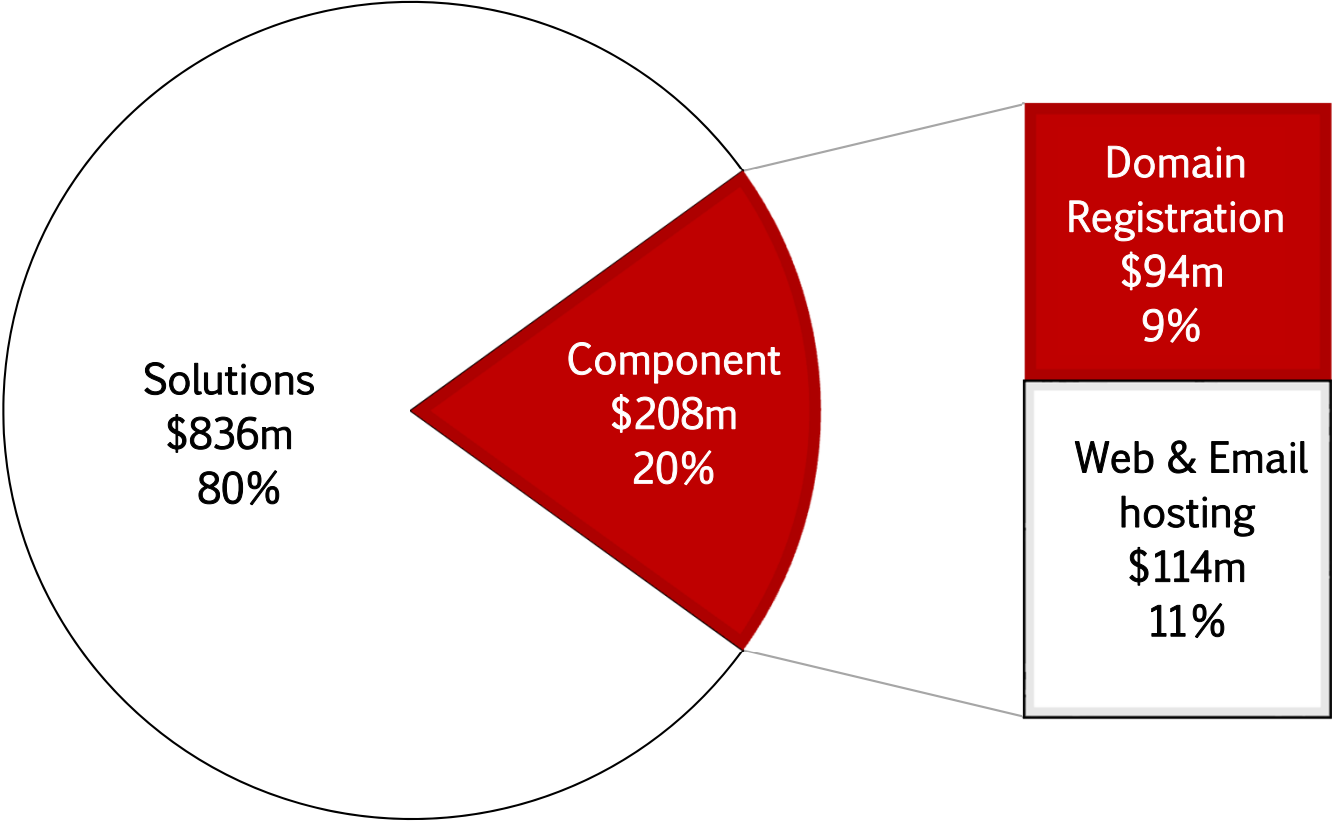
CY15

# SMB Market Structure and Growth Opportunities

SMB Division operates in the Web Presence Market ; \$1.04B total market size

### Solutions

- Customers prepared to pay for solutions that solve a need
- Local support and “Do-It-For-You” proposition
- Accounts for 80% of the market by value
- Highly fragmented market with no major competitor in Australia

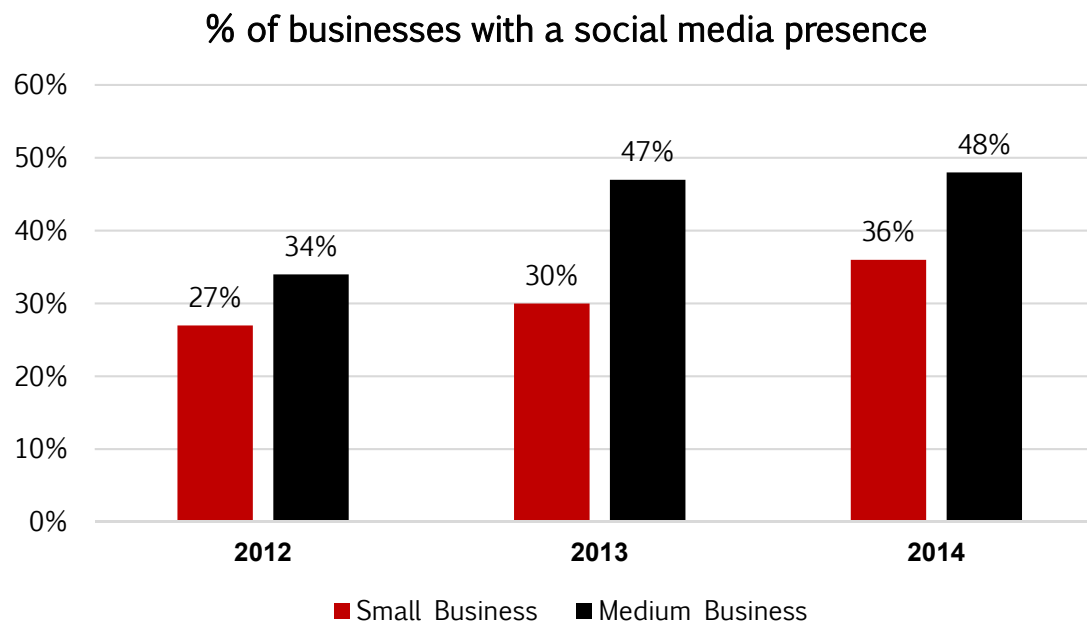


### Components

- Domains and web hosting are key components for SMBs, but account for only 20% of the market by value
- MLB No.1 in Australian market, but highly competitive with international competition

# Market Opportunity for Social Media Solutions

- Social media solutions is one of the fastest growing areas of the Web Presence Market
- 69% of Australians use social media, with 95% of those using Facebook
- Users spend 8.5 hours/week on Facebook
- Mobile devices are the predominant devices used to access social media
- Average small business spend on social media - \$4,560 per year
- SMBs spend 16% of their marketing budget on social media



# Tiger Pistol Alliance - Social Media Solutions

- Tiger Pistol is a social media marketing platform for small and medium businesses.
- Tiger Pistol, based in Australia, has been refining its Do-It-For-Me (DIFM) social media solutions for 2.5 years.
- Clear value proposition: Tiger Pistol targets small businesses that cannot afford in-house social media experts, and don't have the time to manage social media themselves.
- Average Revenue per User (ARPU): \$250-\$400/month.
- Melbourne IT has established a reseller agreement with Tiger Pistol to provide managed social media solutions enabling SMB customers to market their services on social media.
- Melbourne IT will offer the services to its existing customers that have established web sites, as well as acquire new customers that have started their online journey via social media.
  - 3 year agreement with the right to extend for 2 years
  - If Tiger Pistol can no longer provide the services or goes into insolvency – Melbourne IT has the right to use and adapt the source code under escrow
- Melbourne IT has made a one-off investment in Tiger Pistol of \$1.25m to cement the strategic partnership, in the form of a 5 year convertible note on commercial terms.

# SMB Division: Growth Opportunities in Social Media Solutions

↓ Currently customers primarily acquired through domain name registration

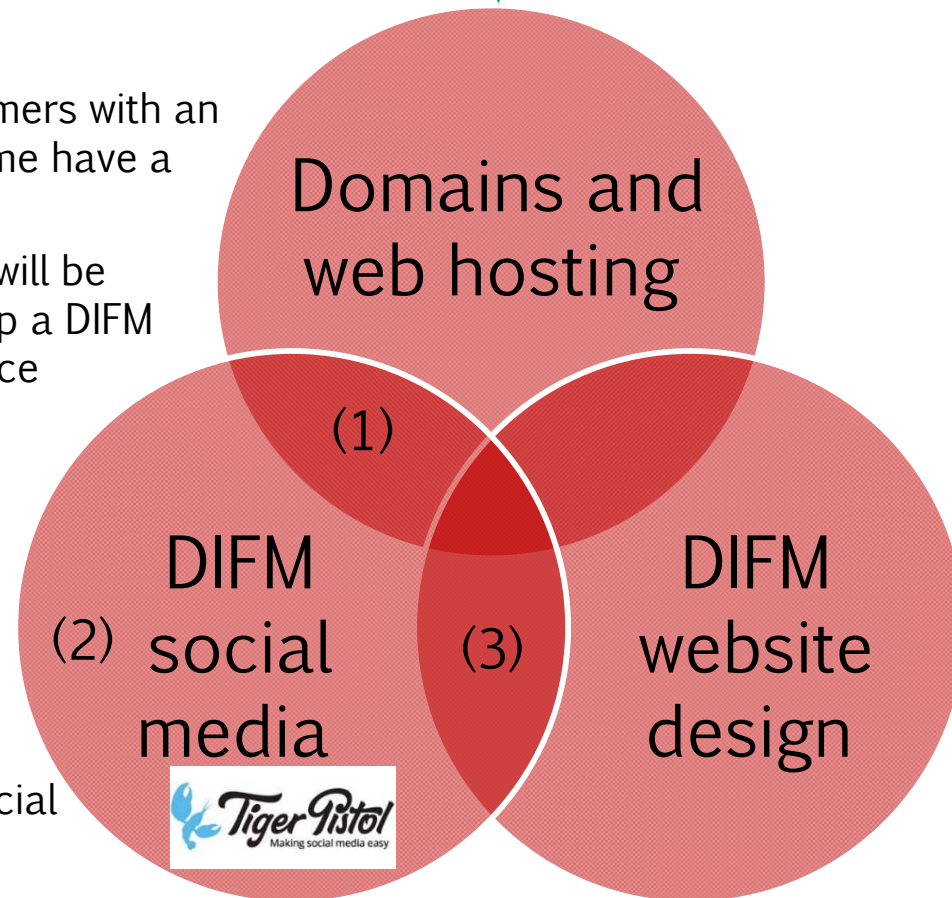
## Opportunity (1)

- 30% of our customers with an active domain name have a social media page
- These customers will be targeted to take up a DIFM social media service

Acquire customers from social media →

## Opportunity (2)

- Acquire SMBs with social media presence only



Plan to gain new solutions customers from re-launch of Webcentral brand ←

## Opportunity (3)

- Customers of either DIFM social media or DIFM website design can take up the corresponding service



# Sustainable Growth – Enterprise Services (ES) Division

- Evolving to a Managed Services business model, with a **smaller infrastructure footprint and lower CAPEX**
- Good margin business with strong prospects

## Infrastructure as a Service (IaaS)

- Co-location services
- Dedicated website hosting services
- Managed operating systems
- Managed IT applications –such as email and intranet websites

CY11/12

## Managed Services

- **Managed Content Management solutions (CMS)**
- **Managed E-Commerce solutions**
- Managed communication and collaboration services
- **Managed web application services**
- **Managed Public Cloud solutions**
- Internet performance and security management

CY13/14/15

# AWS Premier Consulting Partner Certification

- Melbourne IT has just been recognized as one of 28 AWS Premier Consulting Partners globally out of 7,000+ partners, based on its:
  - Scale of services
  - Investment in training and accreditation of staff
  - Management of complex customer solutions
  - Strong customer references
- The new certification will help drive new sales leads, and ensure customers trust that Melbourne IT can help grow their businesses.
- Melbourne IT has been building a range of Managed Services on top of the cloud infrastructure operated by Amazon Web Services (AWS) in Australia. These services include:
  - Managed Content Management Services (CMS),
  - Managed E-commerce,
  - Managed web application services, and
  - Data centre consolidation services.
- Melbourne IT has been an AWS partner since 2012, and holds the AWS Government Partner and AWS Managed Service Partner certifications.



# Questions?

Investor information: <http://www.melbourneit.info>

