INTRODUCING XERO
WORLD LEADER

Xero is the emerging world leader in online accounting for small business. In June 2007 Xero listed on the NZX after successfully raising $15 million in a fully subscribed IPO.

Xero was the first publicly funded pure online accounting offering for small businesses (NetSuite IPO raised $US185m).
INTRODUCING XERO
THE DREAM TEAM

Board
Xero’s board includes Trade Me founder Sam Morgan and Adaytum founder Guy Haddleton.

Executive
Includes CEO Rod Drury, COO Alastair Grigg – ex-Air New Zealand CIO, and Relationship Manager Hamish Carter – Olympic gold medalist.

Team
40+ world-class staff who develop, market and sell Xero from offices across New Zealand and the UK.
XERO’S BUSINESS MODEL
SOFTWARE-AS-A-SERVICE (SaaS)

Software is hosted and delivered over the internet, rather than the small business having to install expensive boxed software.

SaaS enables advanced solutions to be delivered to large fragmented markets such as small businesses.

SaaS is endorsed and promoted by all leading application vendors including Microsoft, Oracle, SAP and web leaders Google and Amazon.

Latest Gartner report predicted by 2012 at least one-third of business software application spending will be as service subscription instead of as product license.

IDC estimates by 2011 the worldwide Saas market will reach $US14.5b.
THE XERO MARKETPLACE

- The market is massive and underserved.
- Xero technology can reposition quickly.

2007 Revenue

- NetSuite $US100m
- MYOB $AU206m
- Sage £1.16b
- Intuit $US2.7b
INTERNATIONAL STRATEGY

Development Centre (NZ)
- Product development
- Back office
- Sales automation
- Global support centre

Xero global platform (US)
- Product hosting
- Back office technology
- Marketing website
- Sales automation

Markets
- Localised Sales, marketing & support
- New Zealand
- United Kingdom
- Australia
- Other...

PLATFORM DELIVERY

MARKET REQUIREMENTS
MILESTONES
PROGRESS SO FAR...

✓ Built a world-class software factory
✓ Launched in New Zealand
✓ 100+ accounting partners
✓ Only provider with daily direct connections to BNZ, ASB, ANZ, National Bank, Kiwibank, TSB Bank.
✓ Launched in UK to rave reviews
✓ 500+ customers in 8 months since listing
EXTERNAL RECOGNITION
AWARD WINNING

- Microsoft NZ Partner Awards – Overall Small Business Partner Solution of the Year and Software Solution of the Year
- Telecommunications Users Association of New Zealand Innovation Awards – Overall Innovation Award and Commerce Award
- PricewaterhouseCoopers Hi-Tech Awards – Entrepreneur of the Year, Young Achiever of the Year, PR/Marketing Campaign of the Year
- TUANZ Business Internet Awards – Software as a Service Award
- UK International Technium Challenge Winner
LATEST FINANCIALS
FIRST HALF 2008

• Operating costs for suppliers & employees - $NZ2.2m
• Net loss - $NZ1,725k reflecting substantial software investment, sales and marketing capability
• Cash and bank balances - $NZ12.6m
• Operating revenue for subscriptions - $NZ24k
• NZTE and FoRST funding of $NZ170k
• Cost associated with development of operations to date are in line with forecasts issued in the Offer Document