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**From:** Chloe Consultant  
**Sent:** 1st May 2017  
**To:** IT Project Team  
**Subject:** MYOB IT Challenge

Hello all,

MYOB is an IT company that focuses on accounting solutions to help businesses succeed. **Your task is to build an IT solution that uses advances in technology to provide advice to business owners.**

The solution should consider the problems from the perspective of the businesses that wants or needs advice, or from the advisory services or partners that want to provide it e.g. Accountants and Bookkeepers, marketing and advertising firms, lawyers and human resources consultants etc.

**The solution should be selected from one of these three real-world problems** facing business owners and business advisory services today:

1. **Managing the business:** Business owners are busy and would like to save time understanding their financial statements. The business owner would like the accounting software to provide direct advice on the management and operations of their business , e.g. pay a bill, chase a debt, consider changing product prices, order new stock, run an email campaign etc.
2. **Legal aspects of managing people:** Business owners would like to remain compliant with respect to employment law. This covers recruitment, onboarding, managing staff and retrenchment. But business owners may be constrained and may not have human resources or legal staff, and can't afford to pay lawyers' fees. How can the business remain compliant and ensure staff are on appropriate contracts?
3. **Growing the business:** Business owners are experts in their own business and do not always have the knowledge to market and grow their business. Business owners may not have marketing or advertising expertise. How can the business find ways to grow their market or connect with potential clients?

**Below are some guidelines to note in undertaking this task:**

- The solution needs to be cloud enabled (MYOB operates on Microsoft AZURE and Amazon Web Services), available in the cloud from anywhere through either a web device or a mobile device (native mobile app is acceptable).
- You can build your solution in any programming language, using any front-end or back-end technology, using any operating system and making use of any additional framework or component.
- If you utilise a 3<sup>rd</sup> party component, you must have the rights to use it via it being open source or otherwise.
- Your application can be totally standalone or can work with an existing MYOB solution as either an add-on, extension or integrated standalone application.
- Integration is possible through the MYOB APIs. These are available through [developer.myob.com](https://developer.myob.com).



The solution needs to consider **how best to utilise advances in technology** and **extra weight in judging will be applied for creativity here**, consider the following areas as examples

1. **Internet of Things (IoT).** Hardware is increasingly becoming connected, from GPS and location trackers to thermostats, vehicles and even kitchen appliances, for e.g. you can now monitor temperature remotely from thermostats that link to your phone. How can these advances be used to provide guidance to business?
2. **Machine learning and Artificial Intelligence.** These systems can be used off the shelf (AWS Machine Learning, Watson etc.) and can provide deep insights and learn patterns of behaviour over time. Consider how Google Now provides insights on a mobile device, or connected maps provide traffic information. How could these tools be applied to help a business owner?
3. **Big Data.** In the connected world, massive amounts of information are gathered constantly and are available for use. How can businesses make use of this information?
4. **Human Interaction Design.** how we interact with systems and consume or provide information e.g. Voice interaction like Siri or Cortana, different physical devices like watches, spatial interactions through Virtual Reality or Augmented Reality. How can these approaches provide insight to business?

As for deliverables, your submission must include:

- An **IT Solution in a conceptual state** outlining its purpose, features and how it can be used, **with an Architectural Plan for how it will be built**. A working prototype may help to demonstrate the concepts **but is not required** for this regional round.
- The **Business Case, Financial Plan, and Marketing strategy**

This must be presented in a **5-page written report**, with appendices excluded from the page limit. It should be submitted to [contact@myobitchallenge.co.nz](mailto:contact@myobitchallenge.co.nz) by **10pm Thursday 18<sup>th</sup> May**. The finalists selected from the written submissions will pitch their ideas in a ten minute presentation, followed by ten minutes of questions & answers, on **Sunday 21<sup>st</sup> May**.

There will be a **Launch event** on **Monday 15<sup>th</sup> May 9am in OGGB Room 040B**, where an MYOB judge will be present to give a judge's perspective of the case, advice and to answer questions.

In addition to the launch event, this year MYOB will offer a **30-minute group conference call** for teams to have an open forum Q&A discussion with business and technical leaders from MYOB to help form and assist ideas and approach. It will be an open forum for all teams to be fair and transparent. This will be on **Wednesday 17<sup>th</sup> May, 8.30-9am Dial: +64 9 925 3582 Conference ID: 686949**.

Overall, we are looking for innovative and creative solutions that align with the aims and objectives of MYOB. The attached information provides some background about MYOB and the industry it operates in to help guide the development of your solution.

We look forward to your submissions!

Kind regards,  
Chloe Consultant

### **Nationals Final Round Details**

If after the regional round you progress through to the National Final the goal for the national round is to build out and provide the working solution to the concept from the regional rounds. This is your opportunity to take your feedback from the regional rounds and refine, enhance and re-present your solution and your working product.

The event will take place on the **7<sup>th</sup> and 8<sup>th</sup> July**. Further details will be released after the regional rounds. All local competition winners will be provided with **return transfers, accommodation and the opportunity to win share of the \$5,000 cash prize pool**.

The MYOB IT Challenge is also an opportunity for students to stand out and impress the MYOB judges for any graduate or intern positions available.

# Our Business



# 1.0 Introduction to MYOB

MYOB is a leading provider of desktop and cloud business management software solutions to businesses in New Zealand and Australia. We have been in New Zealand for over 20 years and are proud to be a trans-Tasman company only focused on the New Zealand and Australian market.

## 1.1 Our Company

We employ around 1400 people and have four main offices in Melbourne (Headquarters), Sydney, Auckland, and Christchurch. Auckland is our second largest office. In New Zealand, we employ roughly 350 staff, with 200 based in Auckland and 150 in Christchurch. Over half of our Auckland staff are IT.

Over the past 5 years MYOB has undergone a major transformation. Our products have changed and we are focusing on accelerating our development of intelligent, intuitive cloud based software solutions. Currently 92% of our new clients are opting for cloud products and in 2016 we achieved 249K online subscribers.

**At MYOB we help businesses succeed** and our efforts over the next few years will be focused on creating an unparalleled business management platform which will seamlessly connect businesses of all sizes, their accounting partners and networks to create an eco-system of solutions. The MYOB Platform and the connections it will create will enable MYOB to deliver even more value to our clients, and, ultimately, make every facet of business life easier. To this end, we currently spend 15% of our annual revenue ( \$56 million AUD ) on R&D.



## 1.2 Our Culture

It's not just about the products though. Our vision is to help businesses succeed and our values are the foundation of the culture that enable us to achieve this. 90% of our employees recognise and understand the values that drive the business. Our core 6 values are 1. **Clients** – Drive our world 2. **Innovate** – Find new ways 3. **Collaborate** – We're better together 4. **Simplify** – Make it easier 5. **Results** – Achieve our goals 6. **Passion** – Love your work

We have also undergone a cultural transformation and now our Auckland office matches our values of being fun, friendly and dynamic. It used to be a "traditional office environment", however was completely cleared out and refitted to create a modern, contemporary space.

MYOB follows the Agile method of software development and, as such, the office has been designed as a collaborative environment. In particular, the design theme is "Four seasons" and features 38 TV monitors, 10 agile interface locations, and 30 meeting rooms. Software is developed in 2-week sprints, teams have daily stand-up meetings (often with colleagues in Melbourne) and product teams include people from a range of disciplines including developers, testers, project managers, UX, etc

## 2.0 Our Customers

MYOB's customers across New Zealand and Australia comprise of a broad spectrum of small to large businesses and accounting practices, including:

- 1.2 million SMEs (small to medium sized businesses, 0 – 19 employees)
- Over 7,000 larger businesses and enterprises (20 – 999 employees, with some 1,000+)
- Over 40,000 accountants operating across small (single partner) and large (multiple partner) accounting practices

### 2.1 SMEs

Revenue from SMEs comprise of the majority of MYOB's revenues, so they are a particularly important customer segment. Due to the advantage of having lower barriers to entry, less business overheads, and relatively quick decision-making processes, SMEs can be highly efficient and very competitive. IT plays an important role in helping these businesses achieve their strategic objectives and create financial value for themselves and others. However, it is important to note that there are significant differences in how IT is implemented and utilised in SMEs compared to larger businesses.

- SMEs often don't have a dedicated IT team, but may have an IT Manager. They will typically oversee some minor IT infrastructure and sometimes carry another role in the business as well.
- They usually host their IT in a third-party service provider's environment in a co-located (or co-hosted) environment with a shared-services business model (i.e. same IT system is used across all facets of the business).
- For SMEs, IT services are often utilised to the extent of just "running" the business, with any software being used having minimal customisation.
- SMEs are happy with less sophisticated systems, so long as it satisfies their needs and supports their business strategy and objectives.
- SMEs have lower IT budgets. This means they have tighter controls and require more justification for spending.

In particular, SMEs have begun to embrace Cloud software, as it can be lower-cost and traded as a service rather than a product. This model is appealing as it significantly reduces the financial stress of capital investment.

Further to the characteristics described above, MYOB divides SMEs into three categories of software users:

	Non-accounting software users	Desktop users	Cloud users
<b>Description</b>	<ul style="list-style-type: none"> <li>• No Accounting Software</li> <li>• Accounting done via spreadsheets (e.g. Excel®) or manual records</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting Software installed on and accessed via a desktop computer (e.g. personal computer or laptop)</li> <li>• No need for internet connection</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting Software accessed anywhere via one or more internet connected devices</li> <li>• Software and user's data resides off-premise in the cloud</li> </ul>
<b>Payments to Accounting Software providers</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• Upfront purchase of perpetual licence and discretionary maintenance payments</li> <li>• For MYOB BankLink, regular payments are made by the SME's accountant to enable access</li> </ul>	<ul style="list-style-type: none"> <li>• Subscription payments for ongoing use and maintenance</li> </ul>
<b>Considered a Paying User (i.e. regular or multiple payments)</b>	<ul style="list-style-type: none"> <li>• Never</li> </ul>	<ul style="list-style-type: none"> <li>• Sometimes</li> </ul>	<ul style="list-style-type: none"> <li>• Always</li> </ul>

Source: MYOB Supplementary Prospectus 2015. Available from <[http://investors.myob.com.au/FormBuilder/\\_Resource/\\_module/HhW--OHCfU-MPYnMov-UPA/documents/MYOB-Supplementary-and-Replacement-Prospectus.pdf](http://investors.myob.com.au/FormBuilder/_Resource/_module/HhW--OHCfU-MPYnMov-UPA/documents/MYOB-Supplementary-and-Replacement-Prospectus.pdf)>.

## 2.2 Accountants and Accounting Practices

Accounting practices often use multiple Practice Software solutions from different providers, with a single “main” provider. This segment has historically provided the second largest source of revenue for MYOB.

Only a small proportion of these customers are cloud users, largely due to the lack of cloud solutions currently available that provide them with the full suite of functionality which is available on desktop products. Similar to desktop users, cloud users pay fees on a regular basis (e.g. monthly) to receive software updates and are all considered to be Paying Users.

## 2.3 Enterprises

MYOB's enterprise customers can be subdivided into three tiers. Tier 3 Enterprises are “medium businesses” with 20 to 199 FTEs, Tier 2 Enterprises are “large businesses” with 200 to 999 FTEs, and Tier 1 Enterprises are “government and corporate enterprises” with over 1,000 FTEs. MYOB has historically focused on Tier 3 Enterprises, but recently we commenced providing Enterprise Resource Planning (ERP) software solutions to the Enterprise Software Market for Tier 2 Enterprises through the release of MYOB Advanced Business in January 2015.

While the tiers are useful to help understand the Enterprise Software Market and the enterprises for which MYOB's products are primarily designed, it is not uncommon for customers in one tier to use products that have been primarily designed for or targeted at another tier (or for smaller enterprises to use products more typically designed for SMEs).



## 3.0 Our Products

MYOB's operations can be divided among the three distinct customer segments we service:

- **SME Solutions** – Providing accounting software, including accounting, tax, payroll and other business management software, to SMEs. This division accounted for 63% of revenue in FY2016.
- **Practice Solutions** – Providing accounting software, including client accounting, practice management, tax management and document management software, to accounting practices. This division accounted for 23% of revenue in FY2016.
- **Enterprise Solutions** – Providing accounting software, including enterprise resource planning (ERP) and human resource management software to larger businesses. This division accounted for 14% of revenue in FY2016. Strong growth is expected to occur with this segment.

### 3.1 SME Solutions

Our primary product offering for SMEs consists of:

**MYOB Essentials** - An easy-to-use online system which provides for all the accounting needs of a small business. It is especially suitable for new businesses.

**MYOB AccountRight** - A more powerful and customisable accounting system which, among other things, includes more advanced inventory and job management capabilities. It is also flexible to work off or online.

Both of these packages are primarily online solutions and are provided on a monthly subscription basis. Potential customers can opt to subscribe to a particular package immediately or undertake a 30-day free trial. The table below outlines the pricing scheme of these SME solutions, with the general features highlighted:

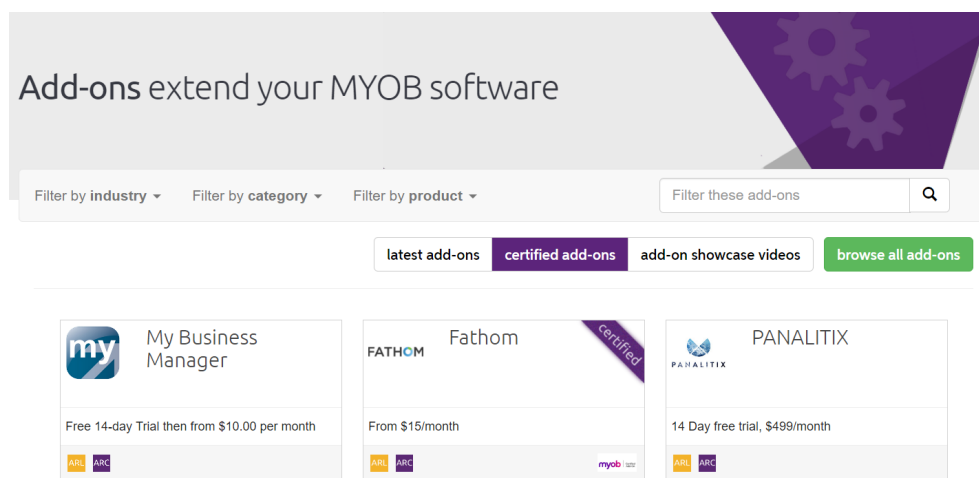
	MYOB Essentials ⓘ		MYOB AccountRight ⓘ	
	PAYROLL FOR ONE \$27 +GST/mo	UNLIMITED PAYROLL \$40 +GST/mo	PLUS \$70 +GST/mo	PREMIER \$85 +GST/mo
	<a href="#">Buy now</a>	<a href="#">Buy now</a>	<a href="#">Buy now</a>	<a href="#">Buy now</a>
	<a href="#">Try for free</a>	<a href="#">Try for free</a>	<a href="#">Try for free</a>	<a href="#">Try for free</a>
Core features ^	✓	✓	✓	✓
Works online	✓	✓	✓	✓
Calculate & track GST	✓	✓	✓	✓
Manage quotes, invoices & statements	✓	✓	✓	✓
Sell items or services or both	✓	✓	✓	✓
Track and pay expenses	✓	✓	✓	✓
Manage customers and suppliers	✓	✓	✓	✓
Bank feeds	✓	✓	✓	✓
Manage purchase orders			✓	✓
Work offline and make local backups (PC only)			✓	✓
Work with multiple accounts				✓
Payroll* ^	✓	✓	✓	✓
Pay employees & track leave	1 employee	✓	Detailed	Detailed
Automatic leave calculation	✓	✓	✓	✓
Real-time timesheets access for employees	✓	✓	✓	✓
Accept timesheets via online or mobile	✓	✓		
Manage timesheets with job tracking			✓	✓
Jobs ^			✓	✓
Create and track jobs			✓	✓
Track profit and loss on jobs			✓	✓
Inventory ^	✓	✓	✓	✓
Manage items list	✓	✓	✓	✓
Track inventory levels			✓	✓

Source: MYOB Website. Available from <<http://myob.co.nz/business/Compare-Online-Accounting-Software-1257834989789>>.

Along with the benefits and capabilities outlined above, all of their online software includes the ability to manage and invoice contacts through their mobile application – MYOB OnTheGo.

A third package that is not online-based is the MYOB AccountEdge software. This is custom-built software for Mac that has three tiers of benefits and features – Basic, Pro, and Network.

Also MYOB's website lists recommended add-ons developed by 3rd parties that can be purchased separately from the independent developer's website. These tools add additional functionality into the business management suite. They connect to and share data with your MYOB accounting software, with a variety of add-ons providing different functionality. There are currently add ons available that provide advisory benefits such as My Business Manager, Fathom and Panalitix. These can be viewed on <https://www.myob.com/nz/addons/>



### 3.2 Practice Solutions

Our primary product offering for Practises consists of:

#### 1 –Accountants Office

A solution with standardised configuration, reporting and simplified workflows allowing accountants to spend more time focused on clients. Main features include

- **Tax** - Through paperless workflows and links to up-to-date IRD data, Tax Manager allows accountants to stay on top of clients' tax obligations
- **Client Accounting** -Connect with your business clients online over a 'Common Ledger' and produce consistent electronic workpapers without leaving your MYOB practice solution.
- **Practice Manager** - delivers total control over jobs, time, costs and processes, ensuring maximum productivity and profitability of your practice. Time is captured effortlessly and bills are processed fast. Practice Manager includes a job tracking tool which lets you efficiently allocate jobs, manage milestones and ensure you deliver great client service every time.
- **Document Manager** - lets you store all your client communications in one organised, searchable and secure space
- **MYOB Portal** - an online collaboration platform that lets you securely share documents and take digital signature approvals from your clients, even when they're mobile.

#### 2 – Accountants Enterprise

A more powerful and customisable accounting system. It has expanded functionality to the above features in Accountants Office suite that can be customised to suit a practice's unique workflow and reporting needs

#### 3- MYOB ProfitOptimiser

A powerful business advisory tool that can drive your business and advisory services. MYOB ProfitOptimiser gives you critical insights into your clients' businesses – such as tax liability, annual/ projected finance data, performance measures and key business drivers.

### 3.3 Enterprise Solutions

Our primary product offering for Enterprises consists of:

#### 1 –MYOB EXO

MYOB Exo provides the flexibility to build an entire business management solution. It includes features such as, easy accounting functions, multiple locations / divisions / branches support, management dashboards, fully integrated Customer Relationship Management (CRM), integrated job and project costing functionality, human resource management, consolidation of financial transactions for all entries, comprehensive and customisable accounting process flows plus more.

#### 2-MYOB Advanced

A Cloud based Enterprise Resource Planning (ERP) software designed to incorporate financial management, inventory and distribution, customer management, project accounting and payroll management functionalities to help simplify day-to-day management.

#### 3-MYOB Greentree

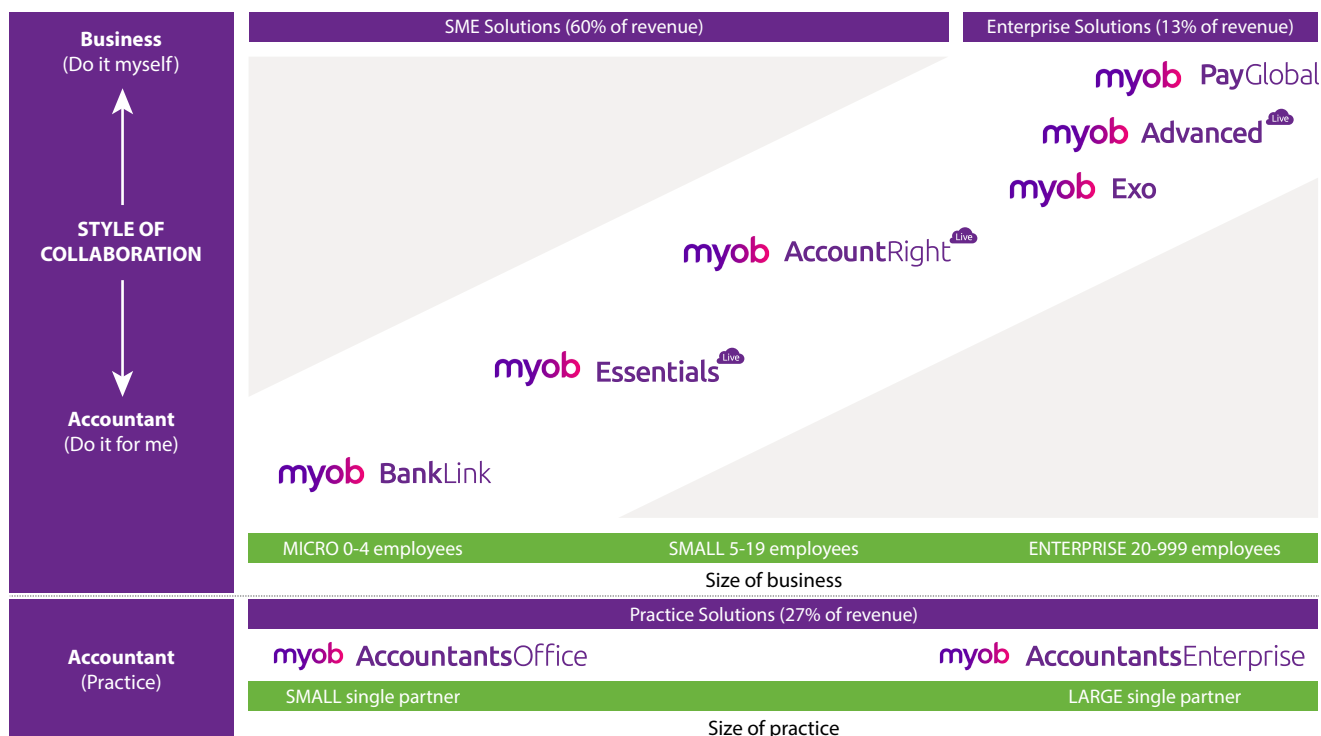
An intuitive and powerful ERP with comprehensive tools that help manage multifaceted enterprises. Flexible and intelligent, MYOB Greentree provides a real time view across departments and can be customised from any of the 80 plus modules covering an expansive list of functionalities from Workflow management to Business Intelligence

#### 4-MYOB PayGlobal

Industry-leading end-to-end people management and payroll software. Includes integrated payroll and HR management tools to improve productivity. 5 modules (Payroll, Human Resources, Self-service, Time and Attendance and Rostering) work seamlessly together and are customizable for a business' needs.

### 3.4 Summary of MYOB Solutions

The diagram below summarises MYOB's divisions and primary product offerings:



Source: MYOB Supplementary Prospectus 2015. Available from <[http://investors.myob.com.au/FormBuilder/\\_Resource/\\_module/HhW--OHCfU-MPYnMov-UPA/documents/MYOB-Supplementary-and-Replacement-Prospectus.pdf](http://investors.myob.com.au/FormBuilder/_Resource/_module/HhW--OHCfU-MPYnMov-UPA/documents/MYOB-Supplementary-and-Replacement-Prospectus.pdf)>.

### 3.5 Recent Product Innovations

Highlighted below are some key FY2016 product innovations in each of the 3 distinct customer segments we service

#### SMEs Solutions

MYOB launched a number of new and innovative products and connected services to SME clients in 2016, including:

- **PayDirect Online**, the ability to accept online payments straight from the invoice, resulting in faster payment and improved cashflow; This market first release reinforces the company's continued advancement, evolving with the changing nature of payment trends. Online payments are fast becoming the preferred bill payment
- **YourPay**, a mobile solution for employees to enter timesheets and receive payslips
- **PayAgent**, a service for New Zealand businesses which automates paying staff and meeting reporting requirements

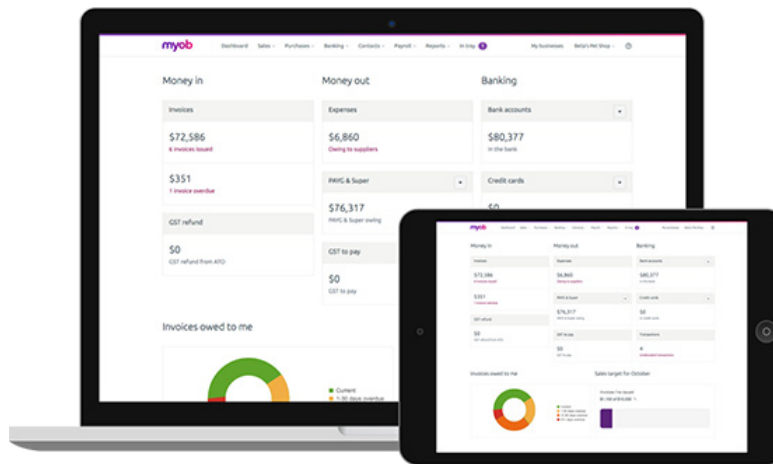
#### Accounting Practices Solutions

In 2016, MYOB launched a number of new products to Practice clients, supporting our Connected Practice Strategy (detailed later).

- In Transaction Processing we launched two key products –
  - the **MYOB Dashboard**, providing a single view of all a practice's online SME clients and supporting simple on-boarding of new clients. This dashboard means that the accounting practice has the ability to offer bureau services, efficiently, across large numbers of SME clients, reducing administration times, increasing collaboration and improving accuracy of data
  - **Connected Ledger**, an efficient online ledger with MYOB's high quality bank feeds enabling practices to grow their Transaction Processing clients.
- In Compliance, we were ready for the ATO changeover from Electronic Lodgment System to Practitioner Lodgment service, **improved client accounting with online Practice Ledger**, providing a single consistent and efficient workflow for end of year compliance, as well as online Tax eGST and BAS lodgement tools.
- In Advisory, we continued to **expand our eco-system of 3<sup>rd</sup> party partners** covering reporting, budgeting, forecasting and modelling.

#### Enterprise Solutions

- **MYOB Advanced** is the fastest growing cloud native ERP and Payroll solution built for the Australian and New Zealand mid-market. MYOB Advanced is growing rapidly and becoming the majority of new ERP registrations in the Enterprise segment. Two new features include
  - **MYOB Advanced Customer Portal** which simplifies the customer administration for businesses by providing a portal where customers can view invoices, statements and place orders.
  - **MYOB Advanced OnTheGo** a mobile app for Apple iOS and Google Android that provides ERP & CRM functionality to users anywhere any time
- **MYOB PayGlobal** has been powering complex payroll for over 20 years. MYOB PayGlobal reduces manual, repetitive tasks with a trusted, compliant and automated solution. MYOB PayGlobal is trusted by large organisations across Australia and New Zealand, such as Sydney Opera House, Country Road and Healthscope.
- **MYOB Greentree** was acquired in August 2016. Greentree helps companies to simplify success by delivering vital information on-demand, providing an instant snapshot of what their business is doing; today, yesterday and tomorrow. The acquisition of Greentree has provided new channels to market for our market-leading online Enterprise ERP systems.



## 4.0 Current Strategy

MYOB has embarked upon a strategy to build a market leading platform which will deliver seamless connectivity between the SME, advisors and the broader accounting ecosystem. The key pillars of MYOB's growth strategy are:

1. **Connected Practice:** Lead our industry through a period of intense change by painting an inspiring view of the industry's future
2. **MYOB Platform:** Deliver an online platform which leverages network effects and brings to life the Connected Practice vision for accountants and SMEs
3. **Clients:** Attract new clients and upsell & retain existing clients by moving them online and making their business life easier through the adoption of connected services
4. **Brand and Experience:** Align everything we do to deliver an inspired, authentic and in the know experience
5. **Bigger Business:** Expand our Enterprise business by driving growth through our first-to-market cloud position, combined with inorganic growth opportunities

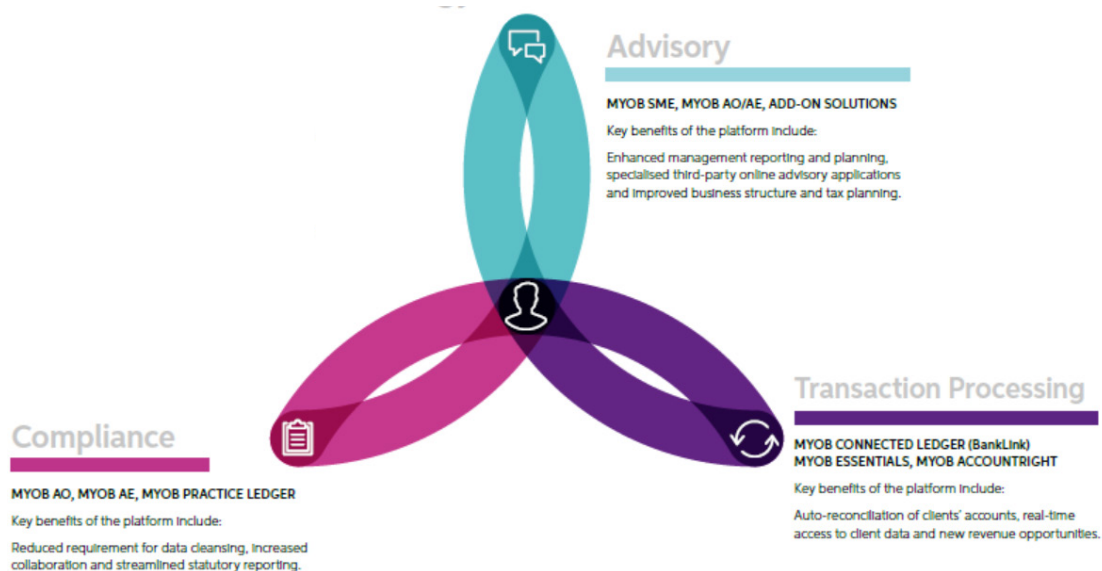


## 4.1 Connected Practice

The aim of the Connected Practice strategy is to automate the accountants' processes and collaboration tools. This creates efficiencies in compliance and transaction processing, and enables growth in advisory services.

Currently these three core processes are completed in sequence, with transactions processed by SME accounting systems, compliance work undertaken by the accountant using a bespoke accounting practice suite of tools, and advice being offered to their clients after the first two processes are complete.

The Connected Practice strategy allows these three processes to run concurrently, and delivers a strong value proposition to accountants in practice, which is expected to drive adoption of online practice solutions and encourage referral of MYOB's SME solutions by accountants.



Source: MYOB 2016 Annual Report Available from <<http://investors.myob.com.au/Investors/?page=financial-reports>>.

## 4.2 Platform

MYOB continues to invest in product innovation to enable MYOB to offer a differentiated and competitive product offering, investing 15.1 per cent of revenue on R&D in FY16. The below diagram shows an overview of how investment in the MYOB Platform is increasing customer lifetime value and expanding MYOB's total addressable market



Source: MYOB 2016 Full Year Investor Presentation. Available from <<http://investors.myob.com.au/Investors/?page=financial-reports>>.

### 4.3 Clients

- **New Clients** - As noted above MYOB has invested in the MYOB Platform to drive the uptake of online accounting solutions amongst new clients, with total online subscriptions (SME and Practice) up 47 per cent to 249,000 in December 2016. New registrations to MYOB SME solutions in Australia remain at over 50 per cent of GST registrations, in line with historical levels.
- **Existing Clients** - MYOB intends to drive growth in average revenue per paying user and increased retention by providing enhanced product functionality and additional value to clients enabling percentage price increases in line with historical experience (which have been in the mid-single digit percentages). The continued enhancements to online products has resulted in an increased rate of migration of MYOB's active non-paying base, with penetration up >35 per cent over the past three years to 6.4 per cent in 2016.
- **Online Connected Services** - MYOB believes that there is a significant opportunity to drive incremental revenue through growing sales of connected services in areas such as payments, debtor management and small business financing and enabling partners to build out the platform ecosystem.

### 4.4 Brand and Experience

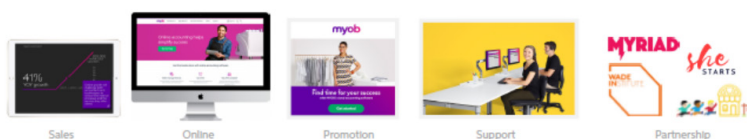
In 2016 we commenced a Brand Transformation and Repositioning strategy which has already successfully helped us to shift external brand perceptions and better reflect who we are today: an innovative technology company that extends far beyond just accounting software.

We invested in marketing activities across all touchpoints, to ensure high awareness of new MYOB online products, prompting people who know us to take a fresh look– and those who don't, to consider us.

Changes included new visual elements to the brand, including a new logo and positioning line. We also invested across the business to significantly change experiences throughout the customer lifecycle and across other touchpoints such as our digital channels and website, face to face sales channel, digital sales enablement, collateral and support services.



As the market leader in digital solutions, we help businesses succeed. Our experience is inspired, authentic and in-the-know



### 4.5 Bigger Business

Over the past 3 years MYOB has expanded its Enterprise business by driving growth through its first-to-market cloud solution, complemented with inorganic growth.

2 acquisitions have offered the opportunity for MYOB to expand into larger Enterprise clients.

- **PayGlobal** – acquired in August 2014, PayGlobal offers on-premise HRM solutions for larger (>500 FTE) businesses. The PayGlobal acquisition has delivered a highly profitable business, new channels to market via larger Value Added Resellers (VARs) and the opportunity to bring the MYOB Advanced HRM system to a larger market.
- **Greentree** – acquired in August 2016, Greentree offers on-premise ERP solutions for larger (>500 FTE) businesses. The Greentree acquisition has delivered the same outcomes as PayGlobal, but with the focus on ERP, rather than HRM enterprise solutions. MYOB continues to review the market for potential acquisition targets in all segments.

# Industry Information



## 5.0 Our Industry

### 5.1 General Overview

There are a number of other companies that operate in the same commercial sphere as us. MYOB's success and performance is dependent on a number of competitive factors, including the success and awareness of its brand, the loyalty of its user base, its relationship with accountants, the scope of its product offering and its commitment to ongoing product innovation.

The diagram below highlights the market position of some of our key products and competitors. Note FTEs = Full time employees.

	Firm size	Markets	MYOB division	Examples of other software providers <sup>1</sup>
Government and corporate (Tier 1 Enterprises)	1,000+ FTEs	Enterprise Software Market	myob Enterprise Solutions	Oracle      SAP
Large (Tier 2 Enterprises)	200–999 FTEs			Sage      Microsoft
Medium (Tier 3 Enterprises)	20–199 FTEs			NetSuite      Infor      Technology One
Small	5–19 FTEs	SME Software Market	myob SME Solutions	Attaché      JIWA
Micro	0 <sup>1</sup> –4 FTEs Sole Traders/Partnerships			Sybiz
Accountant Practices		Practice Software Market	myob Practice Solutions	Reckon      Xero
				Intuit
				Sage      Reckon
				Xero      CCH

**Note:**

1. A business with "0" employees is known as a "non-employing" business (and includes self-employed businesses or sole traders). List of other business management software providers is not exhaustive, and the positions of those providers in the above table are illustrative only. Products offered by other providers (and products targeted by MYOB at certain markets) may be used by enterprises of varying sizes.

Source: MYOB Supplementary Prospectus 2015. Available from <[http://investors.myob.com.au/FormBuilder/\\_Resource/\\_module/HhW--OHCfU-MPYnMov-UPA/documents/MYOB-Supplementary-and-Replacement-Prospectus.pdf](http://investors.myob.com.au/FormBuilder/_Resource/_module/HhW--OHCfU-MPYnMov-UPA/documents/MYOB-Supplementary-and-Replacement-Prospectus.pdf)>.

### 5.3 The SME Market

There are approximately 2.5 million SMEs in New Zealand and Australia, with about 0.5 million located in New Zealand and 2.0 million located in Australia. We expect that the growth rate of this market will be consistent with historical experience, which is a 1.1% compound annual growth rate (CAGR). We estimate that the percentage of total SMEs that use accounting software in New Zealand and Australia is about 75% to 80% (1.8 – 2 million).

There are currently four principal providers in the SME Software Market in New Zealand. We are the market leader by number of users, with our users comprising of approximately 60% to 65% of the total number of Accounting Software users in this market (over 1.2 million).

The table below summarises the nature of the key participants in the SME market.

Brand or owner	Headquarters	Company type	Key geographies	Examples of products		
				Cloud focused product	Cloud + desktop product	Desktop focused product
MYOB	Australia	Listed on ASX	Australia and New Zealand	Essentials	AccountRight Live	AccountRight BankLink
Reckon	Australia	Listed on ASX	Australia and New Zealand	Reckon One	Reckon Accounts	Reckon Accounts
Xero	New Zealand	Listed on the New Zealand Exchange (NZX) and ASX	New Zealand, Australia, the UK and the US	Xero SBA	–	–
Intuit	US	Listed on the NASDAQ in the US	Numerous jurisdictions (including Australia)	QuickBooks Online	–	–

**Note:** A "cloud + desktop product" refers to a product which can be used either as a cloud or desktop solution.

Source: MYOB Supplementary Prospectus 2015. Available from <[http://investors.myob.com.au/FormBuilder/\\_Resource/\\_module/HhW--OHCfU-MPYnMov-UPA/documents/MYOB-Supplementary-and-Replacement-Prospectus.pdf](http://investors.myob.com.au/FormBuilder/_Resource/_module/HhW--OHCfU-MPYnMov-UPA/documents/MYOB-Supplementary-and-Replacement-Prospectus.pdf)>.

## 5.4 The Practice Market

We estimate that there are over 17,300 accounting practices in New Zealand and Australia, with approximately 4,800 firms located in New Zealand and 12,500 firms located in Australia and within these, approximately 9,700 individual accountants in New Zealand and 59,100 in Australia. Between December 2005 and December 2014, the total number of accountants in New Zealand and Australia grew at an estimated CAGR of 2.1% and 1.9% respectively.

MYOB believes that almost all accounting practices use Practice Software (although not all firms purchase all available software modules) due to the role it plays in helping service the accounting needs of the firm's clients. Accounting practices typically purchase a Practice Software product for each accountant working within that firm. Therefore, the number of accountants is a more appropriate measure of market size than the number of accounting practices.

The Practice Software Market in New Zealand and Australia currently includes five principal participants – MYOB, Reckon, CCH and Xero in New Zealand and MYOB, Sage, Reckon, CCH and Xero in Australia. In FY2014, MYOB was the market leader by revenue, estimating that its revenue comprised 60% to 65% of participant revenues in this market.

The table below summarises the nature of the key participants in the Practice market.

Brand or Owner	Headquarters	Company type	Key geographies	Examples of products	
				Cloud focused product	Desktop focused product
MYOB	Australia	Seeking an ASX listing	Australia and New Zealand	– (Currently in development)	AccountantsOffice, AccountantsEnterprise
Sage	UK	Listed on the London Stock Exchange (LSE)	The US, Europe and Australia	–	Handisoft
Reckon	Australia	Listed on ASX	Australia and New Zealand	–	APS, Elite
Xero	New Zealand	Listed on the New Zealand Exchange (NZX) and ASX	New Zealand, Australia, the UK and the US	Xero Practice Suite <sup>1</sup>	–
CCH	Netherlands	Subsidiary of Wolters Kluwer, which is listed on Euronext	Numerous jurisdictions (including Australia and New Zealand)	iFirm <sup>1</sup>	CCH Engagement <sup>1</sup>

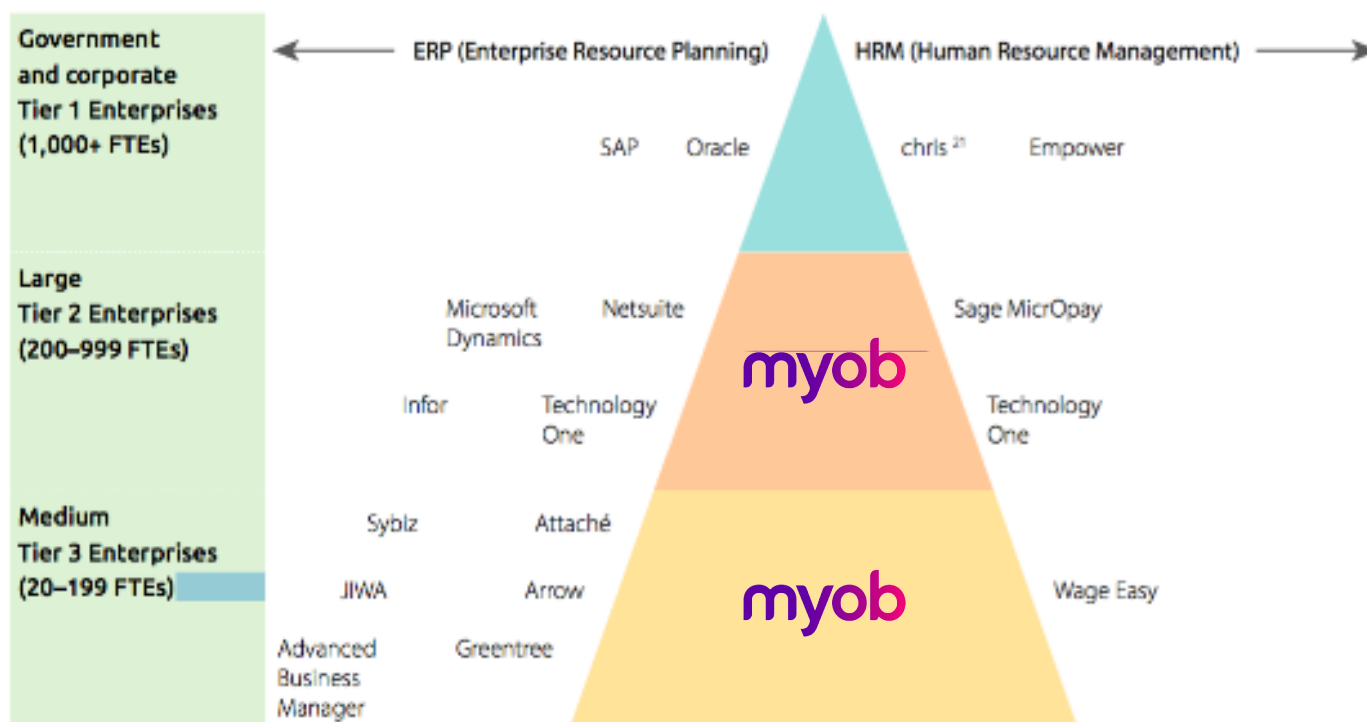
Source: MYOB Supplementary Prospectus 2015. Available from <[http://investors.myob.com.au/FormBuilder/\\_Resource/\\_module/HhW--OHCfU-MPYnMov-UPA/documents/MYOB-Supplementary-and-Replacement-Prospectus.pdf](http://investors.myob.com.au/FormBuilder/_Resource/_module/HhW--OHCfU-MPYnMov-UPA/documents/MYOB-Supplementary-and-Replacement-Prospectus.pdf)>.

## 5.5 The Enterprise Market

In June 2013, there were approximately 68,200 Tier 1, 2 and 3 Enterprises in New Zealand and Australia, with approximately 13,700 located in New Zealand and 54,500 located in Australia. Between June 2010 and June 2013, the total number of Tier 1, 2 and 3 Enterprises in New Zealand and Australia increased at an estimated CAGR of 1.4% and 1.3%, respectively.

The Tier 3 Enterprise ERP Software Market, MYOB's primary focus in the Enterprise Software Market, is a fragmented market. We entered the Tier 3 Enterprise ERP Software Market in 2005 and believe we are now a market leading participant by revenue in New Zealand and Australia, estimating that our revenue in FY2014 comprised approximately 15% of participant revenues in this market. Principal competitors in the Tier 3 Enterprise ERP Software Market include Attaché, JIWA and Sybiz.

The diagram below summarises illustrates the New Zealand and Australia Enterprise Software Market.



**Note:** List of Enterprise Software providers is not exhaustive, and the positions of those providers in the above table are illustrative only. Products offered by other providers (and products targeted by MYOB at certain markets) may be used by enterprises of varying sizes.

Source: MYOB Supplementary Prospectus 2015. Available from <[http://investors.myob.com.au/FormBuilder/\\_Resource/\\_module/HhW--OHCfU-MPYnMov-UPA/documents/MYOB-Supplementary-and-Replacement-Prospectus.pdf](http://investors.myob.com.au/FormBuilder/_Resource/_module/HhW--OHCfU-MPYnMov-UPA/documents/MYOB-Supplementary-and-Replacement-Prospectus.pdf)>.

# Financial Information

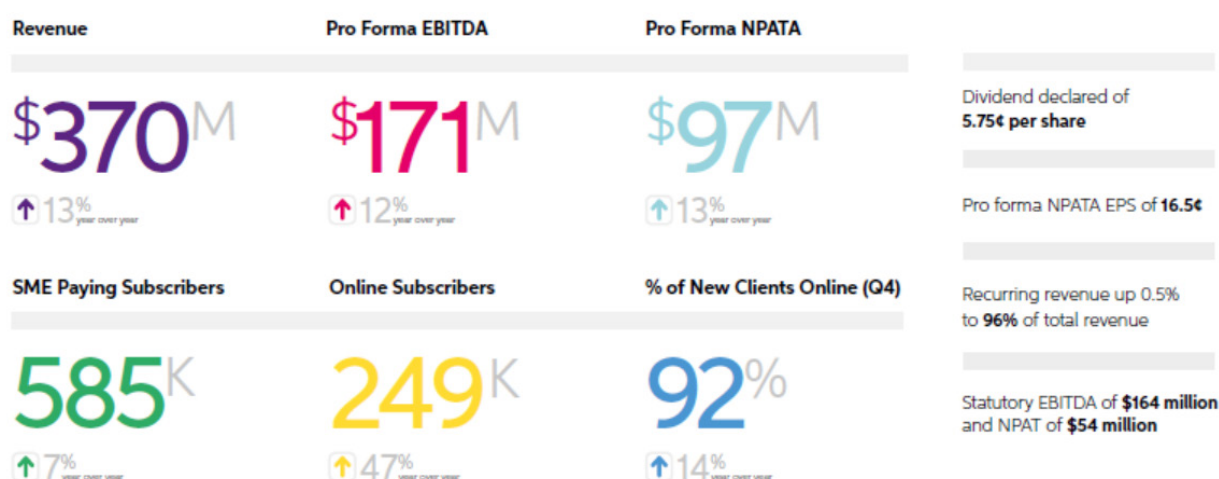
## 6.0 2016 Financial Year Results

Below are some extracts from our 2016 financial year results (January – December 2015). They will provide some key financial information and highlight some of the metrics we use to measure our success. This will be helpful in determining the financial viability of your solutions, as well as putting in context the returns that your solution expects to generate.

More detail can also be found in the **MYOB 2016 Annual Report** – available from <<http://investors.myob.com.au/Investors/?page=financial-reports>>

Note that all figures are in **Australian dollars**.

### Overall Financial Performance



MYOB PRO FORMA<sup>1</sup> FINANCIAL PERFORMANCE

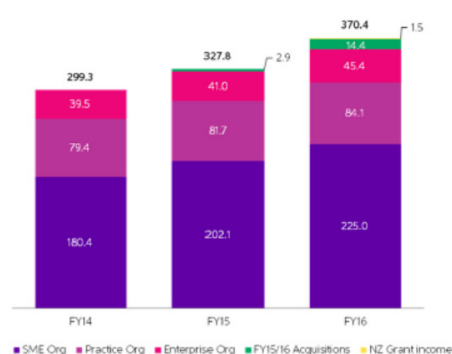
A\$m; 12 months ended 31 December	FY15	FY16	v%
Revenue	327.8	370.4	13%
Operating Expenses	(174.9)	(198.9)	14%
EBITDA	152.9	171.5	12%
NPATA	85.9	96.8	13%
Recurring Revenue %	95.1%	95.6%	0.5%
EBITDA Margin %	46.6%	46.3%	-0.3%

Note:

1. Pro forma adjustments have been made to statutory revenue and NPAT results to reflect the impact of the operating and capital structure now in place following completion of the IPO, as if it was in place as at 1 January 2015. In addition, certain other adjustments have been made to eliminate non-recurring items and to reflect standalone public company costs.

2. MYOB considers NPATA (net profit after tax and after adding back the tax effected amortisation expense related to acquired intangibles), rather than NPAT, to be a more meaningful measure of after tax profit due to the large amount of non-cash amortisation of acquired intangibles that is reflected in NPAT.

REVENUE (\$ MILLIONS)

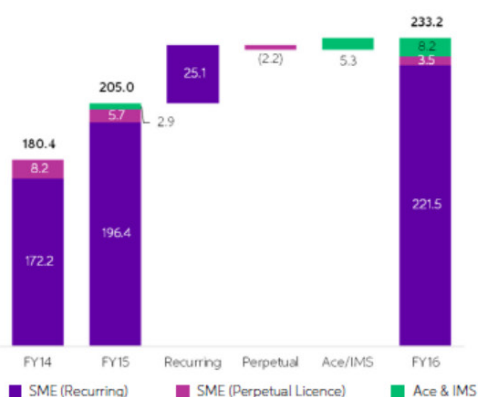


	Growth	
	2015	2016
SME Organic	12.1 %	11.3 %
Practice Organic	2.9 %	2.9 %
Enterprise Organic	3.8 %	10.6 %
Total Organic	8.5 %	9.1 %
<b>Total</b>	<b>9.5 %</b>	<b>13.0 %</b>

# SME Solutions Performance

SME SOLUTIONS REVENUE (\$ MILLIONS)

	Growth	
	2015	2016
SME (Recurring)	14.1 %	12.8 %
SME (Perpetual Licence)	(30.0)%	(38.6)%
Total Organic	12.1%	11.3 %
SME (Ace/IMS)	-	182.9 %
<b>Total</b>	<b>13.7 %</b>	<b>13.7 %</b>



KEY SME METRICS

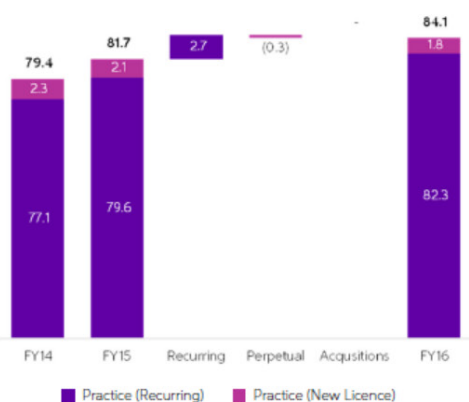
	FY14	FY15	FY16
Number of paying users ('000s)	505	545	585
Recurring revenue as a % of SME Solutions revenue	95%	97%	98%
Average revenue per paying user (ARPU) (\$)	360	379	405
SME cloud registrations as a % of total new SME registrations (FY)	62%	72%	87%

- 11% organic revenue growth driven by 13% uplift in recurring revenue, now 98% of total SME revenue
- 13% organic recurring revenue growth coming from:
  - 7% growth in paying users (driven by 32% increase in online SME subscribers)
  - 7% growth in ARPU, with pricing increases supported by growth in connected services and increased product functionality
- Ace Payroll & IMS contributed \$8.2m of revenue in FY16 (of which \$7.7m was recurring)

# Practice Solutions Performance

PRACTICE SOLUTIONS REVENUE (\$ MILLIONS)

	Growth	
	2015	2016
Practice (Recurring)	3.2 %	3.4 %
Practice (New Licence)	(8.1)%	(16.2)%
<b>Total</b>	<b>2.9 %</b>	<b>2.9 %</b>

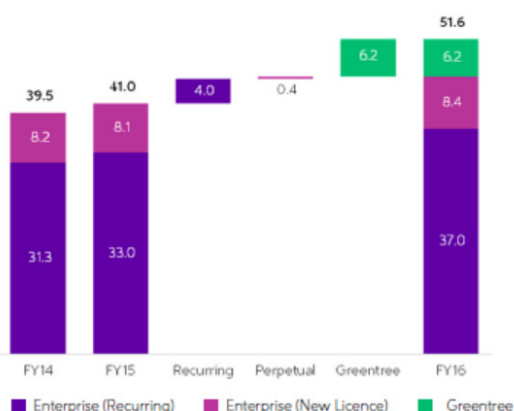


- Practice Solutions recurring revenue growth in line with historical growth rates
- Connected Practice story delivering strong outcomes from initial module releases of the MYOB Platform
  - 24,000 online **practice ledgers** taken up in first 8 months of release
  - **Dashboard** adoption within partners and practices progressing well
  - MYOB **Portal** continues go from strength to strength, being used by 1,600 practices and more than 80,000 clients

# Enterprise Solutions Performance

ENTERPRISE SOLUTIONS REVENUE (\$ MILLIONS)

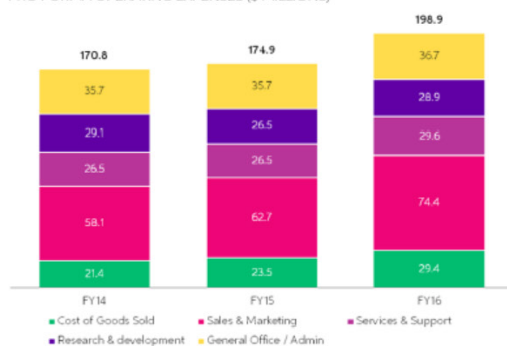
	Growth	
	2015	2016
Enterprise (Recurring)	5.2 %	12.1 %
Enterprise (New Licence)	(1.6)%	4.6 %
Total Organic	3.8 %	10.6 %
Enterprise (Greentree)	-	-
<b>Total</b>	<b>3.8 %</b>	<b>25.8 %</b>



- Enterprise revenue growth continues to exceed management expectations, even with the headwind of shifting from up-front desktop (Exo) to online subscription (Advanced) licenses
- As reported in 1H16, all 3 Enterprise solutions continue to deliver ahead of expectations:
  - MYOB Advanced Business** sales continue to exceed expectations, making up almost one half of MYOB ERP sales in FY16.
  - The launch of **MYOB Advanced People** in FY17 will deliver further opportunities for organic growth
  - Recent acquisitions performing well, with strong revenues from **PayGlobal** driven by higher than expected sales conversion rates and services revenues, and rapid integration of **Greentree**
- Enterprise is the fastest growing segment in the MYOB portfolio, with significant opportunities to continue that growth through organic and inorganic means

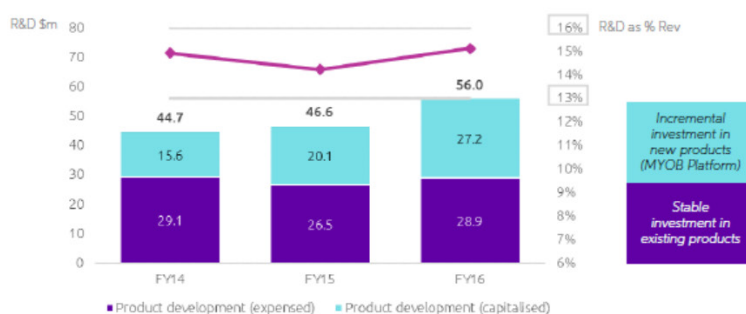
## Operating Expenses

PRO FORMA OPERATING EXPENSES (\$ MILLIONS)



- Total expenses up 14% year on year, driven by:
  - continued investment in digital sales and marketing (20% of revenue) to support investment in brand and experience
  - higher hosting costs of online solutions in all segments
  - continued investment in services, support and product
  - ongoing costs from Ace, IMS and Greentree acquisitions (across all categories); and
  - controlled cost management in general office

PRODUCT RESEARCH & DEVELOPMENT COSTS (\$ MILLIONS)



- Product development (R&D) costs were 15.1% of revenue in FY16, up from 14.2% in FY15
- The increased investment in FY16 has been on the MYOB platform (yet to generate revenue), resulting in growth of capitalised spend over expensed<sup>1</sup>
- We expect investment levels to remain at the upper end of the 13-16% range for 2017 and the opex/capex ratio to remain close to 50/50

Note: 1. MYOB's accounting policy for R&D is based on Australian / International accounting standards – matching revenue and costs. So we:

- Expense any development on products already generating revenue, e.g. Essentials, AccountRight, Practice Suite. This spend is on both online and desktop solutions.
- Capitalise any development on products that will create a benefit in future periods (i.e. not yet generating revenue) e.g. the MYOB platform, MYOB Advanced, any internal CRM systems.
- Amortisation of previously capitalised spend starts when the product is released to market and is amortised over 5 years on a straight-line basis.

# Cash Flows

## PRO FORMA CASH FLOW CONVERSION

\$ in millions	Proforma Cash Flows	
	FY15	FY16
<b>EBITDA</b>	<b>152.9</b>	<b>171.5</b>
Non-cash items in EBITDA	2.0	0.4
Change in net working capital	3.2	(3.1)
<b>Operating free cash flow before capital expenditure</b>	<b>158.1</b>	<b>168.7</b>
Research and development	(20.1)	(26.9)
PPE and other capital expenditure	(5.4)	(9.2)
Capital expenditure	(25.4)	(36.1)
<b>Net free cash flow before financing, tax and dividends</b>	<b>132.6</b>	<b>132.6</b>
<b>Cash conversion %</b>	<b>87%</b>	<b>77%</b>

- Cash conversion strong at 77%, in line with 1H16, but down 10 ppts from FY15 due to:
  - non-cash items in EBITDA (1 ppt)
  - change in net working capital (4 ppts)
  - higher R&D capex (3 ppts); and
  - investment in Richmond tech hub (2 ppts)
- Net free cash flow of \$133 million

# Income Statement

## MYOB pro forma financial performance

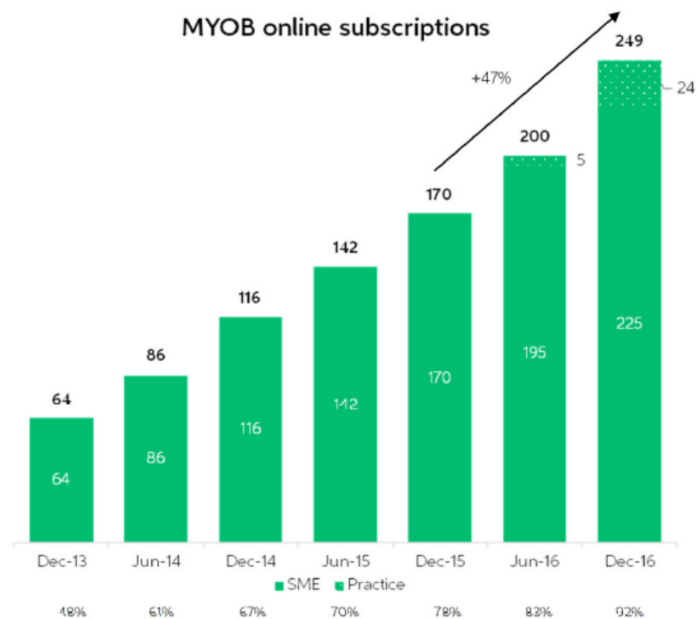
\$ in millions	FY 15	FY 16	v FY 15
<b>Revenue</b>			
SME Solutions	205.0	233.2	14%
Practice Solutions	81.7	84.1	3%
Enterprise Solutions	41.0	51.6	26%
Group		1.5	
<b>Total Revenue</b>	<b>327.8</b>	<b>370.4</b>	<b>13%</b>
COGS	(23.5)	(29.4)	25%
Staff related expenses	(113.3)	(124.5)	10%
Marketing	(9.4)	(13.9)	48%
General office / administration	(28.7)	(31.2)	9%
<b>Total operating expenses</b>	<b>(174.9)</b>	<b>(198.9)</b>	<b>14%</b>
<b>EBITDA</b>	<b>152.9</b>	<b>171.5</b>	<b>12%</b>
Depreciation	(4.8)	(5.7)	20%
Amortisation of capitalised inhouse software	(8.2)	(12.7)	55%
<b>EBITA</b>	<b>139.9</b>	<b>153.1</b>	<b>9%</b>
Amortisation of acquired intangibles	(58.1)	(57.4)	-1%
<b>EBIT</b>	<b>81.9</b>	<b>95.7</b>	<b>17%</b>
Proforma net interest expense	(16.8)	(14.8)	-12%
<b>PBT</b>	<b>65.1</b>	<b>80.9</b>	<b>24%</b>
Proforma tax expense	(19.9)	(24.3)	22%
<b>NPAT</b>	<b>45.2</b>	<b>56.6</b>	<b>25%</b>
D&A add back (tax effected)	40.6	40.2	-1%
<b>NPATA</b>	<b>85.9</b>	<b>96.8</b>	<b>13%</b>

## Balance Sheet

Balance Sheet (\$ in millions)	31-Dec-15	31-Dec-16
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	36.4	61.4
Other current assets	27.8	34.8
<b>Total current assets</b>	<b>64.2</b>	<b>96.2</b>
<b>Non-current assets</b>		
Intangible assets & goodwill	1,219.0	1,210.2
Other non-current assets	96.2	82.7
<b>Total non-current assets</b>	<b>1,315.2</b>	<b>1,292.9</b>
<b>Total assets</b>	<b>1,379.4</b>	<b>1,389.2</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Unearned revenue	42.9	49.7
Other current liabilities	35.6	41.7
<b>Total current liabilities</b>	<b>78.5</b>	<b>91.5</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	432.7	434.8
Other non-current liabilities	4.9	6.0
<b>Total non-current liabilities</b>	<b>437.6</b>	<b>440.8</b>
<b>Total liabilities</b>	<b>516.2</b>	<b>532.3</b>
<b>Net assets</b>	<b>863.3</b>	<b>856.9</b>
<b>Equity</b>		
Contributed equity	1,138.1	1,141.4
Retained earnings	(415.6)	(353.8)
Reserves	140.8	69.3
<b>Total equity</b>	<b>863.3</b>	<b>856.9</b>

- **249,000** online subscriptions, up **47%** year on year, including 24,000 online Practice Ledgers, launched in Q2
- Online subscriptions growth expected to further accelerate in 2017 with momentum building for Practice Ledger and Connected Ledger (online BankLink replacement)
- **92%** of new MYOB SME clients in Q4'16 chose online subscriptions, up from **78%** in Q4'15

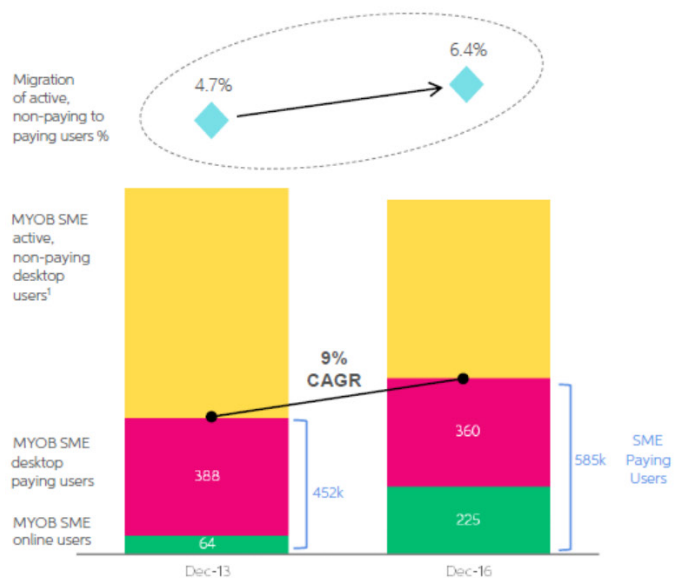
### MYOB online subscriptions



In Australia, new registrations of MYOB's SME solutions remains at over



Migration of active non-paying base continues, penetration up >35% since December 2013



Note: 1. Active desktop non-paying users confirmed via anti-piracy "pinging" mechanism.

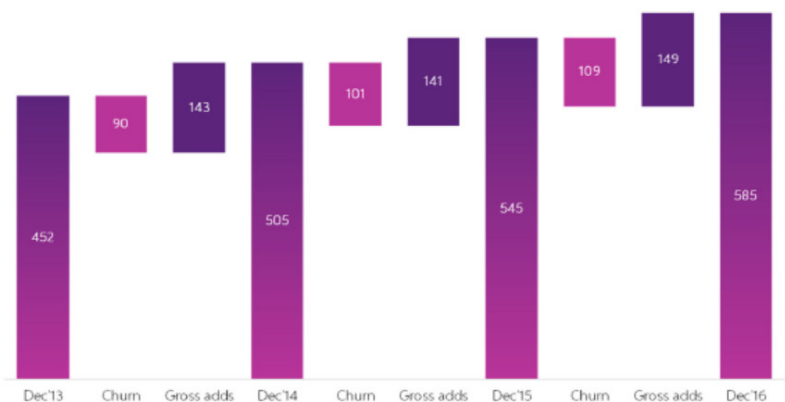
- 585k SME **paying** users, up **7%** year on year, including 225k SME **online** users, up **32%** year on year
- SME online users represent **38%** of paying users as at December 2016, up from **34%** in December 2015

When looking at SME paying user additions, gross is more meaningful than net.

With stable SME paying user retention rates (~80%), more gross adds required every period to maintain overall growth rate, i.e.

- 2015 **+141k gross adds** delivered +40k net;
- 2016 **+149k gross adds** delivered +40k net (up 6%)

### SME Paying Users - Gross Adds & Churn



## Key Operating Metrics Summary

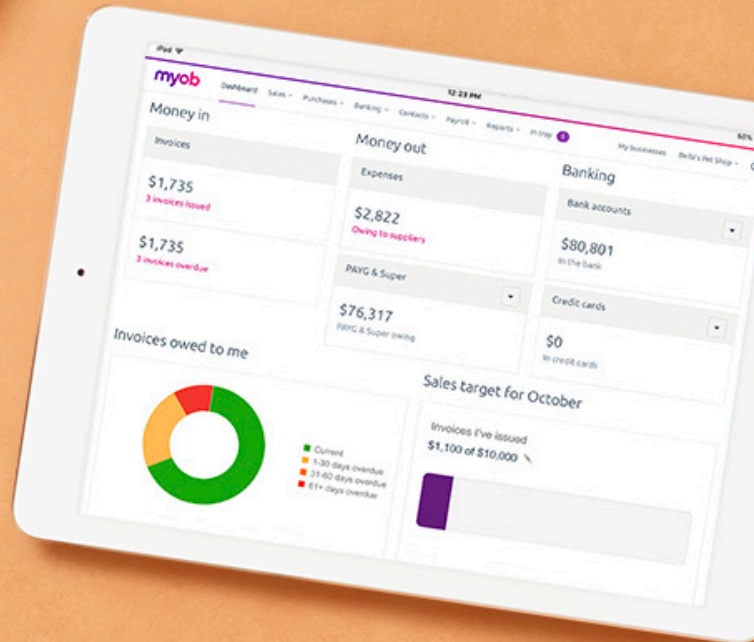
	Notes	FY2014	FY2015	FY2016
<b>MYOB Group</b>				
Number of online subscribers ('000s)		116	170	249
Revenue growth %		9%	10%	13%
Organic revenue growth %		9%	9%	9%
Recurring revenue as a % of total revenue	1	94%	95%	96%
Pro Forma EBITDA Growth %		8%	19%	12%
Pro forma EBITDA Margin %		43%	47%	46%
Pro forma NPATA Growth %		8%	22%	13%
Pro forma NPATA Margin %		23%	26%	26%
Pro forma product development costs as a % of total revenue	2	15%	14%	15%
<b>SME Solutions</b>				
Number of cloud users				
Number of paying users ('000s)	3	505	545	585
Average user retention rate (%)	4	81%	80%	80%
Average revenue per paying user (ARPU) (\$)		360	379	406
SME cloud registrations as a % of total new SME registrations	5	62%	72%	87%
Revenue growth %		12%	14%	14%
Organic revenue growth %		12%	12%	11%
Recurring revenue as a % of SME Solutions pro forma revenue	1	95%	97%	98%
Contribution margin %		68%	69%	69%
<b>Practice Solutions</b>				
Revenue growth %		3%	3%	3%
Recurring revenue as a % of Practice Solutions revenue	1	97%	97%	98%
Contribution margin %		72%	71%	72%
<b>Enterprise Solutions</b>				
Revenue growth %		7%	4%	26%
Organic revenue growth %		7%	4%	11%
Recurring revenue as a % of Enterprise Solutions pro forma revenue	1	79%	80%	80%
Pro forma contribution margin %		39%	48%	47%

### Notes:

1. Recurring Revenue is the revenue received from paying users, as defined in Note 3 below.
2. Product development costs include both costs that are capitalised and costs that are expensed through the income statement.
3. Paying users comprise all online users and those desktop users that make additional maintenance payments (including MYOB BankLink customers).
4. Retention rate refers to the proportion of users that continue to use a given MYOB product in a 12 month period.
5. The number of MYOB SME Solutions online registrations as a percentage of total MYOB SME Solutions registrations in a given period.

Source: MYOB 2016 Full Year Investor Presentation. Available from <<http://investors.myob.com.au/Investors/?page=financial-reports>>.

# Appendices



# Appendix 1: News Article

## MYOB sees IoT as accounting game changer

By Asha McLean | March 8, 2017

In an industry riddled with regulation, time sheets, and database entry, MYOB CEO Tim Reed believes the Internet of Things (IoT) has the potential to redefine the role of the accountant.

With sensors and internet connections present in everything from a vehicle to the smartphone in an employee's back pocket, the accounting software company chief believes there is an opportunity in bringing all of that captured data into an accounting firm.

"That means that far more than ever in the past, we're able to capture input to the accounting system, electronically as it occurs," Reed explained.

A great example of this, Reed said, would be time sheets.

In an accounting firm, employees are often required to complete time sheets that account for every moment of their day. With the IoT, staff would not need to enter minute-by-minute actions, Reed told ZDNet, as this could be completed based on an employee's GPS movements, recorded by their smartphone, intelligent car, and entry into the office, as some examples.

"All of that information will be captured and automatically fed into the accounting system," Reed added. "All of these tiny little things together mean that increasingly the data that is needed, the very source of the transaction ... will be collected automatically."

He believes the role of companies like MYOB will be to provide a platform that ploughs through the captured data with algorithms and highlights only the exceptions, anomalies, and outlying information to the accountant.

"The role of the accountant then becomes one of making sure that the overall system is set up and is configured accurately so that the business captures the data that it wants, to be able to make informed business decisions," Reed added.

When coupled with artificial intelligence (AI), the IoT then becomes a valuable tool to an accountant who spends a lot of time on laborious rule-based tasks, which a machine can take over.

"If we think about the progress of computing over the last 30 years, it's continued to become more and more powerful and we're now at the point where computers are much better than humans at thinking -- doing tasks which require doing some sort of intellectual computation in a predictable manner," Reed explained.

"What computers don't do particularly well are things we as humans don't need to think about -- the things we've just learnt over time -- how to understand and read emotion."

To Reed, the accountant will become far more of a coach and almost a business partner with the small business owner, as the accountant will be able to make informed business decisions on behalf of their client with the copious amounts of data they will have access to.

"The role of the accountant that I think is really exciting will be configuring to make sure the way that data is classified creates meaningful output for the business," he added.

Previously, Reed explained that while MYOB's bread and butter has been providing its customers with disparate core business processes, the emergence of IoT and AI will also allow his company to dissolve transaction processing, compliance, and advisory processes into one.

Retrieved 24 April 2017 from <http://www.zdnet.com/article/myob-sees-iot-as-accounting-game-changer/>

# Appendix 2: Blog Post

## How you can use fintech to improve your business intelligence

By MYOB Team on 21st Apr 2017

Remember way back when the best way to gather information about your competitors was to have quiet chats with their customers?

Gathering information on your competition has always been more of an art than a science. Any information gathered was likely to be a second-hand account, and it took a very long time to build a picture of your competition.

It was hard to tell how they were really doing, and whether you were ahead of them in revenue or sales. But now there's a better way. You can gauge how you're doing against the competition from the comfort of your desk.

Free benchmark report for every Kiwi business

ASB has teamed up with software provider Ranqx to offer a free, annual financial benchmark report to every Kiwi business. Ranqx can give you intelligence on your particular sector as a whole.

The data is anonymous, so while you may not be able to tell how much money Jim down the street is making, you'll be able to tell how much money a company of your size and in your industry is typically making.

So why is that important?

Benchmarking

One of the tools canny SMEs can use to get ahead is benchmarking. Businesses can set targets for themselves based on their competition. For example, your business may be taking in \$200,000 in revenue each year, but then you find out that the industry average is \$250,000. Then reaching annual revenue of \$250,000 becomes the first benchmark. Of course, benchmarking relies heavily on correct data.

So how does Ranqx work to make benchmarking accurate?

Data, data, data

By working with partners such as ASB and MYOB, Ranqx has developed an anonymous database of over 6000 Kiwi businesses. By feeding your numbers into the system (which are stored in your MYOB software), you add to the data pool Ranqx is able to use to paint a picture of the industry you're in. For example, if you're a café owner in Auckland you might want to benchmark against other cafés in the area. If you upload your data, you get access to a dataset on hospitality businesses in Auckland. At no stage can anybody see your business' data on an individual level. Instead, your data simply gets mixed into the broader dataset – which then allows Ranqx to come up with an aggregate for your industry. It essentially works the way census data does. Nobody knows about you in particular, but your information is fed into a pool of data to allow people to make better decisions.

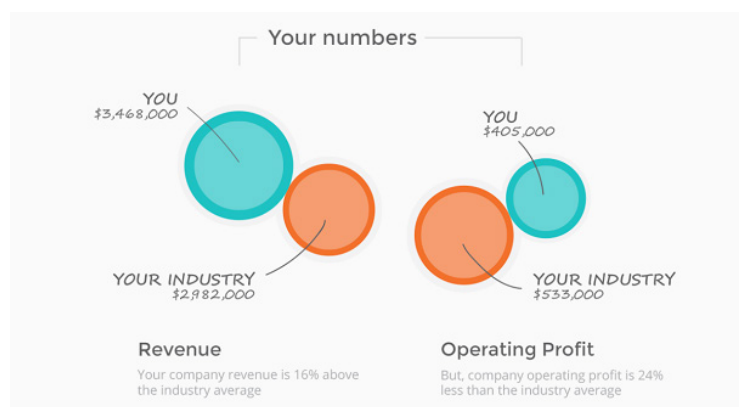
Want to find out more?

Making benchmarking quick and simple for the average SME has been Ranqx's goal – and after lots of building and testing, it's ready to go.

With Ranqx there's no more trawling through rows and rows of data – just nice, simple, summary-level reports that will start you on the journey of improving your business.

Retrieved 24 April 2017 from <https://www.myob.com/nz/blog/how-you-can-use-fintech-to-improve-your-business-intelligence/>

A sample Ranqx visualisation



# Appendix 3: Blog Post

## Bringing Big Data to Small Business

By Riann Umaga-Marshall 11 October 2016

The key to moving small businesses forward is ensuring you have access to the right tools. From the team around you through to the information you use to make vital decisions. No matter what size your business is to progress to the next stage you want to be confident you can take that plunge. This is where better more effective data analysis comes in. User friendly, easily accessible and the ability for you to use your data to make smarter more informed decisions.

Xero has recently teamed up with Microsoft Power BI, providing small businesses another way to see what's going on across their business. It's big data for small business. Xero partnering with one of the world's best Data Visualization BI tools enables you to utilize the data you have in your accounting system and derive more meaningful insights into what is happening in your business and be ready for potential opportunities or be proactive about potential challenges.

Information is what enables businesses to make smart, informed decisions. But bringing information together efficiently and effectively into a form that's simple to digest and understand takes time and can become very costly. We understand that the true value of data lies in the ability to extract insights and the story it paints around the true health of a business.

With the Xero data pack you can monitor your business and get answers quickly with rich analytics available on all of your devices. Microsoft Power BI, which is free for single users, brings together all the information you need to get a complete view of your business, saving time and money. If data analysis is still not your thing we can also use it on our end to extract vital information, see trends and ultimately provide business advice with confidence knowing your information is complete.

### Key integration features

Save time – Put your business insights front and center to look for any opportunities, patterns, outliers or inconsistencies. This will save you time by bringing to your attention anything worth exploring in seconds.

Analyze your data – Not only can you see your data in a format that makes sense, you can analyze it with greater speed, efficiency, and understanding. You can create visualizations for the most commonly tracked 25 small business metrics including cash position, revenue vs. expenses, profit loss trend, debtor days and return on investment.

Q & A your data – Sometimes the fastest way to get an answer from your data is to ask a question using natural language. For example, "what were total sales last year?" Use Power BI Q&A to explore your data using intuitive, natural language capabilities and receive answers in the form of charts and graphs.

Bring all your data together – Easily view your Xero data alongside other critical business data, including Microsoft Dynamics CRM, Mailchimp, Salesforce, Google Analytics, Zendesk and Stripe.

Xero and Outlook – Get your Xero contacts in Outlook and save time communicating to customers.

We know for some people even this level of analytics can be daunting and seem over your head but if you want to reap the benefits of deeper more meaningful insights to improve your business get in touch with us and we can run you through the basics.

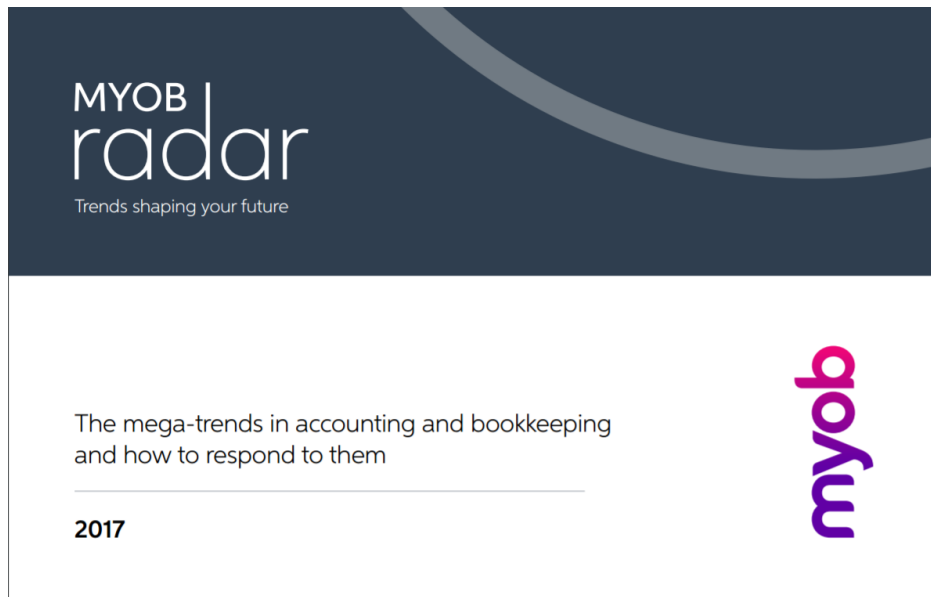
Retrieved 24 April 2017 from <https://iif.co.nz/business-strategy-planning/bringing-big-data-to-small-business/>

## Appendix 4: Report

### MYOB Radar

The MYOB Radar report is a landmark study authored by one of Australia's leading futurists. We commissioned the report to investigate the mega-trends facing the Connected Practice of the future. Technology is forcing the evolution of accounting and bookkeeping at an ever-increasing rate. Learning to adapt, adopt and plan a long-term strategy is crucial for success. In this report we highlight the critical skills and tools you will need to future-proof your practice.

Download your copy of the report at [www.myob.co.nz/radar](http://www.myob.co.nz/radar)



## Appendix 5: Judging Criteria

**Each of the judging criteria will be weighted as follows:**

- IT Conceptual Design 50%
- Business Case 20%
- Marketing Plan 15%
- Presentation 15%

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