

Prophecy for 2004



Christmas is now over and we have started a new year, 2004. I hope everyone had a relaxing break.

In December 2003, the Board of Prophecy International advised the Australian Stock Exchange that Alan Greig had resigned from the position of Chief Executive Officer and had decided to pursue other opportunities. This followed a review of last year's results. The Board and the Prophecy staff were disappointed with this outcome on two counts.

Firstly, Alan had been a long term member of the Prophecy team, joining the company in 1991 and taking on various important management roles including International Sales and Marketing Director and CEO of the Asia Pacific Region before his appointment to CEO only a little over twelve months ago. He had made a very valuable contribution over this twelve year period.

Secondly, and most importantly, Alan had set the goal for 2003 to return Prophecy to profitability. This goal remains unfinished business.

Consequent to Alan's departure, I will be the Acting CEO until a replacement for Alan is appointed. It is not expected that a new CEO can be identified and start until well into the second half of this year.

So momentum is not lost as we strive towards the achievement of our financial goals, the four Directors will assume additional responsibilities of working with executive management on specific areas of the company business. Primarily these areas are International sales, Asia Pacific sales, Product Development and Customer support and Finances. The Directors have considerable experience in these areas and each will focus on one of these aspects, with greater emphasis on sales activities.

As stated at the Annual General Meeting, the Board is determined to see Prophecy International return to profitability in 2003/4. The platform has been established to achieve this and although there is still a lot of hard work to do in the months ahead we are confident of achieving this objective.

In this edition of Insight you will note that a number of Partners have been appointed across the three continents that Prophecy has operations, United States, Europe and Asia Pacific. This is great news. As reported earlier our products, including E-Foundation and basis2 are functionally strong and competitive. We are now working hard to increase our order take on these products both directly through our sales force and that of our new partners.











I thank you for your continued support and I very much look forward to formally reporting our successes to you over the months ahead.

May I extend to you, your friends and colleagues a very prosperous New Year in 2004.

Regards

Bob Shaw
Chairman and Acting CEO

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Imass to Sell basis2 in the UK

Imass have recently signed as a basis2 Business Partner for the water industry in the UK and Ireland.

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TMG Gives basis2 the Big Tick

The highly respected consulting firm, specialising in the global utilities market, TMG Consulting, have given Prophecy's basis2 the big tick of approval.

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TMG Gives basis2 the Big Tick

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TMG undertook a lengthy assessment of the product, analysing its extensive functionality and comparing it to other CIS solutions on the global market. TMG were highly impressed with basis2 and its future direction through its highly skilled development team.

Gary Weseloh, Senior Consultant at TMG Consulting said...

"basis2 is impressive in many ways, including its Oracle application design, its email and bill presentation capability, and the flexibility and strength of its billing engine.

Its call center screen allows CSRs a single access point to the majority of all the information they will need to answer customers' calls.

basis2 will make an exciting impact in the CIS market".

Imass to Sell basis2 in the UK

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Imass are a highly respected provider of client specific integrated IT solutions for the water sector in the UK and Europe.

Imass' lengthy inspection of basis2 resulted in very positive feedback for basis 2 and a resounding recommendation from the Imass billing team to adopt basis2 and become our Business Partner.

Joe Slattery, Prophecy's Worldwide Director of Global Strategic Alliances, believes this will be a very exciting and rewarding partnership for both Prophecy and Imass.

"Imass has one of the largest dedicated Utility IT teams in the UK with 36 permanent staff working full-time in the sector, delivering in excess of £2.5m of business per year.

They have been in the industry for over 10 years and will in time prove to be a very knowledgeable and resourceful basis2 Partner", he said.

Velatte has a New Team Leader

Simon Kahl has recently been appointed the Velatte Team Leader.

Simon began his career at Prophecy in 1993 as a Trainee Programmer after graduating with an Advanced Certificate in Business Programming from the Computer Power Training Institute, now known as Spherion. Simon started on Prophecy Classic and quickly moved onto Prophecy Open, working on the user interface layer, business layer and application server.

In late 2000, Simon worked on the Velatte prototype, later becoming an integral part of the 15 man team, designing and developing the Java Rapid Application Assembly tool. Having experienced a long and sophisticated development cycle, Velatte version 2.3 is now due for release in January 2004.

After a very rewarding 10 years at Prophecy, Simon is looking forward to further Velatte development for future releases, particularly enhancements to the User Interface layer, which he believes will increase Velatte's appeal even more.

Emergency Services – a Great Success

Prophecy has recently released version 6.5 of the Emergency Services Levy system to RevenueSA, as the final part of our on-going development contract. The system allows RevenueSA to efficiently bill all South Australian property owners the emergency services levy which pays for a number of essential services provided to people in South Australia.

This very successful project was won by Prophecy in a tender situation over 4 years ago because of the flexibility of e-Foundation Framework, and its ability to build complex software systems in record time.

Much work has been done on the system since its first release in 1999 when its main functions were to invoice

and receipt payments. The system now includes such functionality as refunds, debt recording, interest calculations, correspondence and note recording modules, scheduling functions etc.

This project is a great example of how implementing complex software systems doesn't have to be a nightmare.

The success of this project can be attributed Prophecy's highly flexible e-Foundation Framework product which gave the entire project a significant head start, excellent communication and project management expertise shown by Prophecy and RevenueSA staff as well as the dedication of everyone involved.

RevenueSA have since signed a maintenance agreement with Prophecy, continuing this great relationship even further.



RevenueSA

Treasury and Finance Portfolio

Water Licensing Comes Full Circle

For the Department of Water, Land, Biodiversity Conservation in Adelaide, Prophecy has recently delivered the first of several modules that will comprise a state-of-the-art system for water management in South Australia.

The strategic system will manage water allocation, licences, various water-related permits, and administrative functions in its first release.

Additional functionality is on the drawing board to extend the system's support to salinity management, water trading, support for regional variation, and other business areas.

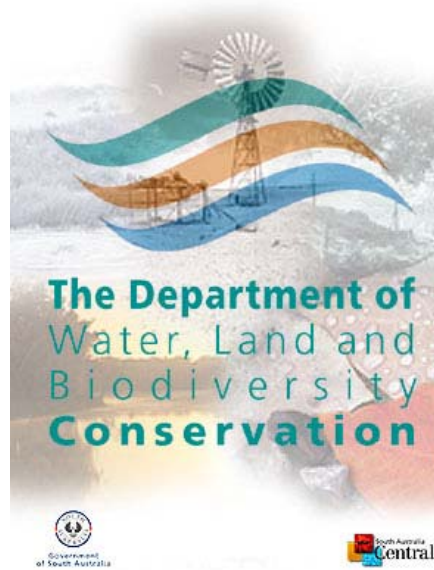
The system is timely for South Australia with the increasing pressure on the increasingly scarce water resource.

The system will provide invaluable data for use by analysts to support development of policies, procedures, and standards to manage the crucial resource.

Prophecy and the Department are working closely to systematise management and operational

procedures that have developed over many years of manual operation.

Prophecy's highly flexible e-Foundation Framework product will significantly support this work so that complex water management and control arrangements can be expressed in the system.



Maria Provides On-going Support

Having joined Prophecy over seven years ago, Maria Jeropoulos has recently been promoted to the position of Support Team Leader.

Maria began as a Trainee Programmer after completing a Certificate in Programming Technology at the Computer Power Training Institute, now known as Spherion. Maria began working on e-Foundation Framework and found it both interesting and rewarding.

Maria also developed the standards and procedures for the migration process which brings together the various developers work, creating a release package. She was then promoted to the position of Release Manager in 2000, creating and distributing the software packages for all Prophecy releases.

Having recently been appointed the Support Team Leader, Maria also manages the support team, customer care and the PAR procedures. Maria is excited about the new challenges ahead and is keen to see the hard work put in by her team finally pay-off.

New Partner Excited about e-Foundation

Inatech Solutions have signed as an e-Foundation Partner and Vertical Application Partner in the UK.

Inatech Solutions is a business technology solutions company that aims to service the specific needs of clients by using pertinent technology that addresses their individual business needs.

Inatech started in 1995 and focus on delivering custom and packaged based technical and business solutions, mainly in the ERP arena. Inatech are an Oracle Applications Partner and are Oracles preferred Oracle Financials implementation partner in Europe.

With approx 90 staff of which 26 are in the UK, Inatech with e-Foundation plan

to generate business by offering the following services:

- Use Prophecy's e-Foundation Over Legacy solution to aid migration from Ingres to Oracle;
- Use Prophecy's e-Foundation Framework as a tool to develop and deliver custom solutions/projects to customers;
- Resell the e-Foundation Applications; and
- Use e-Foundation Framework to assemble new applications for customers.

Joe Slattery, Prophecy's Worldwide Director of Global Strategic Alliances, believes this partnership will be a very busy one.

"There are over 900 Ingres sites in the UK which require migration to Oracle or an efficient pathway to the web, which EFOL provides. I can see we have some very exciting times ahead of us" he said.



Geoff in Control of the Prophecy Finances

Geoff joined Prophecy in January 2003 as Group Accountant and has quickly proved himself capable of much more.

With the recent departure of Paul Blewett, resigning the position of Corporate Services Manager, Geoff has taken on much of these tasks including shareholder relations, company secretarial responsibilities, running the finance department, Board reporting and all financial matters.

Geoff says his key to success is his innate nosiness, which ensures the smallest of details never get past him.

This talent will also prove useful when Geoff becomes a father for the first time in late February. Geoff is looking forward to passing on his financial knowledge. "My wife can look after the ABC's while I teach the 1,2,3's" he said.

basis2 for Sale in Estonia

As Arote have recently signed as a basis2 Business Partner in Estonia.

Founded in 1993, As Arote excels in the design, development and implementation of complex IT systems. As Arote are excited at the many opportunities this partnership will bring them, through such an impressive CIS solution – basis2.

Joe Slattery, Prophecy's Worldwide Director of Global Strategic Alliances, believes this partnership couldn't have happened at a better time.

"As Arote are the current CIS provider to Estonia Water, who are currently looking for a new CIS solution and prefer dealing with Estonian companies. This partnership looks like producing positive results very quickly", he said.

Leanne Manages Everything

After 13 years at Prophecy Leanne has done almost everything. In 1990 she started as the Development Manager, moving into Distributor support in the mid 1990s. By 2000 she moved back into product development as the Project Manager for the very successful ESL project.

In 2001 she took on the position of Product Development and Support Manager, widening her responsibilities to managing the development of e-Foundation and the support team.

Now, in the position of Manager, Products and Customer Services, Leanne oversees all product development and support activities. Leanne attributes the success of these projects to excellent time and project management as well as working with such a highly skilled team. "My job is made so much easier because of the skills and dedication displayed by the entire team" she said.

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Suggestion Box

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