

## Prophecy Poised for Future Growth



After a record period of instability in the IT market, the good news is there are indications that businesses are beginning to examine the need for investment in their information systems.

While it is always dangerous to predict an end to difficult times, Prophecy has prepared itself for a market upturn – and has positioned itself to trade profitably in the meantime.

IT companies have faced more than their share of challenges during the past two years. Serious business opportunities have been thin on the ground, in the past 12 months in particular.

I am pleased to inform you that more opportunities are appearing and Prophecy is well positioned with its product offerings to take advantage of this upturn.

By maintaining tight cost control, the company has completed a global restructure that aligns its corporate operations with the subdued market.

A key strategy for Prophecy is to diversify our product range to meet the needs of diverse industry sectors as they benefit from broader economic improvements globally.

As well as our current eFoundation software, we have acquired **basis2**, a powerful Customer Information and Billing System for utility organisations, and are in an advanced phase of re-architecting our breakthrough Java-based rapid application assembly tool, Velatte.


We have money in the bank. We have new products. We have major consulting projects on the go. Prophecy has the momentum to continue to deliver key products to the market through strategic partnerships with organisations, both in Australia and overseas.

I thank you for your ongoing support of Prophecy and look forward to sharing with you the positive outcomes we expect from these global alliances in the near future.

Regards

Alan Greig  
Chief Executive Officer

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## basis2 Courts Huge Utilities Market

Prophecy International has enriched its appeal to the multi-billion-dollar utilities market with **basis2**, a powerful Billing and Customer Information System aimed at energy and water utilities.

Prophecy acquired the web-enabled billing and customer management solution that allows utilities to dramatically lower the cost of serving their customers. **basis2** leverages the extensive utility experience Prophecy has developed selling and implementing its internationally successful utilities product, BASIS, which is used by organisations in Australia, Asia and the US.

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## Prophecy Drafts Expert Oracle Partner

Prophecy International has concluded an agreement with Oracle Certified Solutions Partner Igatech to market its **basis2** product in Victoria.

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## Utilities IT Spending Doubles in US

The US utility industry sector has shown strong signs of rejuvenation, with a number of agreements for Customer Information Systems (CIS) either signed or in play.

A recent survey of more than 300 utility providers in the US by utilities industry specialist, UtiliPoint International, reveals that 10 per cent of utilities are in the market for a new CIS – a doubling of interest compared to 12 months ago.

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## basis2 Courts Huge Utilities Market

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basis2 provides Prophecy with an opportunity to build new revenue streams from the deregulated and multi-product utilities markets. The large worldwide utilities market offers enormous potential for a functionally comprehensive Billing and Customer Information System (CIS) built on technology from Oracle, the world's second largest software company.

According to Gartner Research the global CIS market is worth over \$250 billion. Their research indicates that a global five year total IT market growth rate in this industry will surge above 8%, pumping global energy and utilities IT spending from \$52.7 billion in 2000 to \$79.6 billion in 2005.

As billing and customer information systems are a core requirement for utilities, significant investment in new systems is justified, especially in an increasingly competitive market. Licence fees often exceed \$1 million with services to match.

Prophecy International CEO Alan Greig said the driving force behind the emerging IT spending trend among utilities was the need to improve customer service at a lower cost.

"In a deregulated environment, customer service is at a premium," he

said. "That was a key driver in the design of basis2. As expectations for customer service increase, basis2 offers the flexibility to enable utilities to meet and exceed those expectations." Prophecy acquired the intellectual property rights to the product from Brisbane based business partner, Helix Systems, which it has worked with for the past eight years.

Mr. Greig said basis2 provided a valuable and risk-free upgrade path for the company's existing BASIS customers. "Our customers have enjoyed the rich functionality that BASIS offers, so basis2 extends those benefits with a straightforward upgrade path," he said.

"Our current BASIS clients can move to basis2 with a migration path provided by Prophecy. However basis2 has a far wider value to the market as other utility organisations using the Oracle database can benefit from its customer service emphasis and its relevance to the multi-product and deregulated markets."

For more information, visit <http://www.basis2.com>

## Prophecy Drafts Expert Oracle Partner

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As one of Oracle's key strategic partners for professional services, Igatech is the Oracle Mentor Alliance Partner in South Australia and Victoria, supporting Independent Software Vendors and Value Added Resellers in Victoria, Queensland, Tasmania, SA and the NT.

Prophecy Channels Manager Andy Wong said the partnership would leverage the fact that basis2 was developed for the Oracle market.

"Igatech has the highest level of partnership with Oracle and a great depth of expertise in Oracle technology," he said.

Igatech CEO Gordon Brimble is very excited by how tightly integrated basis2 is with Oracle Financials and the many opportunities this partnership will provide.

"I am delighted to be strengthening the relationship between Igatech and Prophecy which builds on our previous relationship with Helix. We look forward to both assisting Prophecy in its use of industry-leading Oracle technology, and in jointly pursuing sales of basis2," he said.



## Utilities IT Spending Doubles in US

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More action is expected from natural gas distribution, water, and municipal utilities during the next 12 months in both the licensing and outsourcing areas of customer care.

Spending on CIS solutions slowed considerably during the past two years. Contributing factors included the Enron debacle, the retreat from retail electricity competition, numerous energy-trading scandals, credit-rating downgrades of many investor-owned utilities and the fact that many utilities had performed replacements for Year 2000 remediation.

However, although the CIS marketplace is improving at a rapid pace, UtiliPoint reports that no single vendor dominates this segment. The survey reveals the top CIS provider has a market share of just 7.2 per cent.

There is also a lot of room for sales growth. Currently more than one third of organisations in North America operate a legacy/in-house system, with UtiliPoint putting this segment at 34.3 per cent.

This is not seen as surprising – and presents an opportunity for CIS vendors – but instead of using deregulation as a reason to replace the billing solution, vendors are being forced to prove return on investment or problem-solving capabilities.

With this amount of change occurring, one thing remains clear. As the challenges of customer billing and management intensify, the role of CIS providers should take on a greater prominence in this industry. This represents a unique opportunity for Prophecy, entering the North American utilities market at exactly the right time – with basis2.

## Government Recognises our Innovation

Prophecy's innovative capacity has received recognition from the Federal Government with AusIndustry awarding the company an R&D Start Grant worth up to \$888,000.

The funds will significantly assist a project to re-architect Velatte, Prophecy's Java-based rapid application assembly tool.

AusIndustry is a Federal Government agency that offers dollar-for-dollar funding through the R&D Start Grant program to support business to undertake research and development.

Prophecy CEO Alan Greig said the R&D Start Grant recognised the value of the company's ongoing investment in innovation.



## Prophecy Oils Wheels in Brunei

Prophecy has won a deal to install its software in the oil-rich state of Brunei.

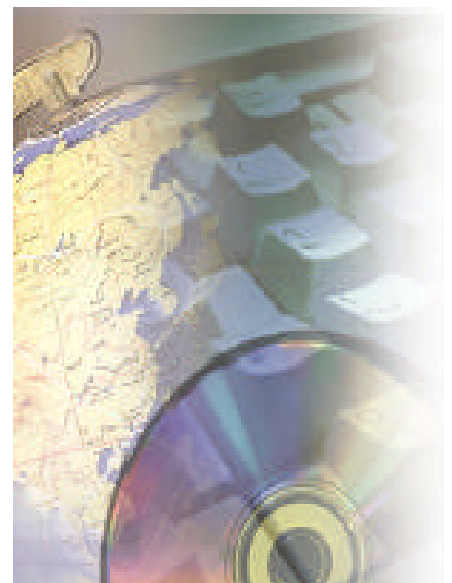
The contract for Prophecy Classic Financials Software extends a successful long-term partnership with Malaysia-based trading company, Harrisons, which uses Prophecy's software elsewhere in its Asian operations.

Prophecy has implemented core financial modules, including General Ledger, Inventory, Debtors, Creditors, Order Entry and Purchasing, enabling the international consolidation of financial reporting across the entire Harrisons group.

Prophecy Chief Executive Alan Greig said Harrisons had chosen to deploy

Prophecy Classic in Brunei because the software met its business requirements.

"Deploying our software in Brunei helps to deliver an excellent return on their existing infrastructure," he said. "Our software is giving them the information they need to make the best business decisions in all their operations, now including Brunei."



## Opening Doors in the Sunshine State

Prophecy International has extended its Australian presence by opening a new office in Brisbane.

As well as an important presence on the eastern seaboard, the office houses the development team for Prophecy's **basis2** Customer Information and Billing System.

The team has more than 30 years' experience in the utilities industry and significant expertise in Oracle technologies.

## AGM for Next Generation

Prophecy International will report on its new "trim" structure, its achievements and plans for the coming year at its Annual General Meeting, at 11am, October 30.

The venue, the Next Generation health club in North Adelaide, was chosen to emphasise Prophecy's commitment to emerging from the current subdued environment in fighting fit condition.

Prophecy Board and CEO Alan Greig extend an invitation to all shareholders to attend the AGM. "Prophecy's board and staff are committed to meeting the

challenge of making Prophecy a global success once again," Mr Greig said. "The AGM is an opportunity to learn more detail about our plans going forward."

For further details please contact Prophecy at: [info@prophecy-open.com.au](mailto:info@prophecy-open.com.au).

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### Suggestion Box

If you have any questions or comments relating to the articles in this edition of Insight, please contact the Marketing Department by email at: [marketing@prophecy-open.com.au](mailto:marketing@prophecy-open.com.au)