

# Tecnotree

# INVESTOR PRESENTATION

March, 2023

Empowering Digitally Connected Communities



# Tecnotree – 45 years of technology expertise serving CSPs globally

## About Tecnotree

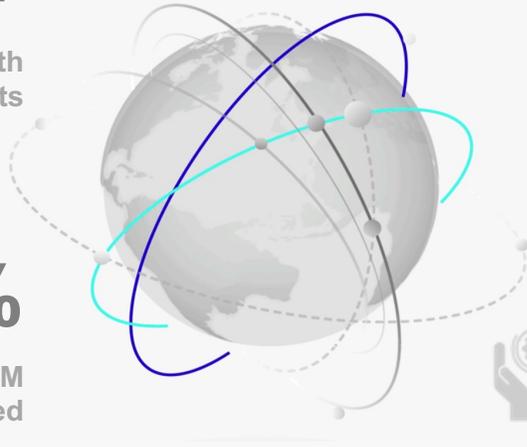
## 2022 Key Highlights

**70+**  
Countries with  
Product Deployments

**1 Bn+**  
Subscribers

**80+%**  
Employees TM  
Forum Certified

**90+**  
Service  
Providers



**€71.6 mn**  
Revenues

**35%**  
Recurring Support  
Revenues

**€68.9 mn**  
Order Book

**€80 mn**  
Equity

## Intellectual Property

**150+** Prebuilt Journeys Available across the Stack to Discover, Sign-up, Shortlist, Buy, Pay, Bill, Modify, Support and Partner with Digitally Enabled Enterprises and Consumers

**26%**  
EBIT Margin

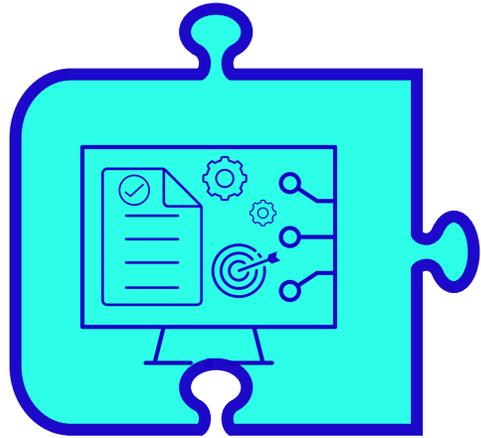
**898**  
Employees

# Strong and recognized brand driving a diversified customer portfolio

	<p>First company – TMF Real world open APIs implementation. Recognized as ODA Hero</p>
	<p>Recognized in Gartner Market Guide for both Revenue Monetization &amp; Management and Customer Experience Management</p>
	<p>'Excellence in Fintech' Award at Finnovex West Africa 2022 for DiWa</p>
	<p>Helsinki Stock Exchange Changemaker</p>
	<p>Most successful company in Finland 2-4 yrs</p>
	<p>Won MongoDB Telco Partner of the Year Award</p>
	<p>Microsoft Azure Global ISV partner</p>



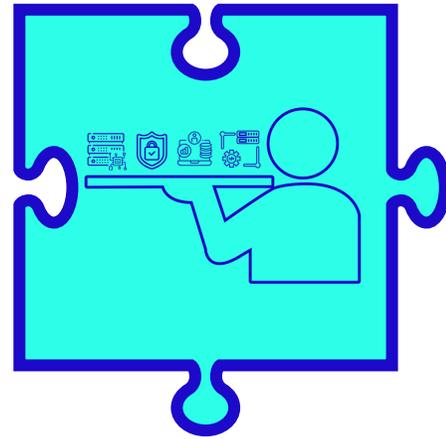
# Diversified revenue streams – investing in market transformation



## **BSS Stack:**

### **License and Delivery**

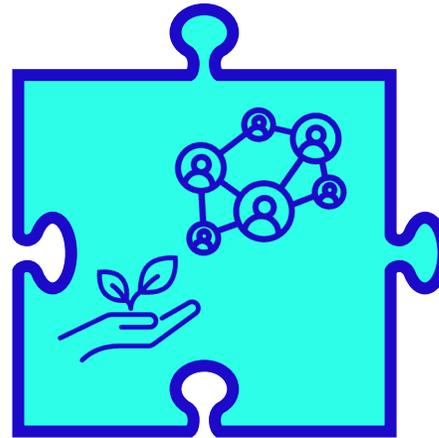
*One-time revenue; fixed fee based on products & solutions*



## **BSS Stack:**

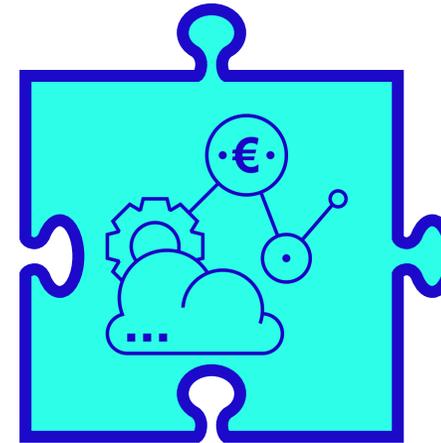
### **Managed Services and Maintenance Contracts**

*Recurring revenue*



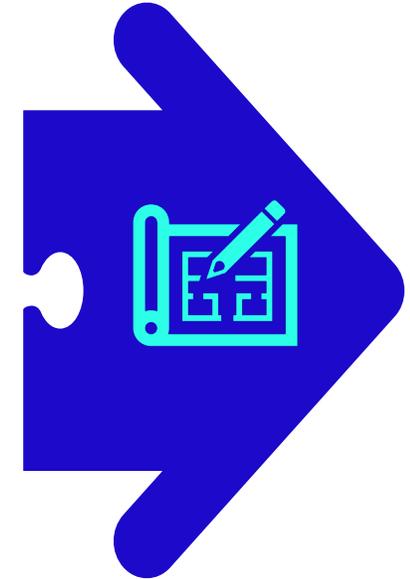
## **Moments and DiWa**

*Transaction based revenue*



## **SaaS**

*Subscription based revenue*



## **Blueprints for Empowering Digitally Connected Communities**

Global provider of BSS digital transformation products for telecom industry

Open API, Low Code/No Code & Microservices enabled products & solutions

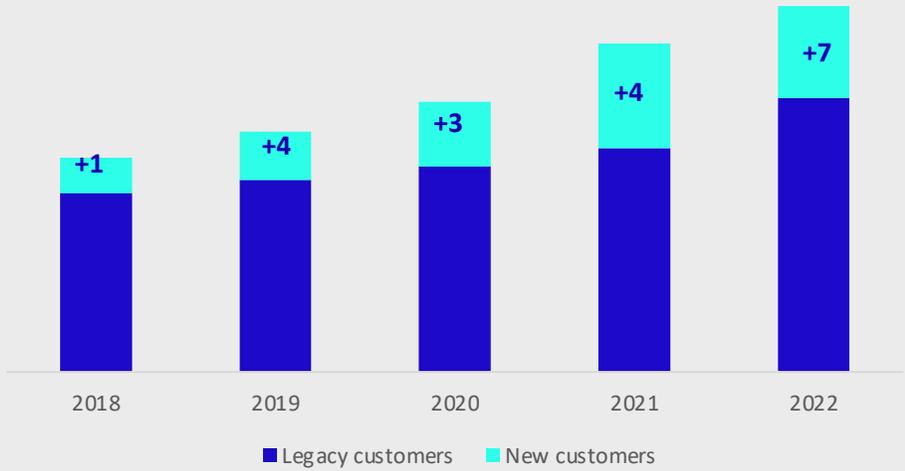
World class offering combined with a low TCO; also empowers CSPs to monetize via digital marketplaces

40+ years of domain knowledge and proven capabilities



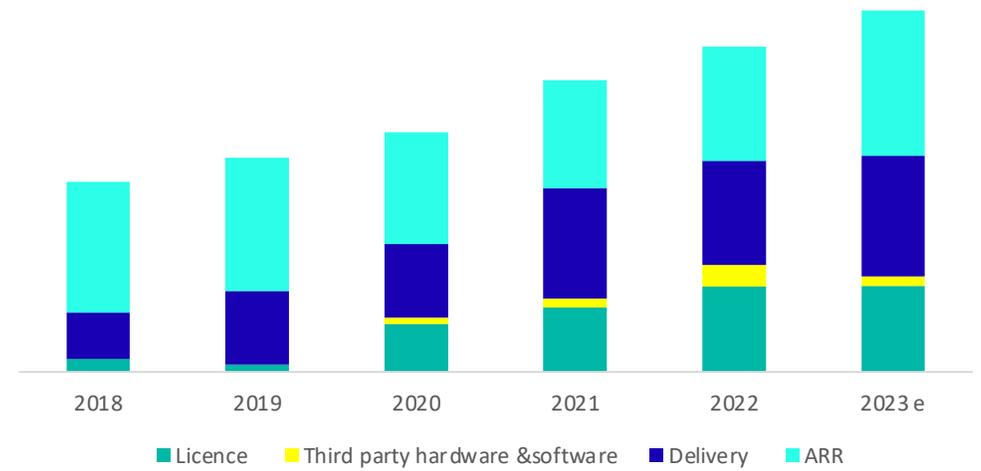
# Diversified revenue mix with stable growth

## Customer profile



- New logos bringing in a steady stream of revenues
- 19 new customers added since 2018 – potential opportunities for cross-sell and up-sell
- 2 Tier 1 legacy customers – Claro and MTN

## Business view

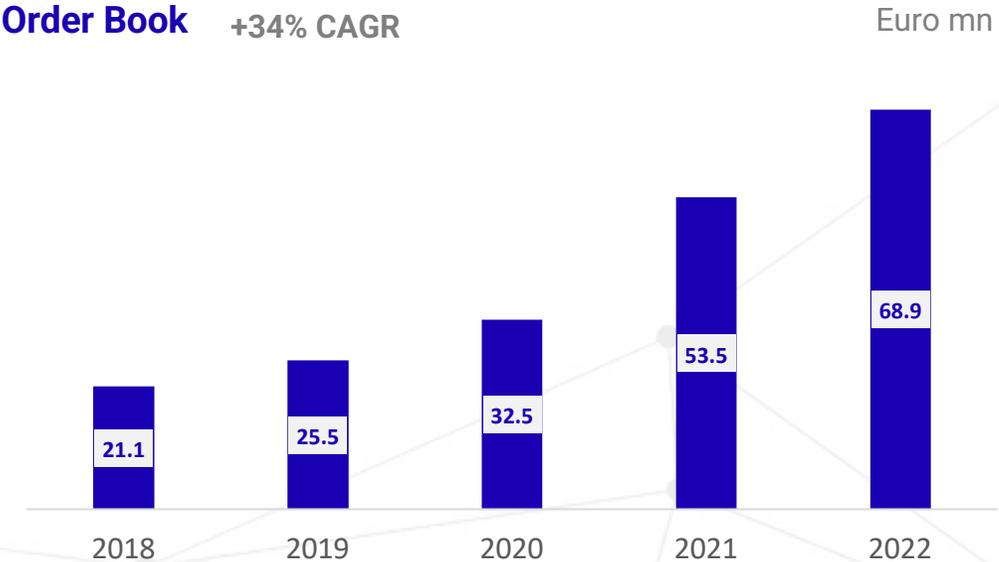
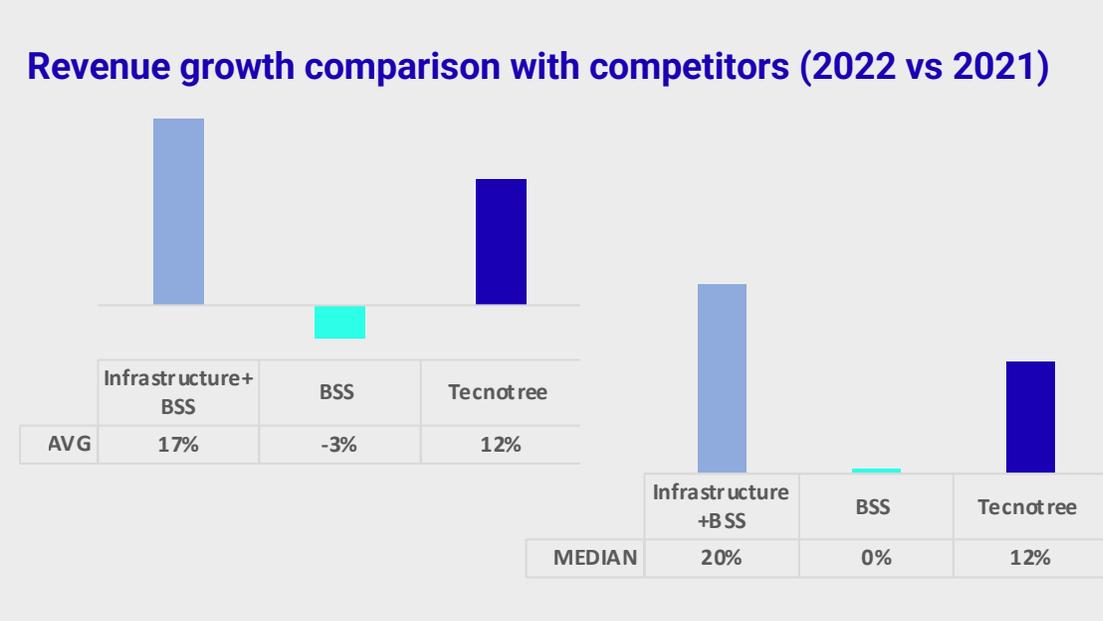
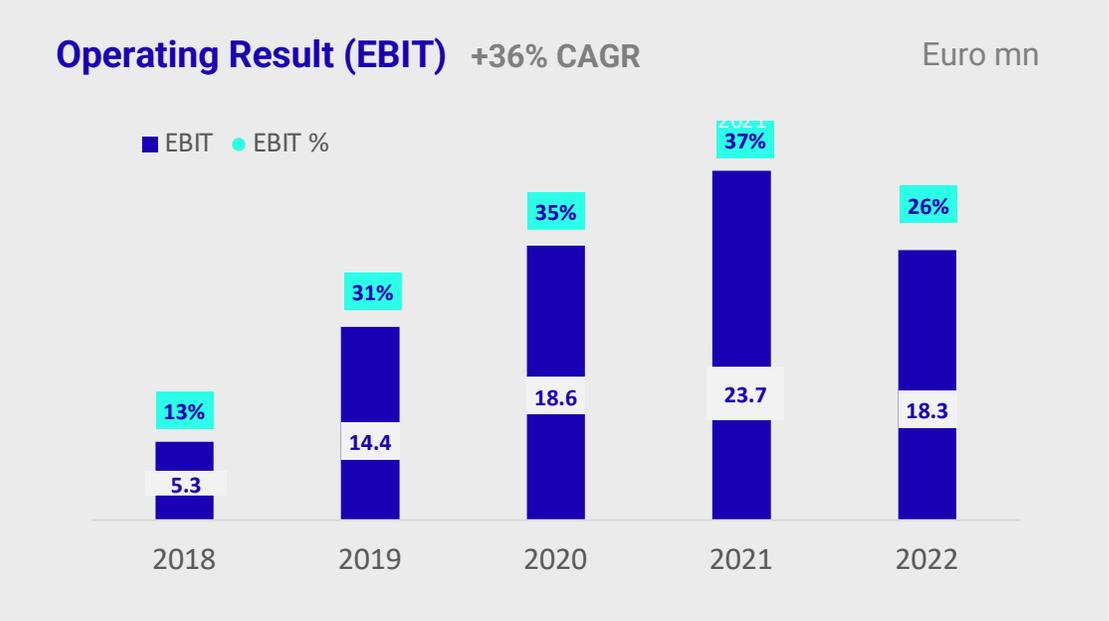
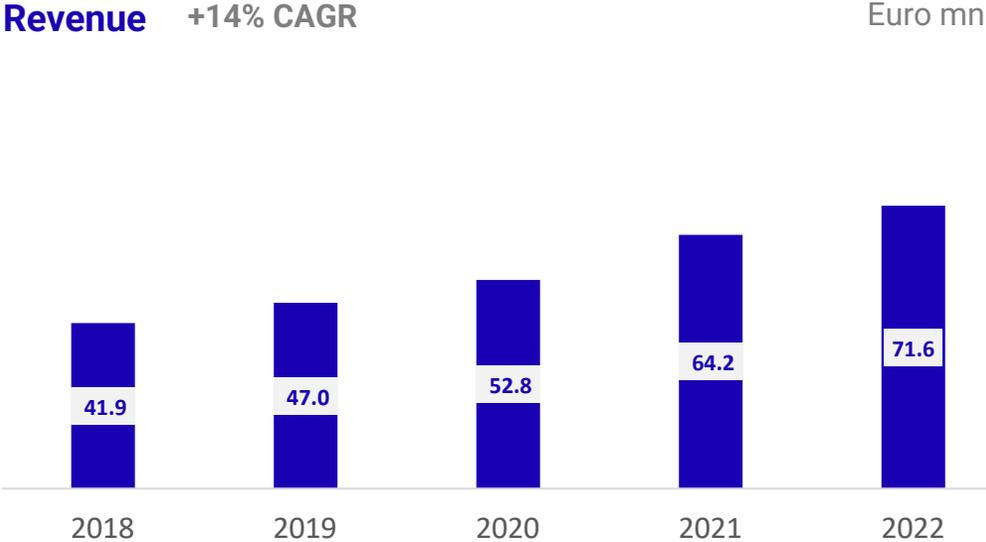


- Steady increase in license revenues 2020 onwards
- Reduced dependency on one time license and delivery
- Acquisition of CognitiveScale is expected to increase share of ARR (license+support) 2023 onwards

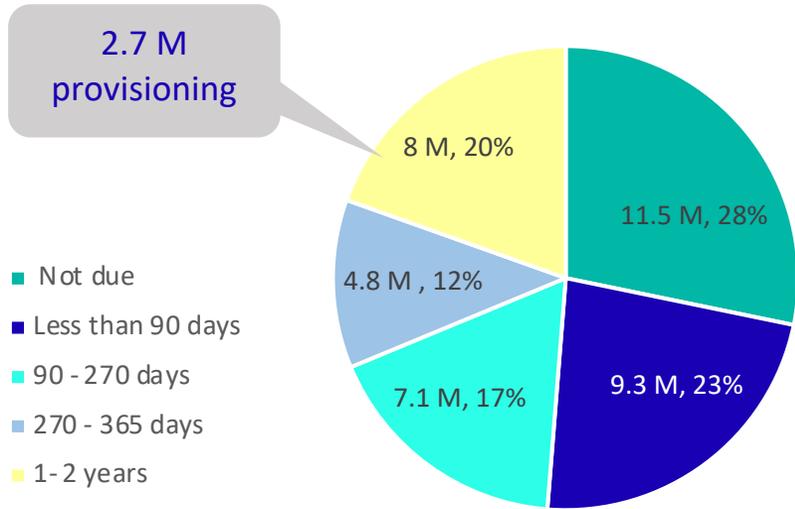
	2018	2019	2020	2021	2022	2023 e
Licence	7%	3%	20%	22%	26%	25%
Delivery	25%	34%	33%	41%	39%	35%
ARR	69%	62%	47%	37%	35%	40%



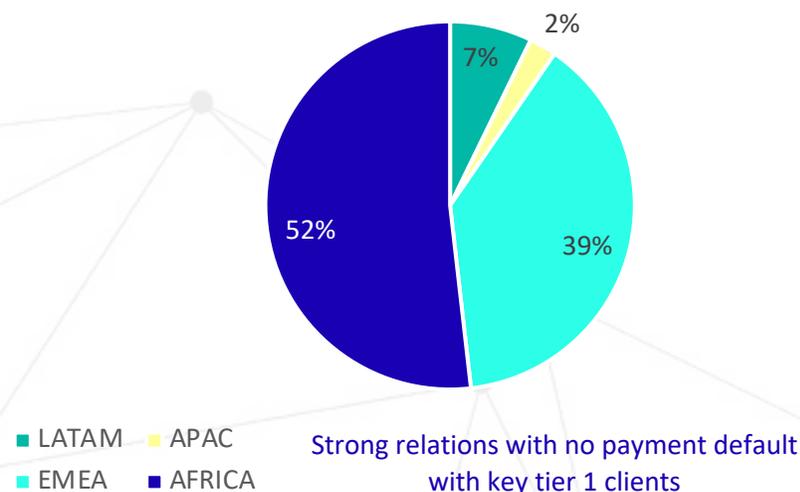
# Robust financial performance and record high order book



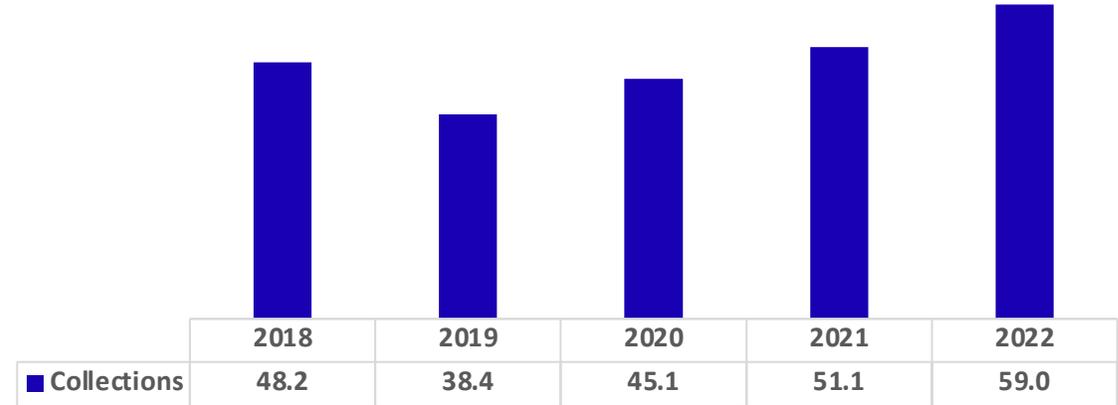
# Revenues driven by market demand and collections secured through focused initiatives and backed by increased delivery capabilities



Current view of AR



Collections



- Strong revenue growth driven by new logos and increased demand for digital stack products
- Stack stabilization leading to increased simultaneous deliveries
- Robust collections y-o-y ; 59M in 2022 – 16% y-o-y growth
- Revenue at 15% CAGR 2019-2022 and collections at 15.4% CAGR for the same period

## Key initiatives for improving cash collections

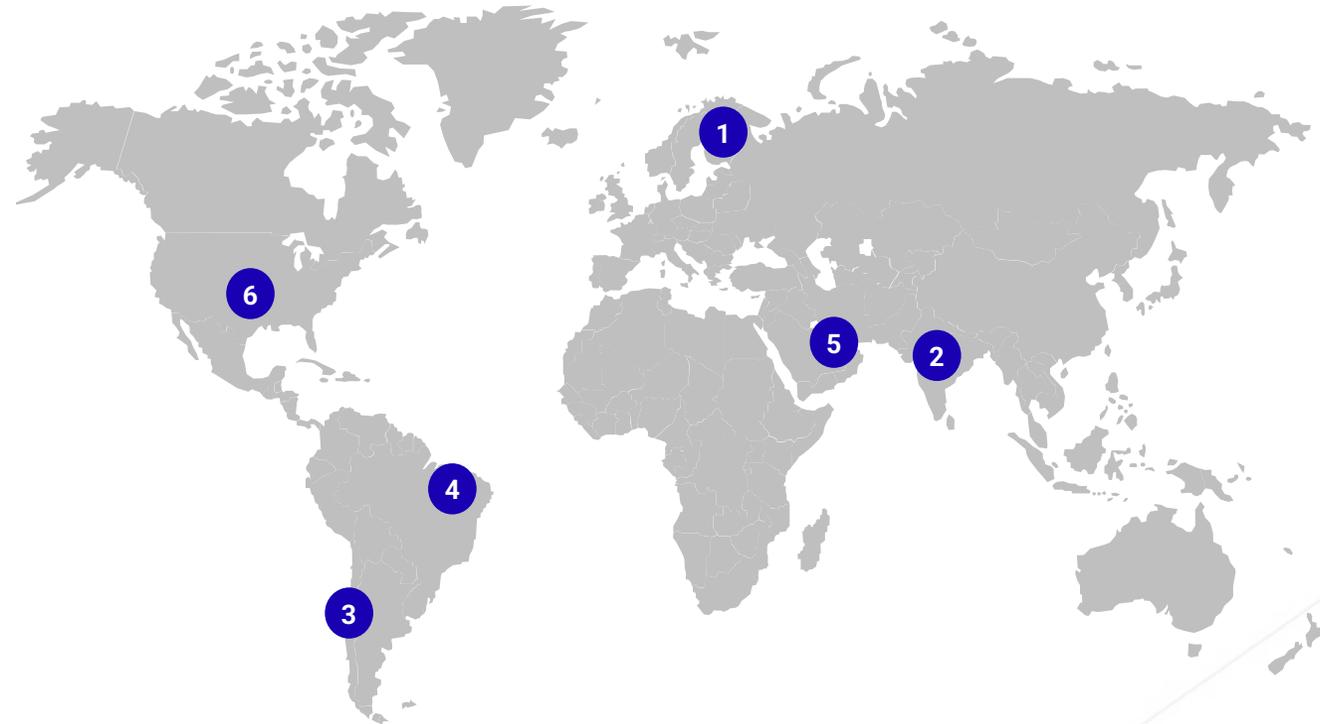
- Sales incentives linked to collection targets
- Exploring facilities for currency swaps and forward booking of Fx in key markets
- Penalty on customers for delayed payments

# Cost rationalization through organizational efficiencies

898 

Employees

1. Europe (HQ in Finland)	43
2. India	660
3. Argentina	37
4. Brazil	6
5. Dubai	21
6. US	19
7. Other regions	112



## Key drivers for cost optimization

- 4.5 M savings through 5-7% reduction in personnel  
Attrition combined with redundant job role removal program
- 1M projected savings through improved treasury management



# TECNOTREE GROWTH STRATEGY



# Headroom for growth

High growth industry

## Demand Drivers

**1**

Prioritization of upgrades from legacy to Digital BSS by Telcom players

**2**

Growth in data consumption accelerated by COVID

**3**

Increase in complexities in network ecosystem due to 5G & IoT

**4**

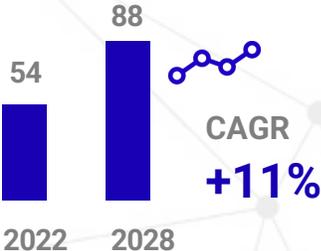
Increase in demand for Cloud Solutions & overall cost optimisation

**5**

Demand for innovative digital ecosystems (Digital Commerce)

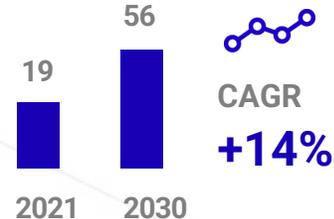
### Global OSS/BSS Market Size – USD Bn

Evolving industry leading to sustainable growth



### Cloud OSS/BSS Market Size – USD Bn

Opportunity for SaaS model



### Tecnotree position

Revenue growth at 14% CAGR over last 5 years

Tecnotree's growth is in line with the market growth

### Main competitors:

1. Whale Cloud
2. Amdocs
3. Qvantel
4. Sterlite Tech
5. Ericsson
6. Huawei

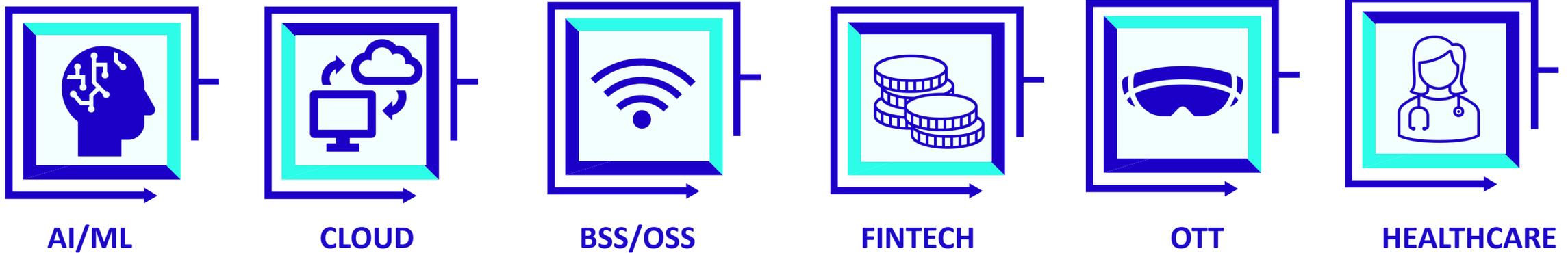
Source: Industry Reports



# Inorganic growth strategy

Tecnotree will look to achieve inorganic growth through acquisitions, especially given the favorable terms for acquirers at this time

## KEY FOCUS AREAS



To achieve favorable terms on target acquisitions Tecnotree will seek to leverage the following strategies:

- Tecnotree zero debt balance sheet - to quickly assume and retire the debt of potential acquisition targets
- Offer earnout to key promoters over a 5 year period – enabling them achieve liquidity events over a period
- Direct share-swap where valuation terms are favorable to Tecnotree



# Tecnotree + CognitiveScale → Better Together

## Tecnotree

Recognized Global Software Leader that operates in **70 countries** with **over 1 Billion Subscribers** at the intersection of Telecom, Healthcare, Fintech, Education

Pre-integrated ecosystem of Partners in healthcare Global expertise and capacity to support customer needs across Data Science, Data engineering, R&D, QA

Industry leading customer NPS scores and satisfaction – have not lost a single customer in our 40 years of existence



## CognitiveScale

Market leading AI Platform with **114+ patents** that delivers intelligent customer experiences across all channels of interaction

Engaged with the Top 4 Healthcare Payor organizations delivering insights to 100m+ members

AI Platform rated as the leader in the Forrester mock wave for AI/ML Platforms (report due in May 2023)

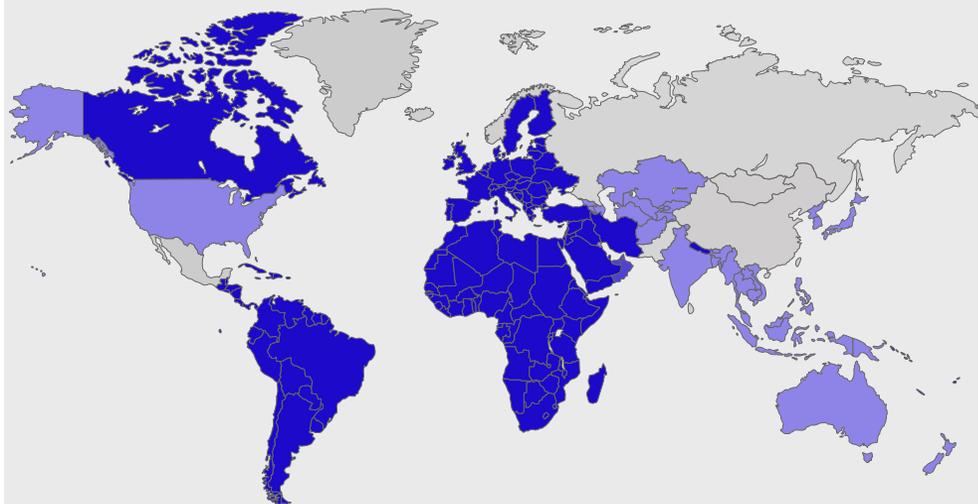


# Additional AIML vs Existing revenue growth for 2023

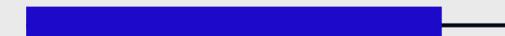
Expected 2023 Revenue Growth:  
7-15%

Expected 2023 AIML Revenue:  
5M Euro

Revenue growth map on existing business without AIML



EMEA



ASIA



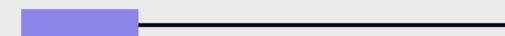
LATAM



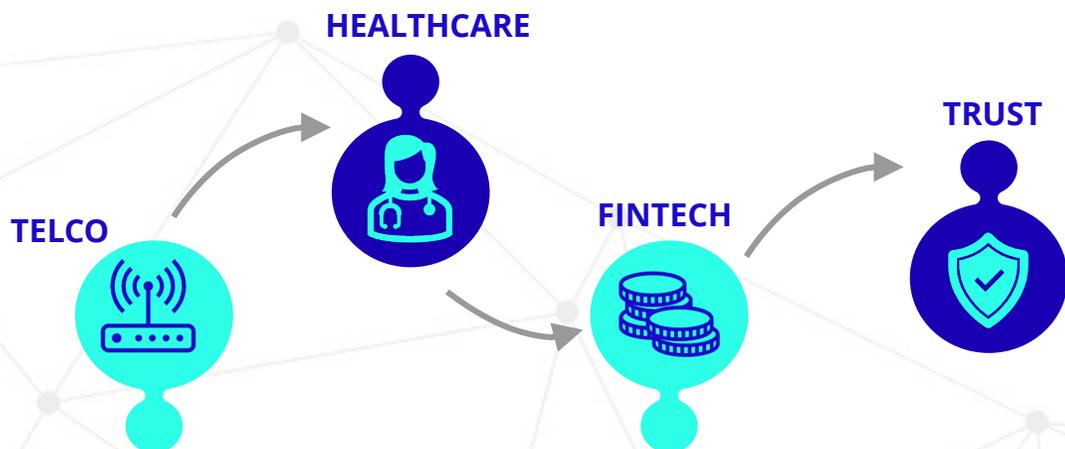
NORTH AMERICA



OCEANIA



## Expected 2023 AI Revenue Growth Sectors



## 2023 AI Up/Cross sell Opportunities based on growth of existing business



# Key risks

01

1. Geography specific inflation
2. Customer diversification & Geo expansions

**Mitigation** – Cost Optimization plan – remote deployment & productization on cloud

03

1. Cash collection complicated by multiple factors such as :
2. revenue concentrations in emerging markets, Long project gestations, intense repatriation efforts

**Mitigation** – focusing on organic and inorganic growth in NA , EU and the Middle-east.

Improved product readiness to reduce payment cycles

Empowering treasury functions with new financial instruments

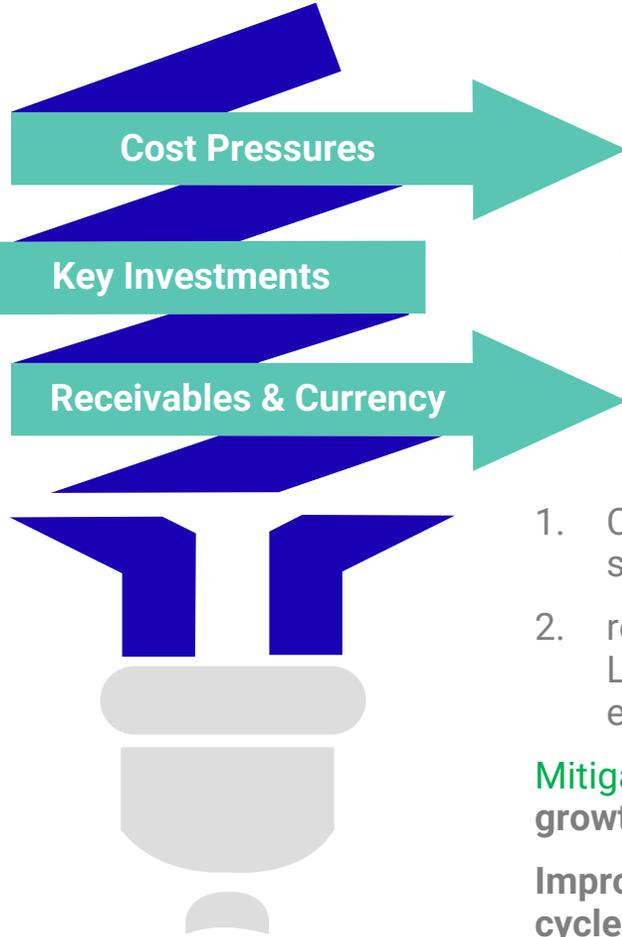
02

1. Investment to retire large order book & productization
2. Investments in AI/ML, Fintech, OTT required for diversification from BSS pure-play

**Mitigation** – Product Maturity resulting in faster deployment cycles and cash collection

Improved margins –through value based pricing

Clear in-organic growth and diversification strategy



# Outlook as published on 24<sup>th</sup> February 2023

- ❑ Revenue to be higher by 7%-15%
- ❑ Operating profit (EBIT) to be higher by 10%-20%
- ❑ Cost rationalization in Q2 of 2023 to the tune of 5%-7%
- ❑ Cash recovery expected to grow by 12% to 18%

## Assumptions:

- Continued growth in market demand for our products and solutions
- Short term impact on EBIT combined with long term revenue benefits with investment in AIML capabilities
- Benefits of cost rationalization to be realized Q4 2023 onwards and extending into 2024
- Foreign exchange rates are expected to remain at approximately current levels



# Key investment highlights



✓ Headroom for growth



✓ Unique position in the emerging markets



✓ Business critical offering



✓ Cost-effective operating model



✓ Proven management team and agile organization



✓ Healthy Financials





**THANK YOU**

**Investor relation connects:**

[indiresh.vivekananda@tecnotree.com](mailto:indiresh.vivekananda@tecnotree.com)

[Investor.relations@tecnotree.com](mailto:Investor.relations@tecnotree.com)