

Basware Strategy presentation 2009

Contents

- Basware mission, vision, strategy
- Top analysts' rankings
- Basware offering (new)
- Business model
- Business environment trends
- Future outlook



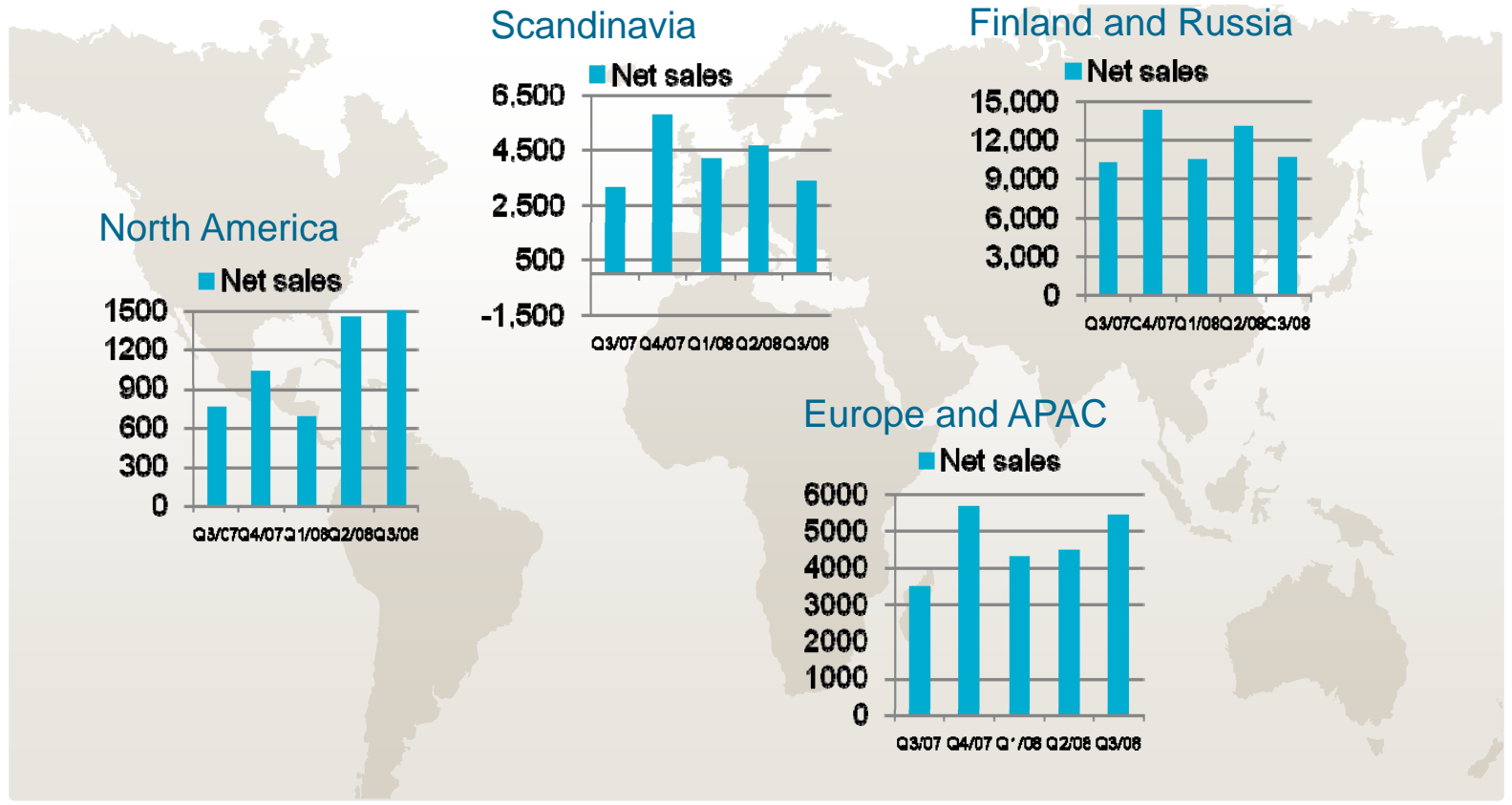
Basware in Brief

- Headquarters in Espoo, Finland and 20 offices in Europe, US and Asia Pacific
- 650,000 users globally in 1200+ large organizations
- Net sales EUR 86 098 thousand (EUR 73 270 thousand) at 2008
- 731 (658) employees at 2008

Breakthrough to Global Leader



Geographical presence

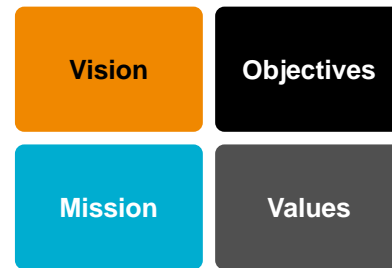


What is our Strategy built upon?

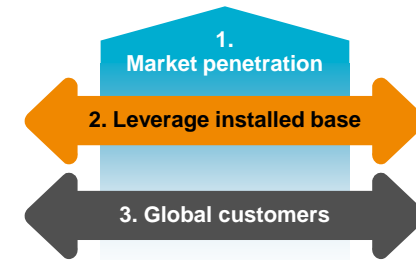
1. Environment trends



2. Strategic intent



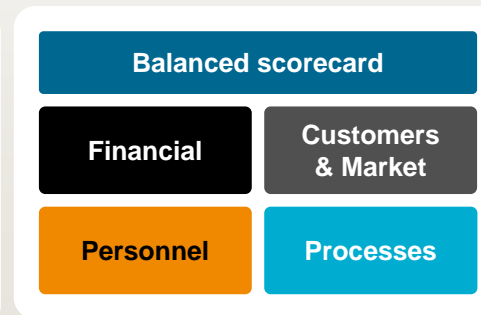
3. Three business models



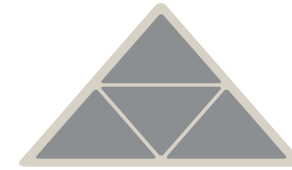
4. Must-Win Battles



5. Planning & goal setting



Basware is built upon



Mission: Basware provides value for financial processes with leading-edge process automation software. We are a forerunner constantly meeting the needs of our customers.

Vision 2010: Breakthrough to Global Leader

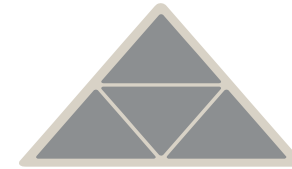
Vision 2012: *Globally Established Provider*

Values Aim for achievement • Be professional • Build on respect
• Act with courage

Strategy is implemented through 3 business models and realized by 5 Must Win Battles.

Foundations Highly competitive products, Committed international professionals, Operational excellence

Basware is built upon



Mission: Basware provides business processes with leading-edge process automation, always a runner constantly meeting the needs of our customers.

Vision 2010: Be the market leader in ERP

Vision 2012: Be the market leader in ERP

Values Aim for excellence

- Act with courage

Strategy is implemented

by 5 Must Win Markets

Foundations High quality

professionals, Open

Strategic objectives:

Operating profit
(EBIT) margin
10–20%

Annual growth rate
20–40 %

on respect

and realized

ted international

Vision 2010: Breakthrough to Global Leader

Basware is recognized as the leading software company providing Enterprise Purchase to Pay software solution suite in all of its key markets. Basware is recognized as a professional and reliable business partner by its customers and consistently achieve high levels of customer satisfaction.

Basware offers a focused and unique Enterprise Purchase to Pay software solution *and services* for the global marketplace. Basware's other products are distributed and supported in selected markets. Its packaged software *solutions* are easy to use, fast to implement, *available in multiple business models* and provide a rich end-to-end functionality.

Basware has *over* one million end users in fifty countries. Its presence covers all major markets worldwide with more than ten subsidiaries and *over 30 well-performing* reseller partners.

Basware is an attractive employer for committed, result-driven *professionals* with competence in international business.

Vision 2010: Breakthrough to Global Leader

Basware is recognized as the leading software company providing Enterprise Purchase to Pay software solution suite in all of its key markets. **Basware** is recognized as a professional and reliable business partner by its customers and consistently achieve high levels of customer satisfaction.

AP-EIPP market share 46% (Forrester)

New EPP automation services to be launched in 2009

Basware offers a focused and unique Enterprise Purchase to Pay software solution and services in the global marketplace. **Basware's** other products are distributed and sold through indirect channels targeted to large partners. Its packaged software solutions are easy to use, fast to implement, available in multiple business models and provide a rich end-to-end functionality.

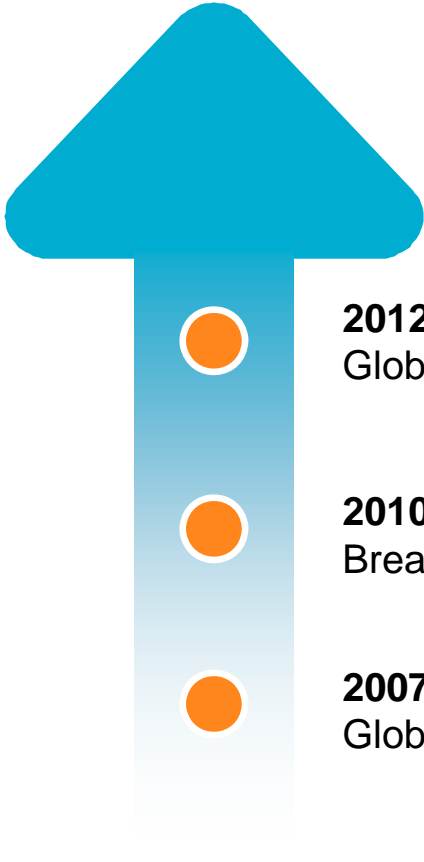
Indirect channel targeted to large partners

India gaining share in R&D professionals

Basware has over one million end users in 100 countries. Its presence covers all major markets worldwide with more than ten subsidiaries and over 30 well-performing reseller partners.

Basware is an attractive employer for committed, result-driven professionals with competence in international business.

Strategic path forward



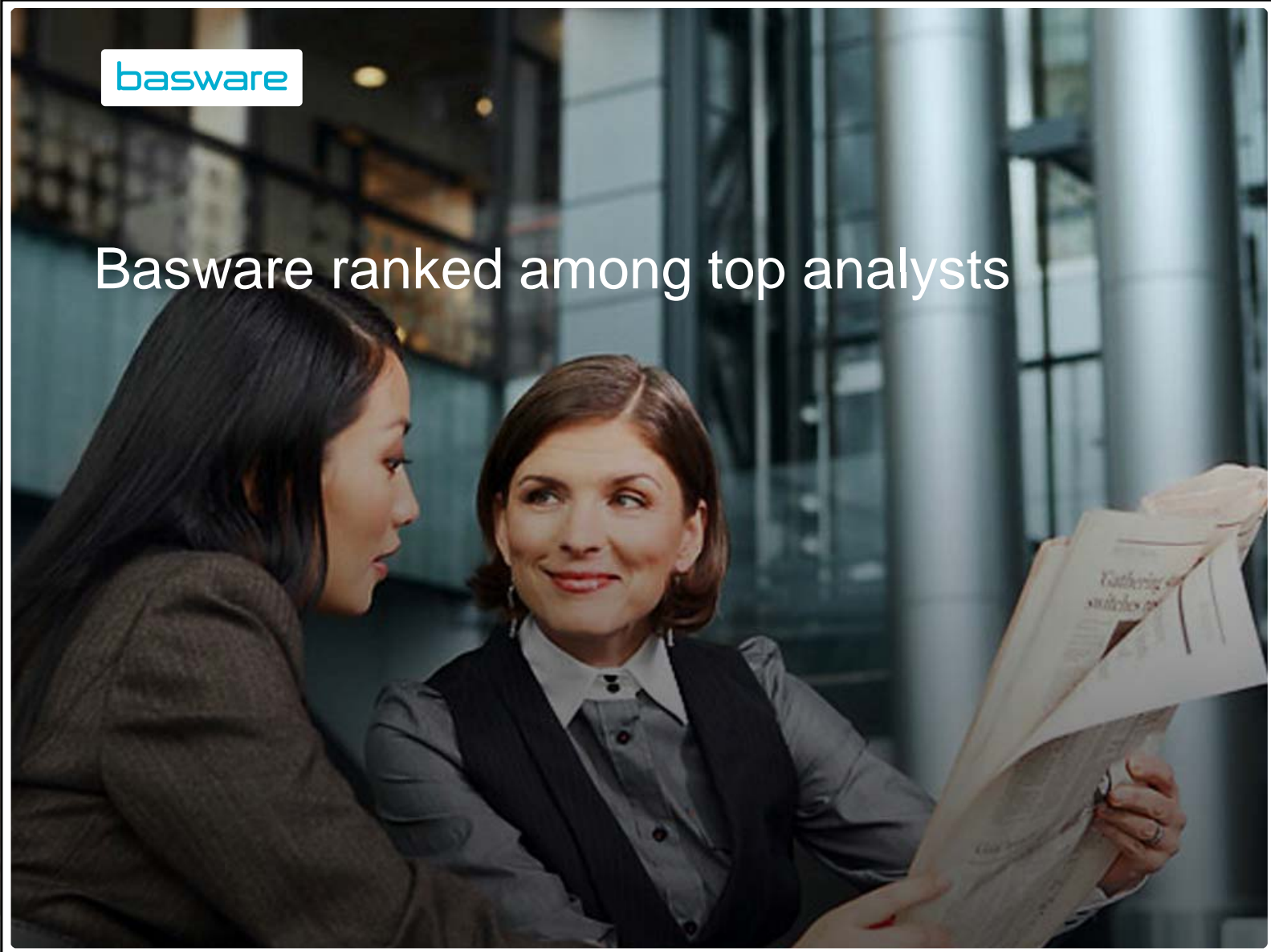
2012
Globally Established Provider

2010
Breakthrough to Global Leader

2007
Global Breakthrough

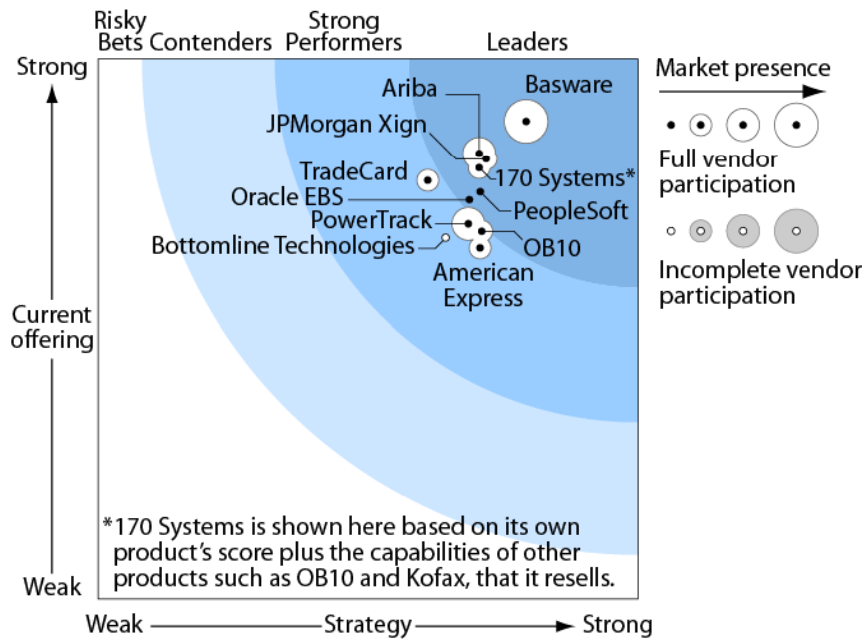
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Basware ranked among top analysts



The Forrester Wave™: AP-EIPP, Q2 2008

Basware is number 1 in all report dimensions:
Strategy, Current Offering and Market Presence



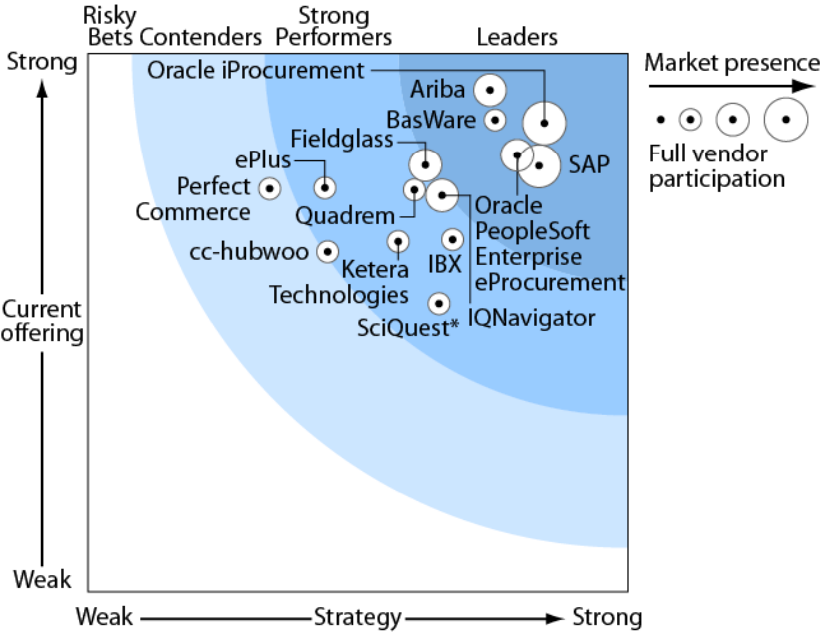
The Forrester Wave™:
AP-EIPP, Q2 2008
A survey made in the US of
Electronic Invoice Presentment
and Payment vendors

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Analyst Review

“Basware stakes out a strong position as a new player in eProcurement.”



The Forrester Wave™:
 eProcurement Solutions,
 Q2 2007
 A survey made in the US of
 eProcurement Solution vendors

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*SciQuest is a vendor focused on universities and research companies, and its position on this graphic of the overall market does not reflect the strength of its offering for that specific segment.

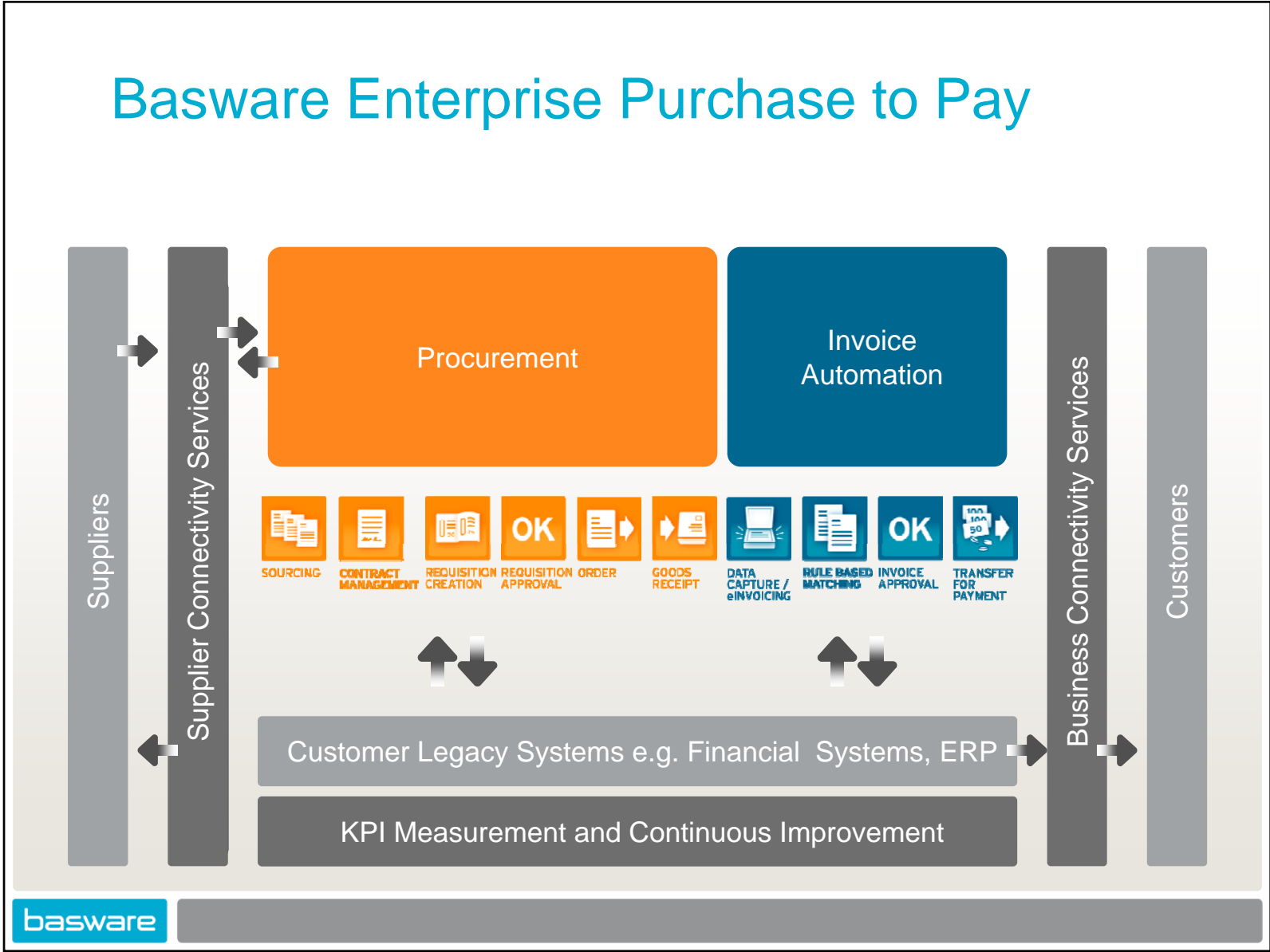




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Basware offering

Basware Enterprise Purchase to Pay



EPP automation services

■ Licenses and SaaS ■ Only SaaS

SaaS is growing with double digit numbers

Basware Supplier Connectivity

Business Transactions	Supplier Portal	Supplier Activation
Data Capture	Catalog Management	Printing

EPP SaaS Offering

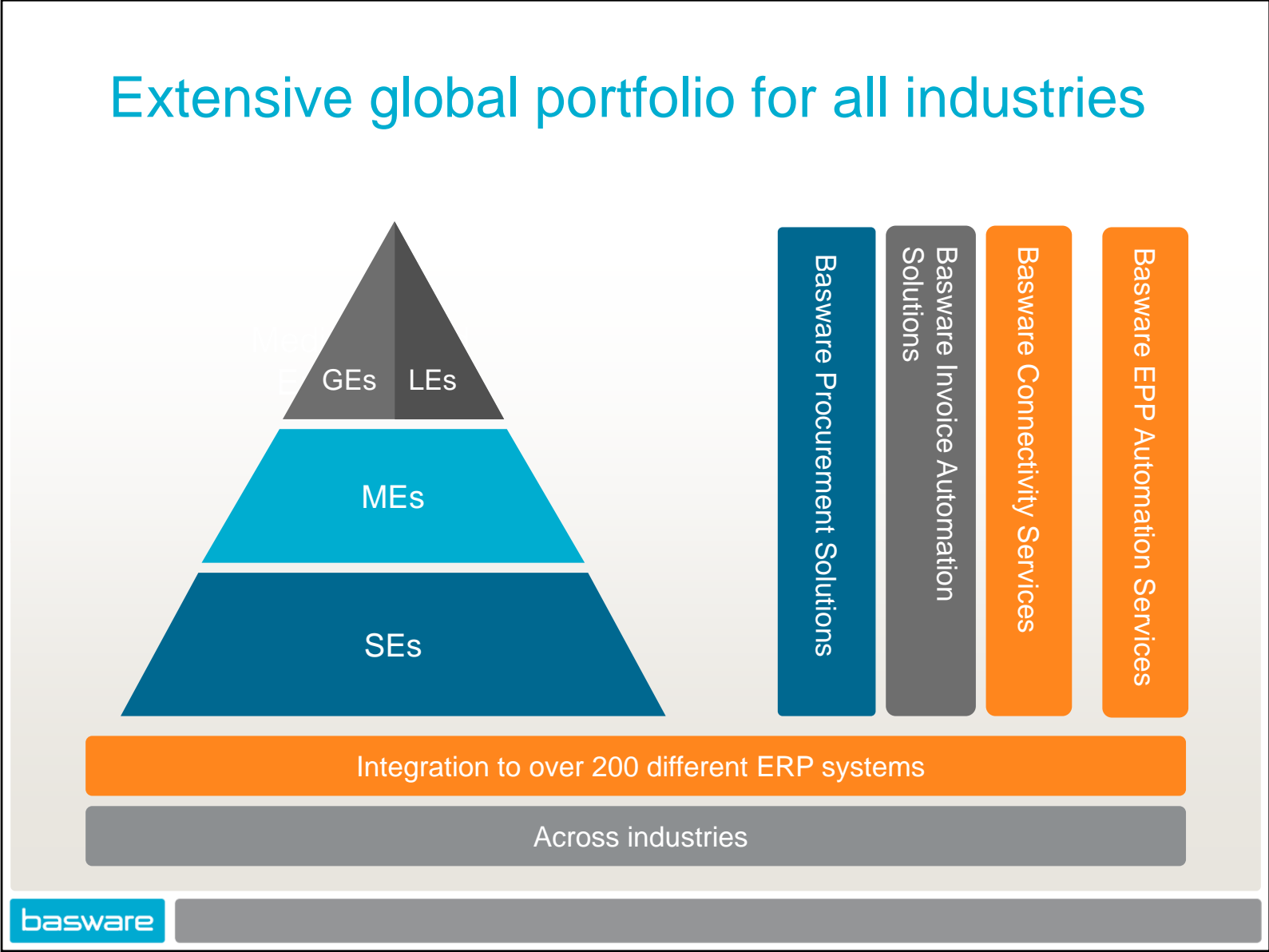
EPP Application Management	EPP Data management
EPP Solution Support	
Invoice Automation	Procurement
Operation Center Services	

SaaS Offering

- Software as a Service (SaaS) is a delivery model where
 - Customers use the Basware EPP solutions over the public internet as a service.
 - Basware monitors and manages the solutions and infrastructure and provides solution support, enhancements and upgrades.
- SaaS agreements are usually done for the period of 36 months and the pricing is monthly pricing based on number of users or transactions.
- SaaS model ensures revenue and profitability increase by
 - Ensuring additional revenue to Basware through the SaaS services and additional value added services (e.g. user and catalog management).
 - Enabling increase in profitability through centralized SaaS platform management and economies of scale.
 - Improving the predictability by providing continuous revenue over the agreement period.



Extensive global portfolio for all industries



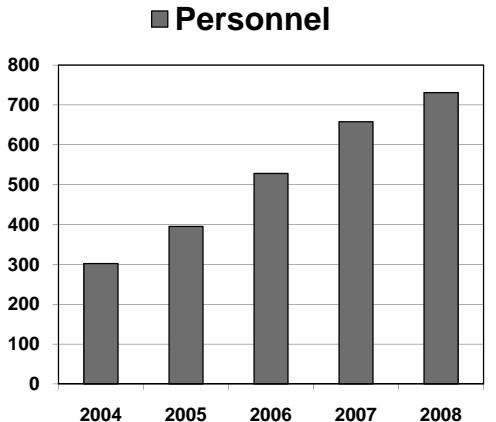
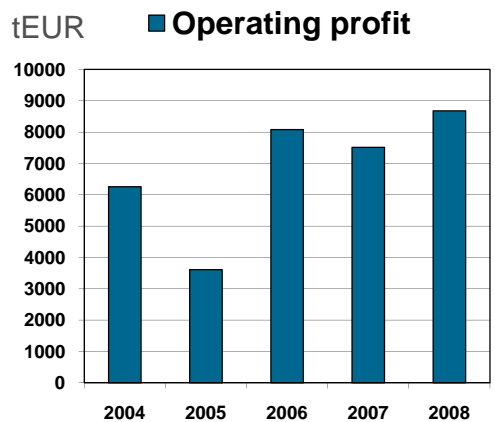
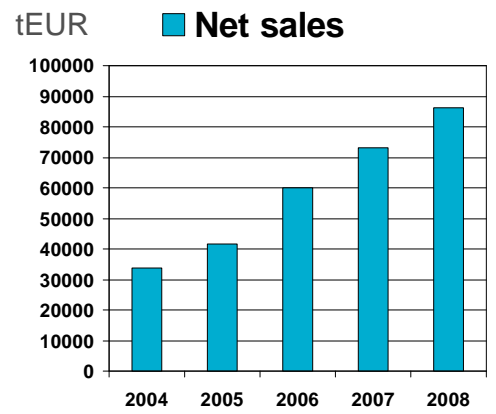


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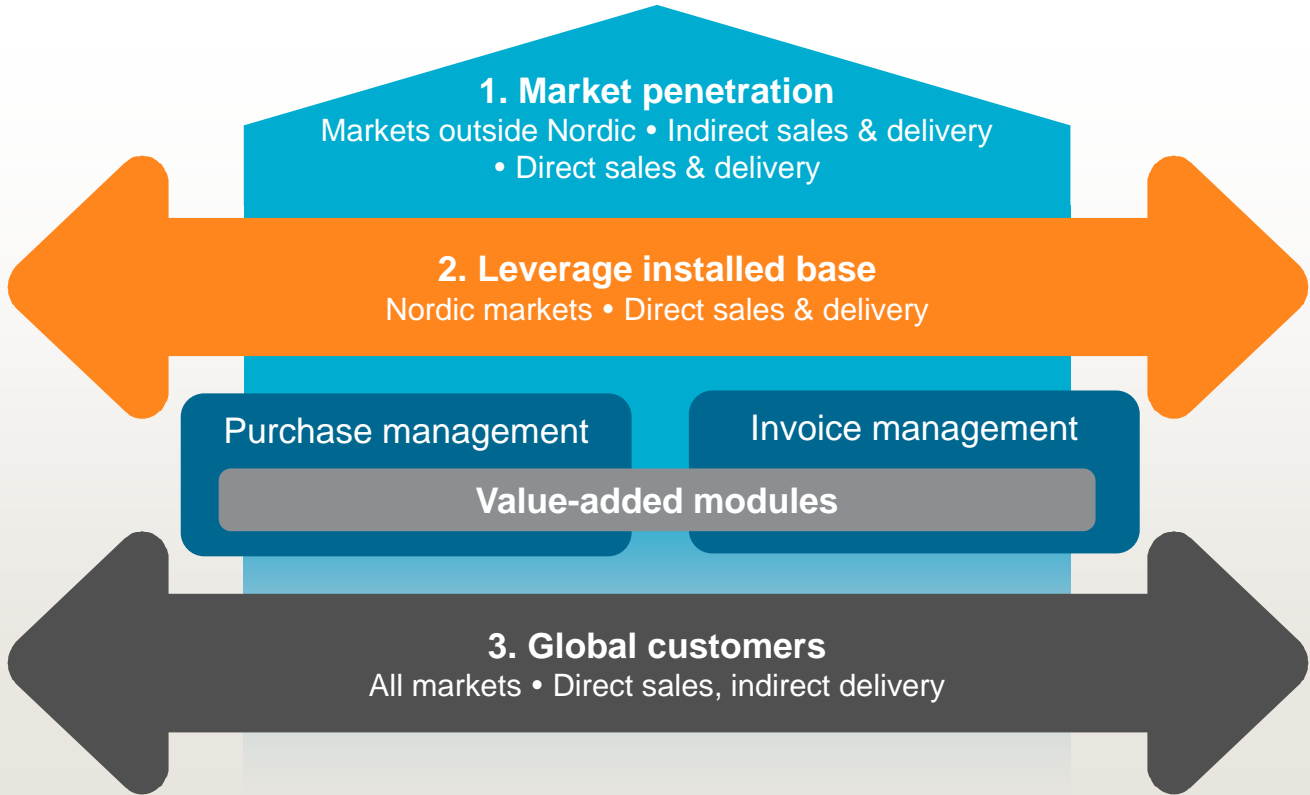
Business model

Key Financials 2004–2008

<i>EUR thousand</i>	2004	2005	2006	2007	2008
		Restated			
Net sales	33 891	41 666	59 954	73 270	86 098
Growth of net sales, %		29.4%	43.9%	22.2%	17.5%
Operating profit	6 256	3 611	8 078	7 512	8 679
% of net sales	18.5%	8.7%	13.5%	10.3%	10.1%
Personnel, 31.12.	302	395	528	658	731

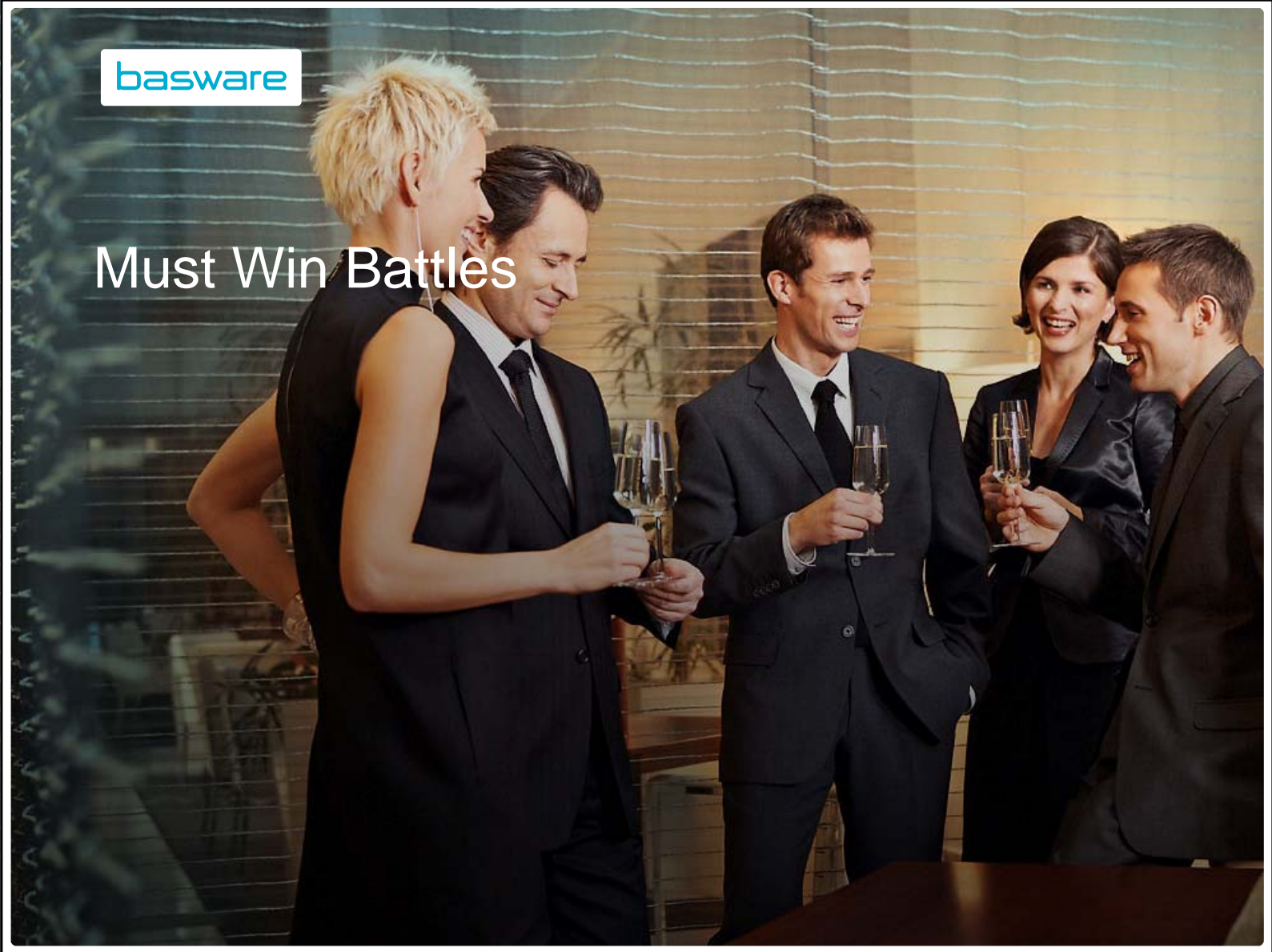


Three business models to ensure growth and profitability

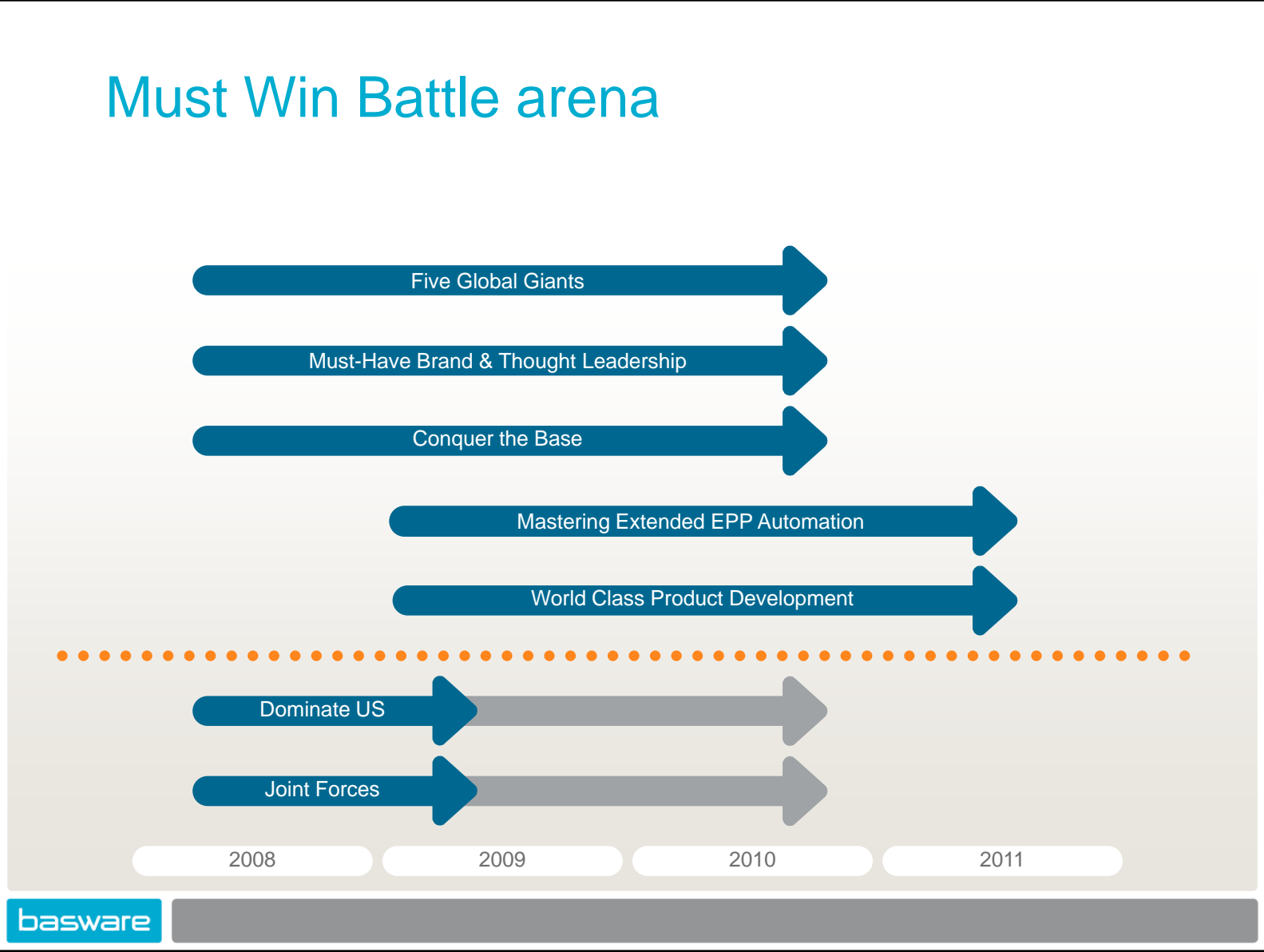


Strong Global Presence





Must Win Battle arena



MWB: On-going

Five Global Giants

- Goal 2010
 - Basware gets 5 Global Giants per year (Global Giant brings over 1M € revenue per year)
- On target in 2008.
- **Must-Have Brand & Thought Leadership**
- Goal 2010
 - Upper Quadrant in Forrester, Gartner and AMR research
 - BasWare is being recognized similar manner as SAP or Citrix in their space
 - On target in 2008.

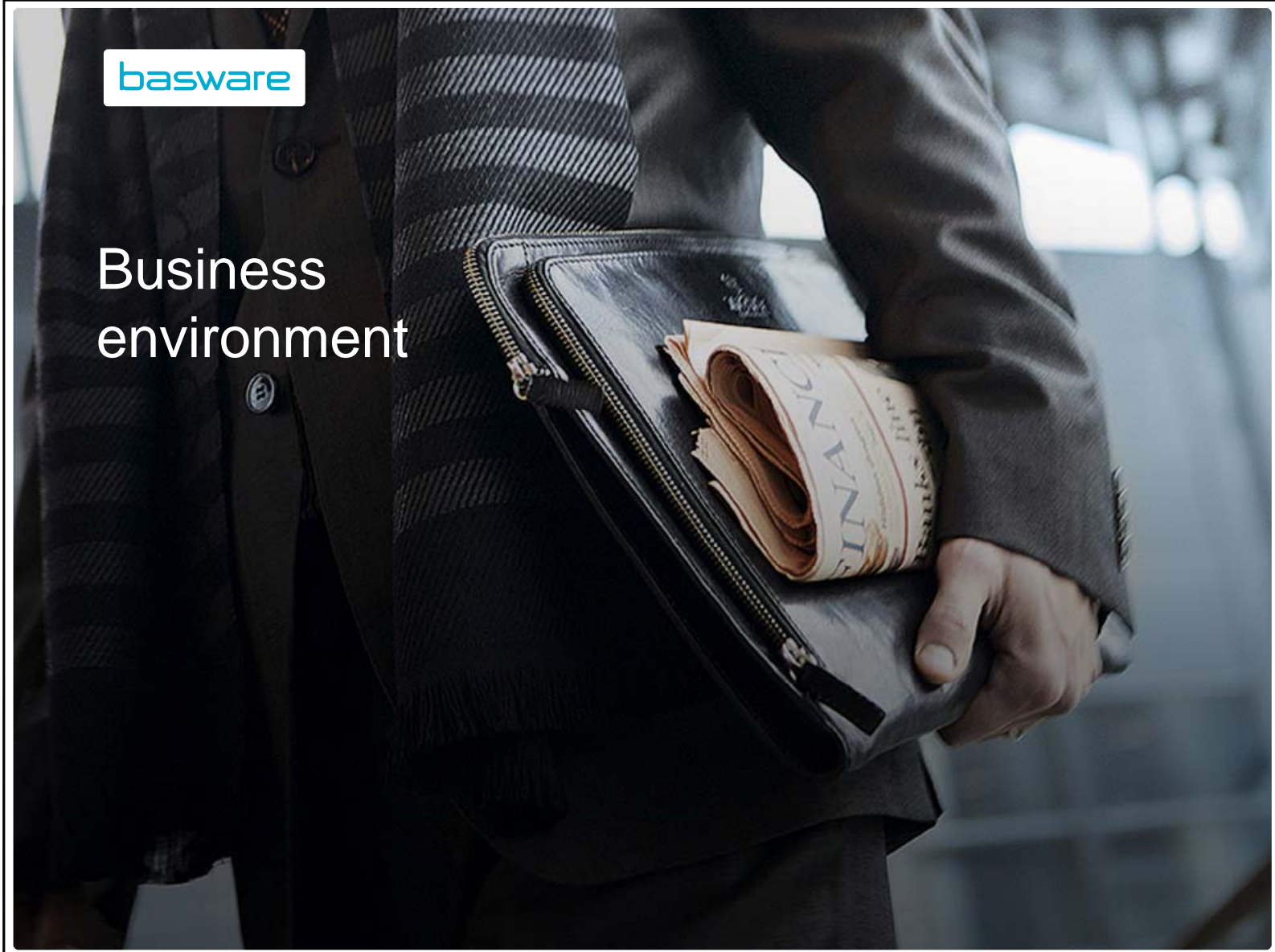
Conquer the Base

- Goal 2010
 - Enhanced customer service and account management model implemented and part of normal operation.
- On target in 2008.

MWB: New

2 New MWB's

- Mastering Extended EPP Automation
 - Launched to secure Baswares offering competitiveness in changing business environment.
- World Class Product Development
 - Launched to shift the Basware product development to world class category.



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Business
environment

Business environment trends



Customers

- CIO role changing from IT to business support
- Purchase-to-pay and savings driving the RFP's
- Changing software deployment models
- Supplier networks high in "hype"

Competitors & market

- Mix of market maturity
- Growing market driven by specialists. Replacement investments in procurement starting (10 years life cycle)
- Consolidation of vendors, large ERP players entering the market, acquisitions

Technology

- IT cost savings drive governance
- Next generation web applications
- From fixed processes to business rules driven automation

Legislation

- Strengthening of corporate governance requirements
- EU level e-business acceleration

Economy

- Slowdown of global markets
- Savings on the agenda of enterprises

Forecasts

Gartner (Sep 2008): 2009 growth of global IT purchases will slide to the 5% to 7% range - "Gartner just revised its 2008 IT market growth figure down from 8% to 3% because of the economic turmoil." Chris Mellor, IT Director, 26th October 2008

Gartner: Enterprise Software Markets, Worldwide, 2007-2012 (22 Sept 2008): The enterprise software market will grow to more than \$324 billion by 2012, averaging annual growth of 10%.

Gartner Dataquest predicts that SaaS will constitute 16.7% of the total ERP market by 2011. Of this 16.7%, Gartner Dataquest believes that SMB SaaS adoption will constitute 86% with the enterprise market comprising the remaining 14%. Gartner Dataquest, Aug 2008

"The business document capture market is forecast to grow 15% this year and at roughly that rate through to 2011. This is a higher growth rate than the overall enterprise content market of which it is part, and higher again than the general IT market." Chris Mellor, IT Director, 26th October 2008



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Future Outlook

Basis for Future Growth

- Profitable since establishment
- Recession resistance offering
- Ability to change and ensure growth
- Business sense
- Controlled strategy implementation
- Global large customers
- EPP Automation Services offering
- Extensive product portfolio
- Product development together with customers
- Built-in horizontal product offering - modularity
- Industry independent
- ERP compatibility

Basware Outlook for 2009

- **Net Sales expected to develop positively**
- **Operating profit 10–15 percent of net sales**
- Uncertainty in the world economy
- Growth based on direct and indirect (Europe, Russia, APAC) sales efforts
- Europe, US (mainly direct sales), Russia, Asia, Southern Europe: growth areas, profitability improving
- Scandinavia & Finland focus on profitability, mild growth
- Competitive status good and supported positively with the new EPP Automation services
- Products Unit expanding to India, 2009 R&D growth level expected to be below 2008 level
- Growth investments are beginning at Q2 but are scaled by Q1 outcome
- SaaS order backlog Meur 10.5: 1 M in revenue in 2008
- Review of acquisition possibilities continues in 2009