

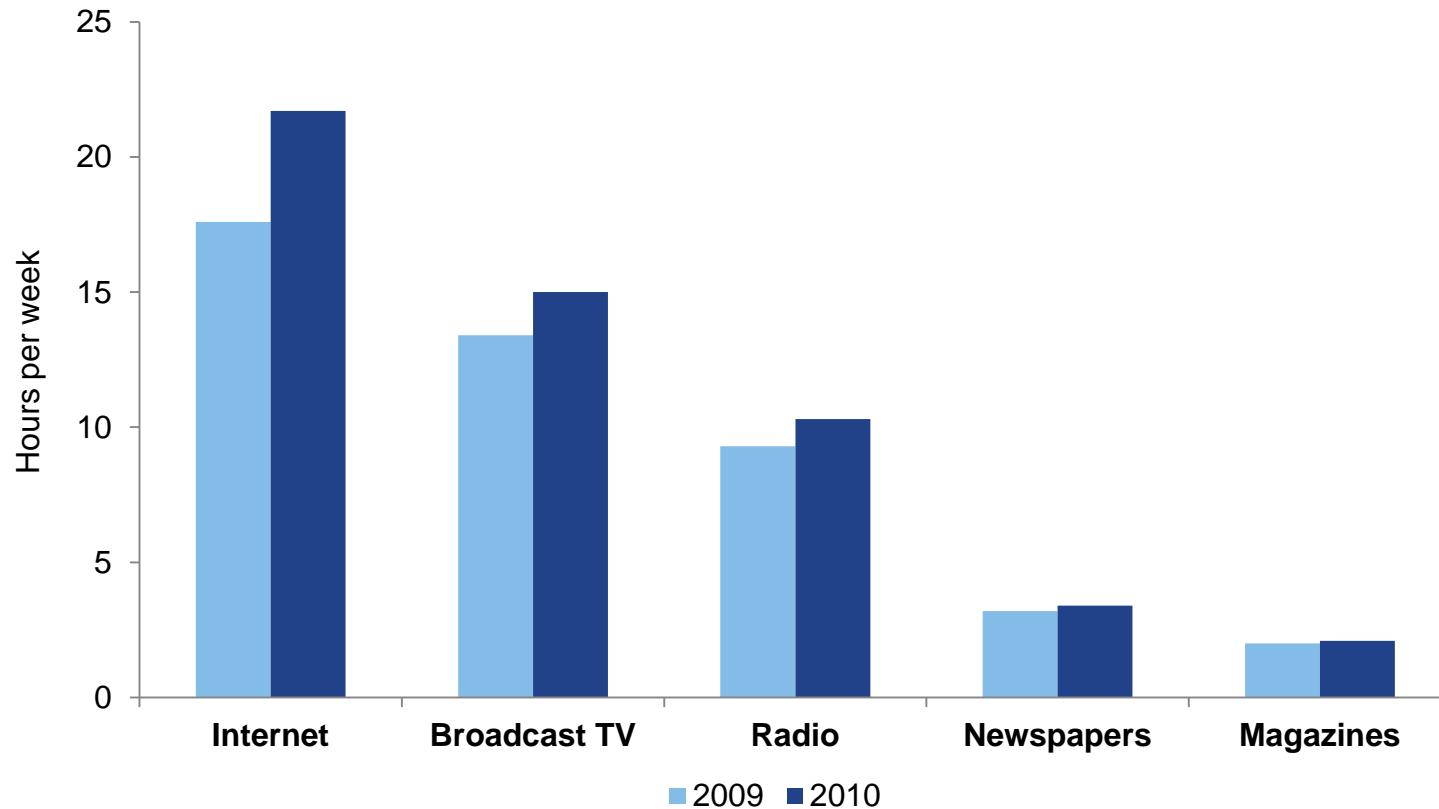
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2011 Annual General Meeting

Digital Channel Trends

Increase in internet usage

Australian internet users now spend an average of 21 hours 42 minutes per week online - an increase of 4 hours over the past year



Increase in mobile internet access



The mobile market saw significant changes throughout 2010, with significant uptake of internet capable mobile phones, including Smartphones.

- Mobile internet browsing increased considerably, from 29% in 2009 to 52% in 2010
- Tablet ownership, currently at eight percent, is expected to grow by 18 percentage points in 2011

Take away: Anywhere, anytime internet access is increasing

Increase in social networking



Social media platforms are providing marketers with an increasing number of methods and touch points for customer engagement. In 2010:

- 53% of online Australians engaged with an organisation/brand/product via a social network site
- 36% engaged with a government organisation
- 27% clicked into an ad/commercial message

Take away: Organisations need to know what customers and/or citizens are saying about them

Increase in online banking and retail



Forrester Research expects sales by Australian-based websites to soar to more than \$33 billion by 2015 from \$16.9 billion last year.

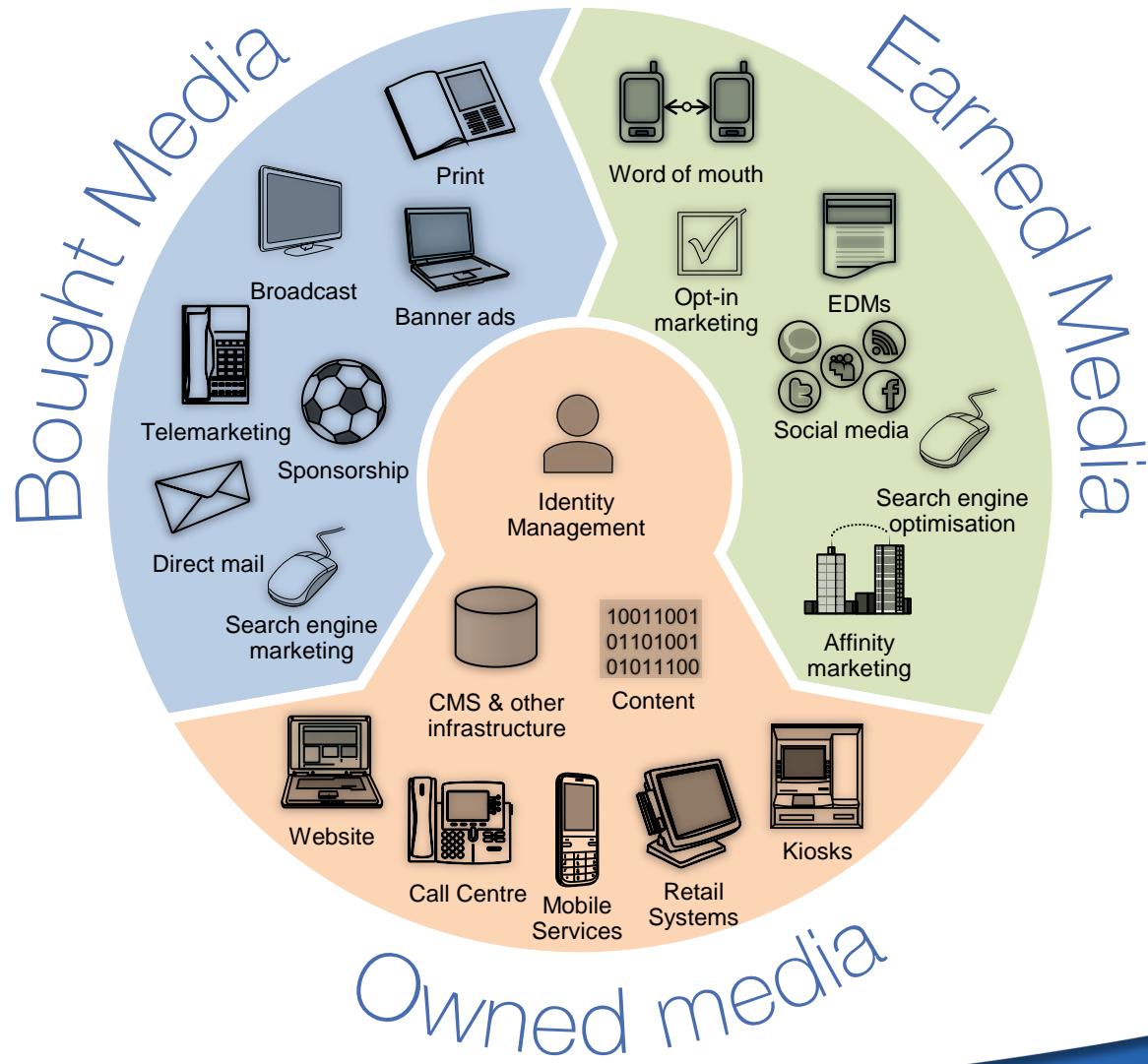
During past 12 months:

- 87% of online Australians conducted banking/bill payments
- 85% bought items online

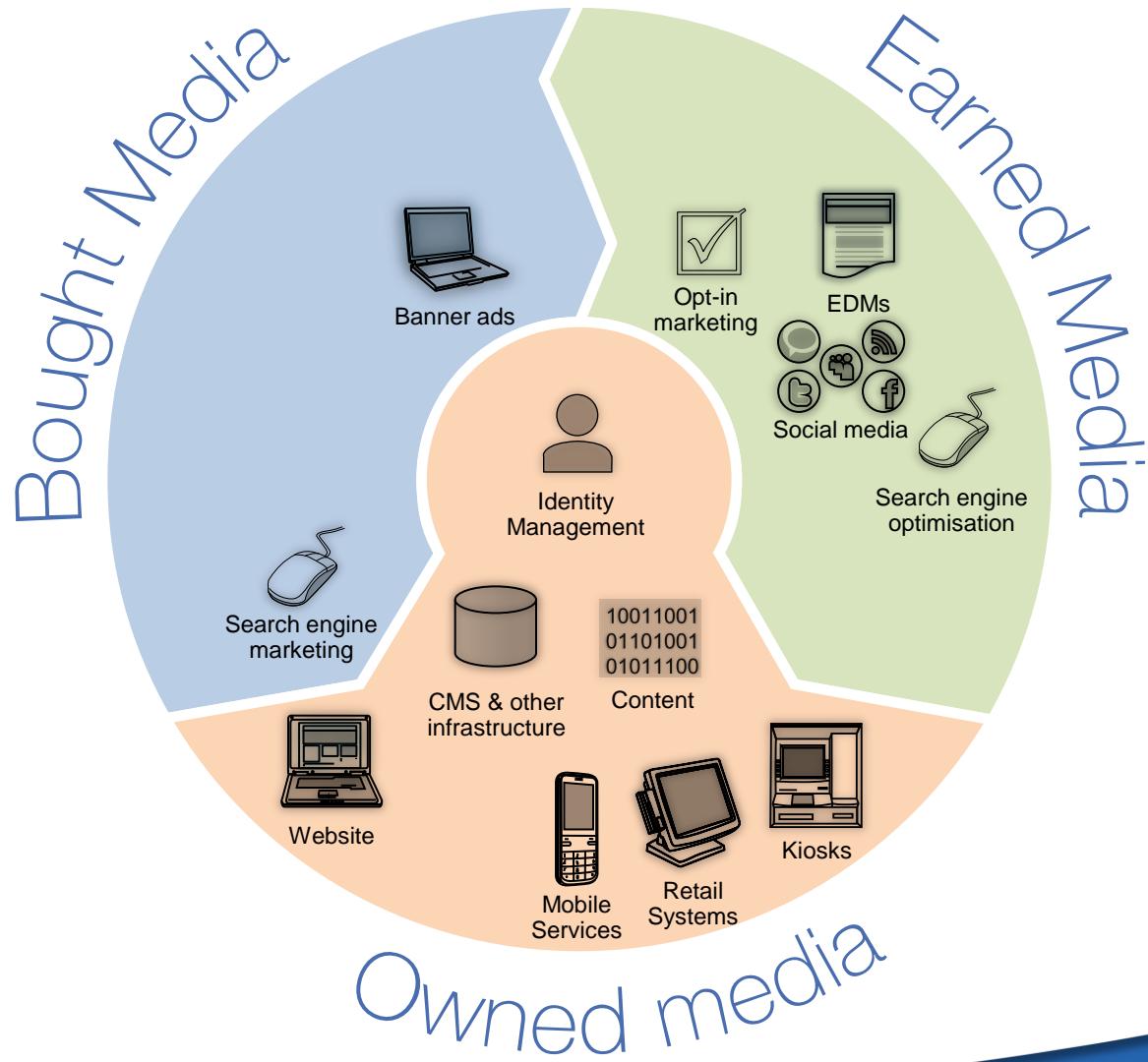
Take away: In April 2011 Gerry Harvey (executive chairman of Harvey Norman) announced that he wants his online retail business to net the company **\$1 billion over the next decade.**

Hyro & the digital channel

Hyro & the digital channel



Hyro & the digital channel



Hyro's offering to market



- Staff & competencies organised into x4 service departments (left). Each are required to deliver an effective online customer experience.
- Additional, specialised offerings:
 - Idaptive: a next generation solution for digital identity management
 - Hyro People: source niche, hard to find ICT resources outside Hyro's service offerings

"Hyro demonstrated agility, expertise, quality and a strong focus on the customer experience, all of which align with The Buzz's proposition"

**Jacki Johnson, CEO
The Buzz Insurance (IAG)**

Hyro's focus in 2011

Grow Strategy Services



- Hyro's Strategy group is the entry point into an organisation
- Work at the decision maker level
- Is a “full spectrum” pitch
- Strategy Services
- Strategy Offerings:
 - Packaged, repeatable *Business Alignment Assessments*
 - Customisable and tailored

Grow Operation Services (Managed Services)



- Provides annuity revenue
- YoY revenue growth
- Packaged, repeatable managed services offerings
- New services being launched
- Leverage existing and create new partnerships
- Head of Managed Services appointed to drive growth of the business unit

Grow Idaptive Product Business



- Idaptive: an Identity & Access Management Product Suite (Hyro IP)
- Clients: Victorian Department of Education, Air New Zealand, Ministry of Health (NZ) & many more
- Formed into a separate wholly owned subsidiary of Hyro.
- GM appointed. Focus on worldwide strategic partnerships to drive growth.

Idaptive's Unique Value



- Identity & Access management market will grow from nearly \$2.6 billion in 2006 to more than \$12.3 billion in 2014*
- However, the landscape is littered with failed implementations with many organisations on their 2nd or 3rd attempt to implement
- Idaptive addresses the major stumbling block being the high cost of implementation due to inability of legacy products to map complex relationships

Key 2011 Business Strategies



- Drive growth of Strategy services with new packaged, repeatable offerings
- Drive growth of Operation Services by launching new services, leveraging existing partnerships and creating new partnerships
- Continue to develop Idaptive Product Suite and create worldwide strategic partnerships

Hyro Insights

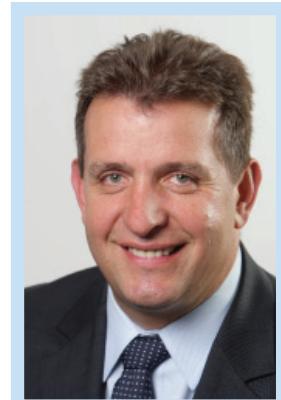
May 2011

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Welcome to Hyro Insights

Bill Votsaris, CEO

Bill Votsaris has been at the helm of Hyro for the past three years. During this time he has successfully navigated the Global Financial Crisis, extinguished Hyro's legacy debt and set the business on a new course.



Welcome to the inaugural *Hyro Insights*, a bi-monthly publication designed to provide you with more information about Hyro and the types of products, services and solutions we deliver to our clients.

2011 has already seen the successful completion of our renounceable rights issue, with an over-subscription of more than 49%. This significant participation level not only reflects the online sector's value but also Hyro's prominent position within it, especially when you consider these facts¹ -

- Australian internet users now spend an average of 22 hours per week online - an increase of 4 hours over the past year
- In the last 12 months 53% of users engaged with an organisation, brand or product via social networking sites
- 85% of Australian users purchased online

But if further proof is needed, you only need to turn to the recent behaviour of one its most ardent opponents. Only six months ago prominent retailer Gerry Harvey,

owner of Harvey Norman, saw online as such a threat he began to lobby the government for protection against it. Fast forward to the present and the company is now budgeting for \$100 million in revenue from the online channel within two to three years. It looks for Gerry at least, that quite a significant penny has finally dropped.

The mobile market also saw noteworthy changes throughout 2010, with significant uptake in internet capable mobile phones. In 2010 mobile internet browsing rose considerably from 29% to 52%¹. With anywhere, anytime access mobility is rapidly becoming part of everyday personal and business life.

In the mobility market we're witnessing today's giants - Apple, Google, Microsoft and Blackberry aggressively challenge each other to become the number one provider of seamless content delivery applications.

With the increase in smartphone ownership and introduction of tablet devices such as the iPad the mobility market will only get bigger.

But just how valuable is the mobility and online business? When you compare the market value of household names such as McDonalds (\$84 billion) and General Motors (\$46 billion) against Google (\$170 billion) and Apple (\$308 billion), the numbers speak for themselves.

Hyro finds itself not only in the right place at the right time to enjoy the spoils of the present market, but also a wealth of experience in which to help us achieve them (and boy over the last couple of years have we earned our stripes!).

I am proud to say that Hyro now has a positive balance sheet. In Q1 2011 we delivered an operating profit and we are engaged with leading enterprise and government agencies such as ANZ Bank, Agility Interactive, Aboriginal Affairs Victoria, The Buzz Insurance and The Victorian Department of Education.

When we gather all this information together and combine it with Hyro's experience and know how, I see the potential for great, even significant, promise.

The changing landscape of Identity and Access Management

Richard Cookes, GM Iadaptive

Richard Cookes recently joined Hyro to run its Identity Management product division, Iadaptive. His mission is to unlock shareholder value and run Iadaptive as a separate business by working with partners on a global basis, in addition to Hyro here in Australia.



What is Identity and Access Management?

Identity and Access Management (IDAM) is a broad administrative area that deals with provisioning and de-provisioning of identities into a community such as a country, network or enterprise.

It also involves identifying individuals in a community and controlling their access to systems within that community by associating user rights and restrictions with the established identity.

The IDAM market loosely breaks into two major market segments, Access Management and Identity Management. The market initially grew from Access management products in the early 2000's to include Identity Management in later years.

The Access Management market segment is a mature market with many organisations successfully deploying products on a large scale from vendors such as IBM, CA, Oracle and Novell. However, there are challenges with making traditional products "fit for purpose" in the cloud computing environment where additional demands are being placed that were not considered in original product architectures (e.g. multi-tenancy).

Why has the Identity Management market segment largely been unsuccessful?

The market segment for Identity Management is a different story with

the landscape littered with many failed implementations. It is not unusual to find many organisations on their second or third implementation attempt.

Traditional approaches to identity management are able to cope with relatively simple identity relationships where a customer or employee operates with one context. As an example in education I might be a teacher or parent. However, what starts off as a simple relationship model soon gets complex, a teacher could also be a parent, a teacher might also teach different subjects at different schools etc.

Often what starts off as a simple project of mapping a single context model soon gets complex and involves mapping multiple contexts

One of the reasons identity management projects have failed in the past is due to traditional identity management products forcing customers to map their complex identity relationships into limited relationship models offered in these products. To overcome these product deficiencies, often multiple identity management instances need to be implemented. Each instance handles a different set of contexts and you have to federate over the top to get a single view of

your employees or customers, their entitlements and services they have subscribed to. It is not unusual to hear an organisation has selected Identity vendor X and they are now trying to determine how many instances they need to deploy.

Another answer to this product deficiency is to first deploy expensive CRM's in an effort to consolidate relationships. As a consequence, implementations are long, become complex and are hard to maintain.

Using the power and simplicity of contextual management, Iadaptive Identity Manager uniquely enables organisations to flexibly model the real world where people are part of various communities, business roles, customers, consumers and constituents. This approach does not require multiple identity management instances or CRM's to exist, shortens the implementation and improves maintainability.

Using Iadaptive you are able to address the expensive part of all identity management projects, the implementation and management that often represents two thirds of the cost.

Lumley Insurance Case Study

Creating a social intranet

Lumley Insurance is the largest of the Wesfarmers' Insurance companies, and is entirely Australian owned and operated. Employing over 850 people across 13 office locations, Lumley's underwrite more than \$750m of insurance premiums each year.

The Business Problem

Described as a "large filing cabinet", the Lumley intranet contained a huge volume of valuable information. However usage levels were low because it was hard to navigate and lacked any collaboration functionality. Management wanted to redevelop the intranet to fuel better business performance and innovation.

The Solution

A multi-skilled team was required to bring the solution together. Hyro initially conducted a visioning and requirements workshop with users and business stakeholders to identify and prioritise the specific areas for improvement. Based on these results Hyro redeveloped the sites information architecture, structured page components into wireframes and produced a new look and feel. Hyro's IBM Product Specialists then built and implemented the site using an Agile approach. Key to the transformation is a seamless User

Interface (UI) that pulls together a number of products from IBM's Lotus family, including OmniFind for search, Lotus Connections for collaboration and Lotus Quickr for document management.

The Business Benefits

The Lumley Intranet was transformed from being a static and low-value resource into a dynamic and collaborative work tool that streamlines processes and delivers new ways of connecting with employees across the business.

"Surveys show a tremendous increase in staff satisfaction and utilisation of the intranet. It has already become a trusted business tool and is continually receiving positive feedback."

Frankie Lewis

Head of Corporate Communications,
Lumley Insurance

'The Social Intranet' Event Series

'The Social Intranet' is an upcoming event series featuring Frankie Lewis, Head of Corporate Communications, Lumley Insurance who will share her perspectives on how Lumley transformed their Intranet from being a low-value resource into a dynamic and collaborative work tool.

Hyro will also provide some key insights into how to facilitate and drive a knowledge culture in the workplace through the use of social networking tools.

If you're responsible for, or have a strong interest in your organisations intranet strategy, we invite you to register for these free events.

The Social Intranet
Sydney - 7th June 2011
Melbourne - 8th June 2011

Register Today:
www.hyro.com/events

In Brief

Latest Hyro News

Signed \$4m agreement with Agility Interactive

In May Hyro announced the signing of an agreement with wagering and media company Agility Interactive. Over the last 12 months Hyro has been working with Agility to develop components for their next generation of online wagering products. Under the \$4m agreement, Hyro will continue to provide a range of customer experience services and augment Agility's technical services.

Secured significant portal project with ANZ

In April Hyro announced that they have been chosen by ANZ Bank as the implementation partner for a major portal project. The new digital portal solution will supply ANZ with a go-to-market platform for their marketing strategy, and provide customers with an innovative experience by presenting a one-stop-shop of news, research and information sourced from industry experts as well as pre-eminent business leaders.

Created online game in partnership with EMI and Microsoft

In March Hyro launched an online game that tests users' music knowledge and rewards them with discounts to EMI's online music store, 'The In Song'. The game was built entirely using HTML5, providing users with rich, engaging online experience without the need for Adobe Flash. To experience the game and test your music knowledge visit: www.wayoutwars.com

Launched online system for Aboriginal Affairs Victoria

In February Hyro launched an online application and registry system for Aboriginal Affairs Victoria (AAV), allowing AAV to record and manage Victoria's Aboriginal Heritage in line with the Aboriginal Heritage Act. Dubbed ACHRIS (Aboriginal Cultural Heritage Register and Information System), it combines a custom-built Java solution with a spatial integration framework, bringing together disparate data sources into a single web portal.

Upcoming Events

Hyro regularly hosts a number of free seminars and events designed to add value to you and your business. These events are run at various locations throughout Australia.

We are constantly updating our events schedule so be sure to visit hyro.com/events regularly to see what's on.

- **The Role of Identity in Government 3.0**
Date: 24th May 2011
Time: 12:00pm - 2.30pm
City: Melbourne
- **The Social Intranet**
Date: 7th June 2011
Time: 12:00pm - 2:00pm
City: Sydney
- **The Social Intranet**
Date: 8th June 2011
Time: 8:00am - 9:30am
City: Melbourne

For more information and to register visit:
www.hyro.com/events

About Hyro

Hyro is the most experienced digital services company in the Asia Pacific region. Hyro's focus is the provision of solutions for e-commerce and digital channels including mobile and IPTV throughout Australia and the Asian region. For more information visit: www.hyro.com

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Questions?