



Stratatel achieves revenue growth of 52%, secures major FleetManager® contracts and acquires new IBM Business Partners

Highlights

- Revenue of \$12.46 million - growth of 52% over previous financial year
- FleetManager® revenue up 11% over prior financial year
- Sales and marketing investment pays off with major FleetManager® contracts secured
- Launched CADS FleetManager to combine the benefits of carrier billing management and call accounting
- Stratatel CEO Matt Parry appears on Sky Business News
- Print expense management solutions gain momentum in corporate market
- Acquired IBM Business Partners: Innesys, Collaborative Developments and Elk Software
- Rolled out second Stratatel Leadership Development Program
- Proposed final dividend of 0.20 cent per share

Dear Shareholder

The 2009–10 financial year saw your Company increase revenues by 52% (FleetManager® up 11%) and propose an increase in the dividend for the full year (subject to shareholder approval) of 0.20 cent per share. As previously stated the Board is of the view that the re-rating of the Company's share price will be achieved by increasing revenue scale and our earnings profile, so this result was in line with strategy.

Not surprisingly, revenue growth was achieved at the expense of short term EBITDA; as further investment on sales and marketing specifically focussed on FleetManager® and the software and services business was made.

Recent FleetManager® sales successes are a direct result of the investment in sales and marketing and our expectation is that this will continue. In addition, we are looking for “quick” sales wins from the recent IBM Business partner acquisitions offering consulting skills to our extensive blue chip client base. Consulting work can be profitable particularly on long term and complex assignments when utilisation of staff is high.

In order to get Stratatel “top of mind” I will be conducting a series of briefings to investors and the broader market in the new year. In addition, the Company's engagement of CallidusPR has already resulted in a number of product related media announcements and articles in the Australian Financial Review and a recent media appearance by CEO Matt Parry on Sky Business News.

I would also like to highlight that Stratatel possesses the following attributes:

- base of stable recurrent revenue much of it contracted over multiple years providing financial stability
- high margin proprietary software products such as FleetManager® and Softlog.Enterprise
- access to best of breed products from IBM with opportunity for growth in high margin consulting
- Australia wide high calibre direct sales and marketing team
- large customer base of blue chip organisations
- development capability to build new high margin products
- key sales partners

Finally, let me assure all shareholders that the team at Stratatel are single minded in their determination to build a great business that will provide returns to shareholders. Thank you for your support. Best regards.

Mike Fairclough, Managing Director

Sales and marketing investment pays off with major FleetManager® contracts secured

Over the past 12 months, Stratatel has invested in sales and marketing campaigns to support and facilitate business growth. This increase in sales and marketing resources has paid off with the securing of major contracts for our FleetManager® system for Telecommunications Expense Management (TEM) including two new government contracts. In addition, Stratatel has also recently signed contracts with two mining industry giants.

FleetManager® is becoming a much sought after financial management tool

There is no doubt in our customer's minds, that automating and managing the costs associated with mobile phones and PDA's (personal digital assistants) is a priority and FleetManager®'s ability to effectively monitor and manage supplier charges is becoming a much sought after financial management tool. Importantly, sales of FleetManager® through Stratatel's partner, Optus, continues.

From a marketing perspective Stratatel is concentrating marketing activities to focus on leads with higher dollar values, margins and recurring revenue products - mainly from Stratatel's TEM and Resource software solutions.

New opportunities were generated from the following product marketing activities:

Conferences and Seminars

Stratatel has hosted a number of **Breakfast 'n' Learn** seminars in Sydney, Melbourne, Perth and Adelaide to identify and meet potential clients. Recently, Stratatel has hosted both Telecommunications Expense Management seminars and Social Collaboration seminars. These events attracted numerous registrations and produced a number of sales leads. In addition, Stratatel Resource was a sponsor at this year's IBM Collective Intelligence Conference for Victoria and Western Australia and Stratatel had a stand at IBM's Pulse 2010 Conference in Sydney.

In October the Company will host additional breakfast briefings across Australia with guest speaker John Petty, one of Australia's most influential Financial Management experts, who will lead discussions on the implications of the new economic environment for the organisation's CFO team. For more information or to register for the Sydney or Melbourne event go to www.stratatel.com.au/lookingintothefuture

PR and Advertising

The centrepiece of Stratatel's recent PR and advertising activities was the thought leadership whitepaper "Wake up call - Hidden overcharging in telecommunications" which has driven positive media coverage for Stratatel including several articles and a live interview with Matt Parry, CEO Stratatel Limited, on Sky Business News.

Research shows that around 80 per cent of telecommunications bills contain incorrect charges on a regular basis. Indeed, one of Stratatel's case studies demonstrates that a client recouped \$225,000 after widespread overcharging to the tune of 24 per cent - identified by Stratatel's CADS FleetManager.

The Telecommunications Industry Ombudsman (TIO) notes in a letter to Matt Parry "In 2008/09, disputes over billing and payments generated the highest number of complaint issues recorded by the TIO."

The press release Stratatel issued to the media on the topic ([click here](http://www.stratatel.com.au) or download from www.stratatel.com.au) was of great interest to Peter Switzer, one of Australia's leading business and financial commentators. Peter invited Matt to talk about carrier overcharging on Sky Business News on Wednesday, 1 September 2010. The 10-minute interview can be accessed via the Stratatel website.



Peter Switzer and Matt Parry on Sky Business News.

In addition, advertising around Stratatel's TEM's solutions has commenced in the CFO Magazine and www.cfoweb.com.au raising awareness of carrier overcharging.

Retention Activities

Among other initiatives, Stratatel's Quarterly Client Newsletters have assisted in the retention of clients by keeping them updated about product changes and enhancements as well as providing a window to introduce cross-sell initiatives. In addition, the hosting of FleetManager® refresher training webinars for client's administration staff was part of the overall retention program and well received by Stratatel clients.

Hidden Overcharging in Telecommunications

CFOs seeking greater efficiencies within their organisation should be reviewing their telecommunications spend, a leading expense management provider claims.

When the organisation implemented new plans from its carrier, Stratatel monitored the transition. In the first month, a variance of 38 per cent was identified between the expected new rates and the invoiced charges.

According to Stratatel Limited, a large transport company recouped \$225,000 after it discovered it had been overcharged by 24 per cent.


Seven months later, Stratatel identified monthly overcharging at an average rate of 24 per cent.

Heavily reliant on mobile phones, the organisation was able to identify widespread and high level overcharging with Stratatel's FleetManager® solution.

Stratatel's FleetManager® solution corrected systemic errors in the billing arrangement, prevented ongoing overcharging in future billing months and ultimately saved the organisation from large financial loss.

"According to Stratatel chief executive Matthew Parry "This case is not exceptional - overcharging by carriers occurs in most bills to organisations."

For further information go to www.stratatel.com.au/TEM



Stratatel advertorial in the September edition of CFO Magazine.

Newly released CADS FleetManager to combine the benefits of carrier billing management and call accounting

Stratatel has recently launched CADS FleetManager – the newest addition to the Stratatel TEM product range. This product brings together the benefits of two Stratatel solutions: call accounting (from Phoneware) and carrier billing. While carrier billing allows clients to manage and control fixed line and mobile assets and expenses, call accounting ensures that organisations are able to gain visibility and report on PABX call data to maintain governance over phone usage and expenditure.

Telecommunications is a top five expense for most organisations which makes Telecommunications Expense Management (TEM) a critical function to monitor as organisations strive to control expenses. Clients already using this combined and fully integrated solution successfully save up to 30% on telecommunication expenses.

CADS FleetManager also assists in forecasting, trending and planning of telecommunication budgets and minimises the risk of carrier overcharging.

IBM Business Partners Acquisitions: Innesys, Collaborative Developments and Elk Software

Stratatel has recently acquired three new IBM Business Partners: South Australian Cognos Business Partner *Innesys*, *Collaborative Developments* in Adelaide, and *Elk Software* in Perth. These acquisitions give Stratatel additional quality clients, revenue, sales prospects and additional technical expertise to extend its ongoing software development capacity at its innovation hubs in Perth and Brisbane in addition to its extensive consulting capabilities.

The sales team will aggressively market Stratatel's extensive range of software consulting services enabling the Company to deliver and deploy Stratatel and IBM software that meet clients' business needs and improve and enhance customer service. With an expanded national network, Stratatel can now do that virtually anywhere around the country.

Innesys

Innesys is a specialist Business Intelligence Consultancy with 28 years experience in the Australian Retail and Wholesale/Distribution market. Both Kevin and Jared Innes have joined the Stratatel team, bringing their vast knowledge and experience in this area to Stratatel.

Importantly, this acquisition positions Stratatel as an IBM Cognos National Partner. The new partnership status gives the Company opportunities to provide both leading business intelligence and performance management solutions based on the IBM Cognos suite of applications, and additional technical expertise to extend the Company's ongoing software development capability.

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Collaborative Developments

Collaborative Developments was established in 1999 to service the growing requirements of the Lotus Notes/Domino user community in South Australia. All Collaborative Developments staff have industry-based professional certifications in their area of responsibility and all have tertiary qualifications. More importantly, the team has on-average 15 years experience in the computing industry and expertise in a wide range of Lotus products.

Elk Software

Perth based Elk Software Group was formed in 1991 and specialises in software development of web-based business solutions and the development of websites with online functionality as well as providing custom software development services, Elk Software has developed a range of online software products that can be purchased separately or integrated into custom solutions.

Stratatel's Print Expense Management solutions gain momentum in corporate market

While there have been many notable successes across the organisation there is one worth mentioning in more detail. A key milestone for the Company is that Stratatel has secured the first few print expense management contracts in the corporate market.

As companies explore ways to minimise costs and reduce their carbon footprint, resolving inefficiencies and waste associated with printing is at the top of their list. Stratatel's CostManager provides a complete print expense management solution that allows clients to track, analyse and allocate the cost of every printed document. In addition, automated reports alert the management team to higher than acceptable usage of printing.

Clients can be confident that they are reducing their carbon footprint

To add even more value and increase savings, CostManager comes with the optional follow&go module which ensures that the printer only prints out the documents when a user authenticates themselves at the printer making printing more secure. For maximum flexibility, many different identification systems can be integrated with this solution, including swipe card reader or pin code entry. follow&go also reduces single printer dependency, so the user can print documents from any compatible network printer, increasing user productivity.

Corporate clients currently using Stratatel's print expense management solutions can be confident that they are reducing print and consumable wastage as well as reducing their carbon footprint.

Second Stratatel Leadership Development Program successfully launched

The second Stratatel Leadership Development Program was successfully launched in August 2010 with the objective to provide Stratatel managers with the opportunity to stretch and develop their skills to become the future leaders of the Company.

Towards the end of October 2010 participants on the program are required to complete a formal presentation to the leadership team and Board members on a project that they have been researching.

The Stratatel Leadership Development Program utilises a combination of external and internal expertise and is a significant investment in Stratatel's people as well as the future of the Stratatel business. Stratatel wants to ensure that the Company is identifying, acknowledging and developing potential new leaders in the business to build a succession plan, retain top talent and therefore ensuring the long term success of the business.

Security Details

ASX Code: STE

Issuer Name: Stratatel Ltd

Last Price (as at 08/10/10): \$0.043

FPO Shares on Issue: 140,478,850

STE Daily Prices over 6 months



Chart of daily prices over 6 months for STE by ASX.

Shareholder Information

Please contact the Company's share registry, Computershare Investor Services Pty Ltd, to change your address, email or to sign up for electronic shareholder communication.

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