

## Daily Research Highlights

**NetApp, Inc.:** NTAP Expands Support for the Cloud with Introduction of NPS for Microsoft Azure

**Radius Health, Inc.:** No Bones About It - Initiating with a BUY and \$20 Price Target

**IT Hardware & Software:** IBM & Apple Tap into Yin-Yang for a More Harmonious Mobile Enterprise Experience

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July 16

**Radius Health, Inc. (RDUS, BUY, Target: \$20.00)**

**Mara Goldstein (212-610-2215, [mgoldstein@cantor.com](mailto:mgoldstein@cantor.com))**

[No Bones About It - Initiating with a BUY and \\$20 Price Target](#)

**Strong Value Proposition.** We are initiating coverage of Radius Health ("Radius") with a BUY rating and \$20 price target. We like the simplicity of the company's value proposition: a late stage asset with near-term revenue potential, with the potential to cannibalize a \$1 billion product in a market with strong demographic trends.

**Proximity to FDA Filing.** Radius is currently conducting a Phase III study of abaloparatide-SC, for the treatment of osteoporosis, and expects initial 18-month fracture data to be available in 4Q:14, followed by 24-month fracture data from a six-month extension study shortly thereafter. Assuming that the Phase III trial results follow the strong Phase II data that demonstrated rapid increase in bone mineral density with low side effects, we expect that the company will begin regulatory filings in 2015, with potential commercialization in 2016.

**Other Candidates are Upside.** In addition to the transdermal formulation of abaloparatide, Radius has two other drugs in its pipeline. RAD1901 is being explored for the treatment of bone metastases associated with breast cancer and menopausally-related vasomotor symptoms, though the latter indication is likely to be outlicensed. Another compound, RAD401, is in preclinical development for a variety of metabolically-related conditions.

July 15

**NetApp, Inc. (NTAP, BUY, Target: \$45.00)**

**Brian J. White, CFA (212-610-2416, [briwhite@cantor.com](mailto:briwhite@cantor.com))**

[NTAP Expands Support for the Cloud with Introduction of NPS for Microsoft Azure](#)

**Summary:** This morning, NetApp announced an expansion of its support for the cloud with the introduction of NetApp Private Storage (NPS) for Microsoft Azure. Essentially, NetApp customers can now leverage the cost benefit of a leading public cloud IT infrastructure with Microsoft Azure. We believe this announcement further validates NetApp's expanding support for the cloud that has already positioned the company in the #1 slot amongst storage vendors for public cloud infrastructure. Trading at just 8x (ex-cash) our CY:15 EPS estimate, we believe the stock is very inexpensive and has attractive upside as reflected in our 12-month price target of \$45.00.

- **Expanding Cloud Support with NPS for Microsoft Azure.** NetApp announced an expansion of its support for the cloud with the introduction of NetApp Private Storage (NPS) for Microsoft Azure. Recall, NPS already supports Amazon Web Services (AWS) and today's announcement expands the company's cloud reach with support for Microsoft Azure. NetApp has worked with Microsoft for 15 years, and FlexPod is already used in the Microsoft Private Cloud. With today's arrangement, NetApp customers can leverage the flexibility and attractive cost structure of Microsoft Azure with NetApp storage for enterprise workloads, creating a hybrid cloud environment. NPS is located at co-location facilities with Equinix (i.e., Equinix Cloud Exchange), which leverages high-speed connections to Microsoft Azure via ExpressRoute. As such, the storage and data are still under the control of the customer, which can be important for certain compliance and sovereignty requirements. Equinix began partnering with NetApp in 2012 as part of an arrangement with AWS. The NPS program is available immediately, beginning in Equinix data centers in Silicon Valley and Washington DC, while expansion in the U.S., Europe, and Asia is planned in the "near future" according to Equinix.
- **Valuation.** Our \$45.00 PT is based on 11x our CY:15E pro forma EPS (adjusted for interest income/expense), plus NetApp's \$11.91 net cash per share.

**IT Hardware & Software****Brian J. White, CFA (212-610-2416, briwhite@cantor.com)****IBM & Apple Tap into Yin-Yang for a More Harmonious Mobile Enterprise Experience**

**Summary:** Tonight, Apple and IBM announced an "exclusive partnership" to transform enterprise mobility in what we believe is a very complementary relationship that we view as beneficial for both organizations, along with enterprise workers. Essentially, we believe this partnership combines IBM's strong enterprise-related technologies and relationships with Apple's leading consumer devices and brand to create a more harmonious mobile experience for enterprise users around the world. We continue to believe that both Apple and IBM are trading at valuation (2015 P/E) levels that are very attractive (i.e., 10.8x ex-cash for Apple and 9.4x straight for IBM) and below the S&P 500 Index.

- **An iPhone and iPad Potentially in Every Cubicle.** With great mobile device experiences for consumers now available, we often ask ourselves why so many people remain handcuffed to inferior mobile devices in the workplace that not only reduces efficiency but also increases frustration. We believe tonight's announcement could represent the beginning of an initiative to free workers from inferior mobile experiences and open up new opportunities for enterprise productivity. For many, the BlackBerry was the first mobile device used in the workplace, and is still supported by many companies, albeit on the decline in recent years. At BlackBerry's peak a few years ago, the company shipped nearly 15 million devices per quarter with a focus on the enterprise. For Apple, we believe the enterprise market represents a significant opportunity for both the iPhone and iPad. At the same time, our expectation of a bigger iPhone 6 this year (i.e., 4.7-inch and 5.5-inch) could dovetail nicely with this IBM agreement. If we operate under the assumption that approximately 20-25% of smartphones around the globe are used at work (i.e., either employee owned or company owned), we estimate this represents approximately a 250 million to 300 million smartphone market this year. In our view, more workers want to use their iPhones (or iPads) at work, and IBM can play an important role in helping this come to fruition.
- **IBM and Apple to Reinvent the Mobile Enterprise Experience.** In late February, IBM's Virginia Rometty (CEO, Chairman) was the first CEO of IBM to ever attend Mobile World Congress in Barcelona, and we thought she delivered one of the most powerful keynotes at the event. The IBM & Apple partnership revolves around four key capabilities, including: 1) Over 100 industry-specific enterprise solutions (including native Apps, joint developed) developed exclusively for the iPhone and iPad. IBM and Apple will collaborate to develop IBM MobileFirst iOS Solutions, which are Apps developed for specific industry verticals such as banking, travel & transportation, retail, healthcare, telecom, insurance and more. These Apps are expected to start to become available this fall and into 2015; 2) unique IBM cloud services optimized for iOS. For example, IBM's MobileFirst Platform for iOS will leverage the company's analytics, cloud storage, device management, security and more. IBM will use both on-premise software and the company's development platform (i.e., Bluemix); 3) new AppleCare service and support for the enterprise with 24/7 support from Apple's support group and on-site service from IBM; and 4) new packaged offerings from IBM for device activation, supply and management. This includes IBM MobileFirst Supply and Management for the supply, activation and management services related to the iPhone and iPad.

## Disclosures Appendix

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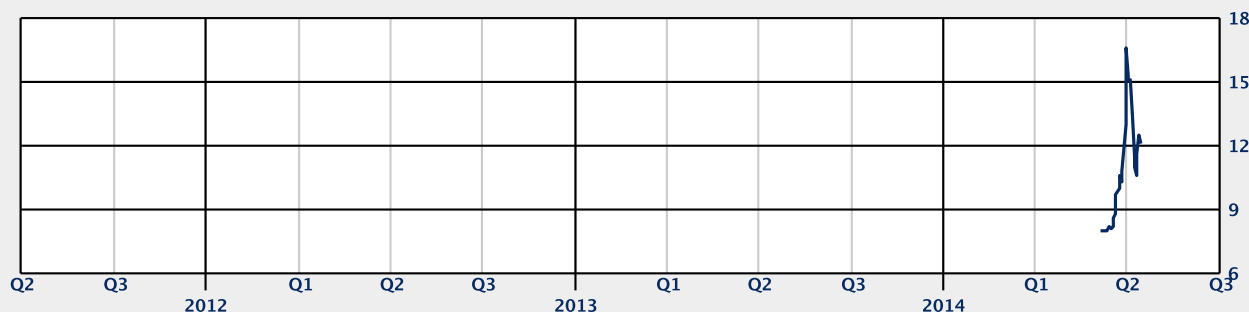
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#### Rating and Price Target History for: Radius Health, Inc. (RDUS) as of 07-15-2014



B=Buy H=Hold S=Sell I=Initiated D=Dropped

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#### Rating and Price Target History for: NetApp, Inc. (NTAP) as of 07-15-2014



B=Buy H=Hold S=Sell I=Initiated D=Dropped

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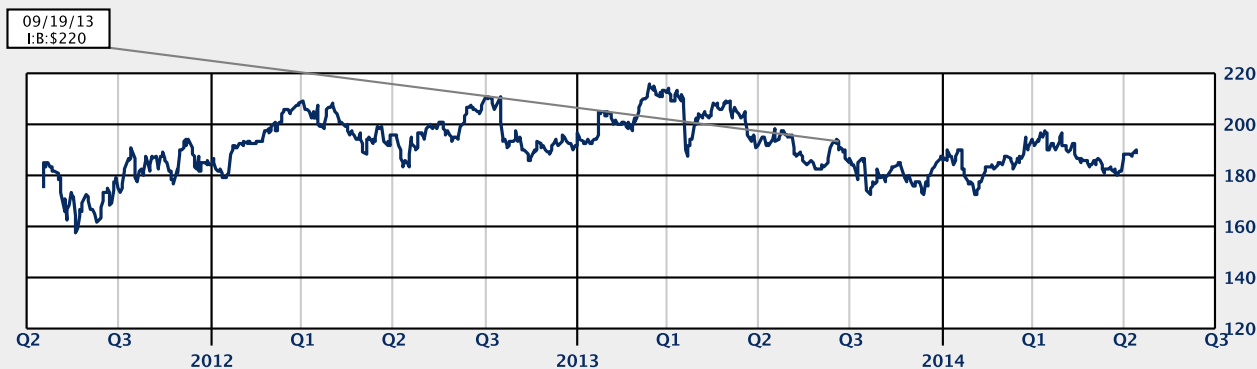
**Rating and Price Target History for: Apple Inc. (AAPL) as of 07-15-2014**



B=Buy H=Hold S=Sell I=Initiated D=Dropped

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**Rating and Price Target History for: International Business Machines Corporation (IBM) as of 07-15-2014**



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Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	86	58.11	23	26.74
HOLD [H]	51	34.46	7	13.73
SELL [S]	11	7.43	1	9.09