

Analyst Team

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Coverage Summary

	Rating	1-Yr. Target	Return
CRWD-Q	SO	US\$600.00	13.3%
ESTC-N	SP	US\$90.00	-1.4%
MDB-Q	SP	US\$320.00	-8.9%
MSFT-Q	SO	US\$650.00	29.8%
ORCL-N	SO	US\$360.00	66.2%
PANW-Q	SO	US\$228.00	11.3%
SNOW-N	SO	US\$280.00	9.0%

Software

Colville Checks: 150+ GenAI Use Cases at Financial Services Firm. Positive on SNOW.

OUR TAKE: Positive on Snowflake. We spoke to the CIO of a large financial services company with IT budget of ~£1.3B. IT spend is expected to rise a tidy 15% y/y, similar to recent periods. The firm has 150+ AI use cases in pilot and deployment including 2.5K employees on Microsoft 365 Copilot, 1.7K developers on GitHub Copilot, and ServiceNow and Workday agents are being considered. The CIO described that in 2025 nearly all Oracle Exadata was moved to Snowflake, and Teradata is being migrated through 2026. Snowflake spend is expected to rise to £40-50M in 2028. Spend on Oracle has fallen 60% to £15M p/a in 2025, mainly on E-Business Suite applications. This CIO's philosophy is to use native public cloud tools where possible, so MongoDB, Elastic, Confluent are not meaningfully deployed. The CIO replaced CrowdStrike post its 2024 outage to Palo Alto Networks.

See below for our Scotia Investment Conclusion on Snowflake, and pages 2-3 for a candid write-up of this expert conversation.

KEY POINTS

Will you be in San Francisco next week? If so, we are hosting the SVP, Deputy Head of IT Global Infrastructure, at a 115K employee tech conglomerate for dinner on Wed, November 19 at 4:30-7:00PM PT. Reach out to USEquitySales@scotiabank.com for the expert's details and to request a seat.

Scotia Investment Conclusion on Snowflake

Our sense is expectations are high on Snowflake, based on strong 3Q25 public cloud results and our buy-side conversations where there isn't much two-way debate on this name. With SNOW shares up >60% YTD, we wonder who the incremental buyers might be, which means it'll be a white-knuckle ride into Snowflake's earnings in December.

Nonetheless, Snowflake – which we rate Sector Outperform – is a company we have high conviction on. In fact, a year ago we chose Snowflake as our top pick in software for 2025. We still feel positive about the fundamentals of this name as in our expert fieldwork – exemplified by this financial services firm – customers view getting data to the cloud as a key imperative, with spend commensurately exploding.

Snowflake is consistently, across all our contacts, seen as the best data warehouse solution on the market. We believe Snowflake is making the right moves investing in AI-related product innovation, and the company has been cited in our fieldwork as a component of enterprise AI strategies. OpenAI being a material customer of Snowflake should help the halo effect.

We recently spoke to a partner that tracks \$82M of Snowflake committed contracted value who noted that y/y Snowflake commitments are nicely growing, but the rate is slightly down relative to 2024. Snowflake's new AI-specific products (like Cortex, agents, and AI to SQL) are driving a tidy 5% of spend, as per this partner.

Momo stocks over the last few weeks have been punished on results that were viewed as not "exceptional enough". So we think Snowflake must deliver product growth in F3Q of +31% and a product growth guide of +26% for 4Q for shares to be flat. Reach out if you want to chat.

See within for a candid write-up of this expert conversation.

CIO of a Financial Services with >30K Employees

We spoke to the CIO of a largest financial services company which is in growth mode, including through inorganic deal making. This leader's role is to procure and implement tech to support internal operations, e.g., financial risk, HR, treasury, legal, data, etc.

This leader's 2025 budget is ~£1.3b, with IT spend having gone up 15% p/a for the last ~3 years. This firm has now only a small mainframe footprint, with 70% of assets in cloud; mainly Amazon, but also some Microsoft and Oracle.

150+ GenAI use cases in pilot or deployment

- These 150+ GenAI use cases include (1) Claims summarization tool used by ~500 call handlers, which has driven a 10% reduction in call-handling time; (2) insurance fraud detection, with 12 AI-driven models including speech and image recognition; (3) >98% of business in the UK geography is priced with machine learning. All employees have Copilot Chat, and 2.5K have Microsoft 365 Copilot, saving users on average >60k hours per month. 1.7K developers have GitHub Copilot, with an >10% average time-saving when developing code.
- Big users of Oracle Finance apps and E-Business Suite on Oracle Cloud, not using the (free) Oracle embedded generative AI capabilities. Looking at ServiceNow Assist, and Workday Illuminate and Assistant. Using Diligenta life and pensions industry software, and Guidewire for insurance claims management software. Replaced CrowdStrike post the 2024 Falcon outage to Palo Alto Networks Cortex XDR platform.
- Moving risk models from "10s of thousands" of CPUs EC2 to 10-15 NVIDIA GPUs to do algebraic mathematical processing. This efficiency from this shift, has driven a 1000x reduction in compute cost, from £20-30M to "hundreds of thousands of pounds". The calculation is petabytes of data, £12M a year of storage cost for these risk models. Also using accelerated compute to help with optimizations in capital reporting and IFRS 17. Accessing GPUs on Amazon, didn't consider Oracle Cloud.

Snowflake the big winner in data warehousing

- Migrated nearly all Oracle Exadata warehousing onto Snowflake in 2025 –10PB of data. Now migrating Teradata data warehouses to Snowflake, will be completed in late 2026. Snowflake used for highly complex analytical and machine learning models with petabytes of data. Spend rose from £5M last year to likely £20-30M in 2026 and £40-50M in 2028.
- Snowflake is seen as the best product in data warehousing – no use of Databricks, or Amazon Redshift and Cosmos. No interest in Exadata on Oracle Cloud Infrastructure (OCI), as don't want an optimized appliance in cloud, and its "really expensive". Just signed a five-year renewal with Oracle, spend has fallen from £40M to £15M p/a in 2025. Expect Oracle spend to be stable from there.
- Not using Snowflake Cortex. Tried Snowflake Unistore transactional database, but it wasn't ready. The CIO likely won't use CrunchyData as transactional database is not seen as Snowflake's core strength. Using Snowflake Snowpipe for data ingestion. Dataiku deployed for prototyping of data science and AI projects. Migrating reporting away from SAP BusinessObjects to Sigma Computing and Microsoft PowerBI. Sigma reads data at rest in Snowflake, rather creating a separate copy of the data (EG Qlik).

Company all-in on Amazon transactional data stack

- The CIO is still getting reference data and master data right. Each business is a different silo, in areas like finance and risk and customer reporting. Using Collibra, IHS Markit CDM, Reltio, Atacama for data governance, master data management, etc. Ensuring trusted transactional data – e.g., customer, financials data – and now also PDFs, pictures, recordings from Amzon S3, to feed into

and processed by foundation models is incredibly important. This information is then piped to Snowflake.

- For transactional data, the firm is moving from Amazon RDS for PostgreSQL to Aurora PostgreSQL for real-time database. Using Amazon Dynamo DB for NoSQL workloads – real-time balances by customer, by product. Amazon's ElastiCache for search and real time reporting.
- This CIOs philosophy is you need an excellent reason to not use the native Amazon managed products, as otherwise ends up with complex builds and CI/CD pipelines "all over the place". That is why MongoDB is not used, or Confluent Kafka. Informatica being removed to use Amazon Glue, EventBridge, Airflow, as well as DBT Labs for ETL and transforms. Amazon Kinesis used for data streaming.

Colville Checks Series

We speak to 150+ industry experts per annum to provide a differentiated perspective on software market dynamics, vendor competitive positioning, and real-time spending trends. *Colville Checks* is a series in which we highlight our most impactful interviews.

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Spotlight on Recent Checks

- [CEO of a Cloud Cost Management Platform on 3Q 2025 Demand](#)
- [Microsoft Copilot Adoption and Office E3 to E5 Upsell Performance in F1Q](#)
- ["Agentic AI Explosion" at a Global Tech Company](#) – Note: If you only have time to read one more check, read this one!
- [Microsoft's Recent Azure Sales Strategies and Contract Terms](#)
- [Interesting Contract Dynamics with CrowdStrike at >50K Employee Company](#)
- [Retailer Betting Big on Microsoft, Oracle & Databricks. Possibly Replacing MongoDB](#)
- [Financial Services Firm All In on Crowdstrike; Zscaler and Ping Also Winners](#)
- [Improving Demand for SNOW at a Financial Services Firm; No Plans to Expand MDB](#)
- [Dinner with a Director of IT at a Massive Retailer on MSFT, SAP, ORCL, NTNX/VMware](#)
- [Lunch with a Top Reseller on IT Spend, Public Cloud, Observability, Data & Security](#)
- We highlighted the most impactful 2024 takes and presented our checks on a company-by-company basis in [2024 Colville Checks Wrap](#).

Pertinent Data

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CRWD-Q	US\$529.78	SO	US\$600.00	13.3%
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PANW-Q	US\$204.77	SO	US\$228.00	11.3%
SNOW-N	US\$256.92	SO	US\$280.00	9.0%

Snowflake Inc. (SNOW-N; US\$256.92)

Valuation: ~64x F27E FCF

Key Risks: **Upside Risks:** (1) The outlook for IT budgets may be healthier than we expect. (2) Snowflake's consumption business model may be more resilient in a softening macro than we forecast. (3) The company may be able to increase profitability faster than we expect. **Downside Risks:** (1) Amazon, Microsoft, and Google may discount or bundle their data warehouse products in contracts. (2) Investor sentiment toward hypergrowth names may sour further. (3) We may have overstated Snowflake's TAM. (3) Key-man risk from CFO Scarpelli, if this individual leaves. (4) A strong U.S. dollar could negatively impact foreign customers.

Appendix A: Important Disclosures

Company	Disclosures (see legend below)*
CrowdStrike Holdings, Inc.	E2, N3
Microsoft Corporation	HH1, L, N2, N3
Oracle Corporation	HH1, N3
Palo Alto Networks, Inc.	HH1, L, N2
Snowflake Inc.	L, N2, N3

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Rating and Price Target History

Snowflake Inc. (SNOW-N) as of November 13, 2025 (in USD)



*Represents the value(s) that changed.

Ratings Legend: SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage

Source: Scotiabank GBM estimates; FactSet.

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As of October 31, 2025

Rating	Companies Rated in Each Category		Investment Banking Service Provided in the Last 12 Months	
	Count	Percentage	Count	Percentage
Sector Outperform	277	50%	151	55%
Sector Perform	257	46%	107	42%
Sector Underperform	19	3%	8	42%

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