

U.S. Software

Raimo's Roundup: Sales Rep Feedback Helps to Understand Sales Performance

In tougher macro times, sales execution is becoming more important to achieve company goals. A good way to gauge performance is to look at the feedback from sales reps themselves. RepVue is providing this service and within we review our names. NOW, SPT, WDAY, and MSFT show the highest ranking.

What Happened?

We provided investors with a repository of key questions for all of our on-cycle names heading into the earnings season (see note [here](#), 10/23/23).

On Tuesday, **Microsoft** reported impressive results highlighted by Azure growth accelerating to 28% in cc which came in above the high end of management guidance. Separately, the company announced Takeshi Numoto as CMO, taking over for Chris Capossela. Takeshi has been at the company for over 25 years in various marketing functions.

On Wednesday, **ServiceNow** reported strong results with Q3 y/y cRPO growth beating consensus estimates by 240bps and the US Federal vertical showing impressive growth with net new ACV up over 75% y/y. **Pegasystems** reported healthy results with in-line total ACV growth and better than expected revenue and FCF, while soft guiding non-adj. FY24 FCF margins to mid-high 20s.

Snowflake announced via a [blog post](#) its intent to acquire Ponder (terms undisclosed), the company that maintains Modin, a popular open-source library for scalable Pandas operations.

Ceridian announced Swissport, provider of airport ground services and air cargo handling with more than 55k employees, chose Dayforce, including managed payroll and workforce management.

The NYSE announced the staff of NYSE Regulation has determined to commence proceedings to delist the warrants of **Skillsoft** due to "abnormally low" price levels. Common stock of Skillsoft (SKIL) will trade unaffected and the company has a right to review this determination.

We hosted **Adobe** for a fireside chat and came away with better appreciation of Gen AI monetization, the broader opportunity, and its investment cycle.

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What's Next?

Check Point will report earnings before market open on Monday, October 30th, and **ZoomInfo** and **Varonis** will report after the close.

Paycom and **Freshworks** will report earnings after market close on Tuesday, October 31st.

Ceridian, **Confluent**, **8x8**, **Zeta**, **Alkami**, **MeridianLink**, **Rapid7**, **Tenable**, **Procore**, **PTC**, **Tyler Technologies**, and **Ansys** will report earnings after market close on Wednesday, November 1st, and TYL and ANSS are hosting their call the following morning.

Dynatrace, **Lightspeed**, **AudioCodes**, and **CyberArk** will report earnings before market open on Thursday, November 2nd, and **Appian**, **DigitalOcean**, **Integral Ad Science**, **OpenText**, **Paylocity**, **Sprout Social**, **Bandwidth**, **Atlassian**, **Five9**, **Fortinet** and **Definitive Healthcare** will report after the close.

Next Friday, November 3rd, at 11am, software analysts Raimo Lenschow, Saket Kalia, and Ryan MacWilliams will be hosting our U.S. Software Bi-weekly Investor Call. Please contact your sales representative to attend.

Sales Rep Feedback in Focus

In the current difficult macro it is tougher to sign deals, and sales execution is becoming even more crucial. However, it is difficult to gauge sales performance. The only item investors can look at are achieved results but that is often not providing the full picture.

To broaden the investor insight we analyze data provided by [RepVue](#). The vendor uses sales rep feedback to provide them with an idea about the attractiveness of a certain company as a workplace, but in doing so, also provides investors with a glimpse into the inner situation of a specific vendor.

The table below shows the summary for the names in our space. The overall score (0-100) has several different components related to what potential employees find important about a firm such as base compensation and culture. We also like the qualitative notes from the site for additional information.

Looking at the data, we can see that perceived high quality names NOW, WDAY, MSFT, MDB all rank near the top of our coverage in terms of overall RepVue score. We find it interesting that SPT ranks 2nd here and is in the 97th percentile for professional development and training despite the underperformance YTD (SPT -25% vs. IGV +28%) and high short interest at ~18% of float. It's also noteworthy that recent IPO Klaviyo ranks 5th with a score of 87.1, and is in the 98th percentile for product-market fit which is another category to calculate the overall score.

Looking towards the bottom of the rankings, we can see a trend of smaller vendors showing up with WKME, BASE and SKIL all among the bottom five in terms of overall RepVue score. There is a similar trend with the more legacy players such as ORCL, OTEX, and TDC, who are all included in the lowest six scores for our coverage. It's interesting that for ORCL, despite the relatively lower score, RepVue still ranks the company with a quota attainment better than the industry average and 77th percentile for professional development and training.

FIGURE 1. RepVue Scores Across Coverage

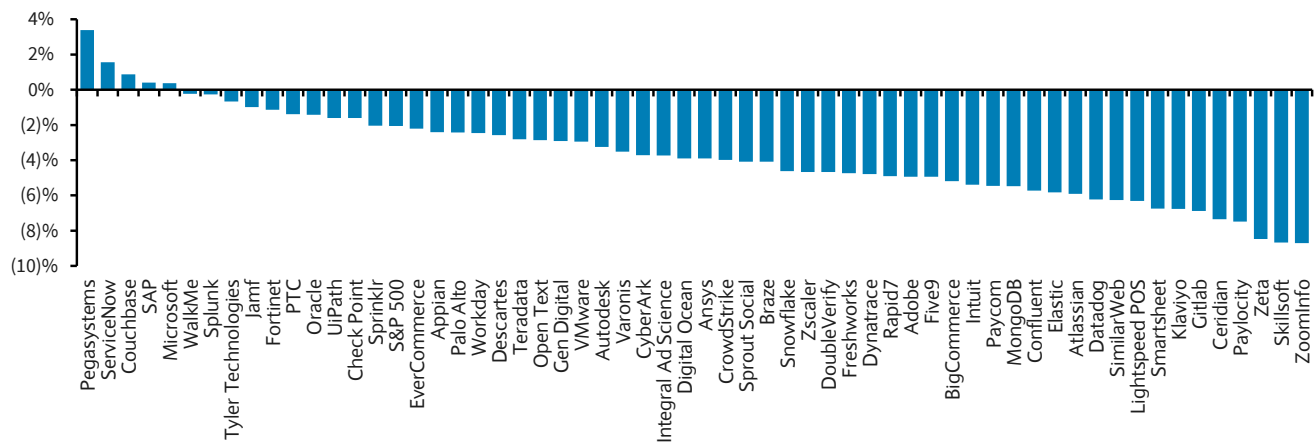
Ticker	Overall Score	Base Compensation	Culture + Leadership	Notes
NOW	90.4	4.2	4.3	Ranks in top 5% of all companies on RepVue. Quota attainment far exceeds the industry average. OTE (on-target earnings) highly competitive for several roles compared to industry peers
SPT	89.9	3.8	4.3	Ranks in top 5% of all companies on RepVue. Quota attainment far exceeds the industry average. 97th percentile for professional development and training
WDAY	88.7	4.2	4.1	Ranks in top 5% of all companies on RepVue. Quota attainment far exceeds the industry average. OTE highly competitive for several roles compared to industry peers
MSFT	87.2	4.0	3.9	Ranks in top 10% of all companies on RepVue. Quota attainment far exceeds the industry average. OTE highly competitive for several roles compared to industry peers
KVYO	87.1	3.5	3.9	Ranks in top 10% of all companies on RepVue. Quota attainment far exceeds the industry average. 98th percentile for product-market fit
MDB	86.8	4.0	3.9	Ranks in top 10% of all companies on RepVue. Quota attainment far exceeds the industry average. OTE for account managers highly competitive compared to industry peers
DV	86.5	4.3	4.3	Ranks in top 20% of all companies on RepVue. Quota attainment far exceeds the industry average. 95th percentile for base compensation
SPLK	86.5	3.9	4.2	Ranks in top 10% of all companies on RepVue. Quota attainment better than the industry average. OTE highly competitive for several roles compared to industry peers
JAMF	86.4	3.1	4.4	Ranks in top 10% of all companies on RepVue. Quota attainment far exceeds the industry average. 95th percentile for culture and leadership
ZI	86.2	3.6	3.7	Ranks in top 10% of all companies on RepVue. Quota attainment far exceeds the industry average. 95th percentile for product-market fit
DT	86.1	4.2	3.9	Ranks in top 20% of all companies on RepVue. Quota attainment better than the industry average. OTE highly competitive for several roles compared to industry peers

LSPD	85.7	3.6	3.9	Ranks in top 20% of all companies on RepVue. Quota attainment far exceeds the industry average. OTE for sales development representatives highly competitive compared to industry peers
PATH	85.4	4.2	3.6	Ranks in top 20% of all companies on RepVue. Quota attainment better than the industry average. OTE highly competitive for several roles compared to industry peers
SNOW	84.9	3.8	3.6	Ranks in top 20% of all companies on RepVue. Quota attainment better than the industry average. OTE highly competitive for several roles compared to industry peers
CRM	84.9	3.7	3.7	Ranks in top 20% of all companies on RepVue. OTE highly competitive for several roles compared to industry peers. 93rd percentile for professional development and training
CFLT	84.7	4.3	3.6	Ranks in top 20% of all companies on RepVue. OTE highly competitive for several roles compared to industry peers. 88th percentile for base compensation
PCTY	84.5	3.3	4.0	Ranks in top 20% of all companies on RepVue. Quota attainment far exceeds the industry average. OTE for account executives highly competitive compared to industry peers
INTU	84.5	3.6	3.7	Ranks in top 20% of all companies on RepVue. Quota attainment far exceeds the industry average. 91st percentile for inbound lead/opportunity flow
ESTC	83.8	4.1	3.5	Ranks in top 20% of all companies on RepVue. Quota attainment better than the industry average. OTE highly competitive for several roles compared to industry peers
CDAY	82.9	3.6	3.6	Quota attainment far exceeds the industry average. 86th percentile for diversity and inclusion
PAYC	82.8	4.1	3.1	Quota attainment better than the industry average. OTE highly competitive for several roles compared to industry peers. 98th percentile for incentive compensation structure
DDOG	82.3	3.4	3.6	94th percentile for professional development and training
DOCN	82.2	4.4	3.0	Quota attainment far exceeds the industry average. OTE for sales development representatives highly competitive compared to industry peers. 94th percentile for base compensation
BIGC	81.8	3.3	3.7	OTE for mid market account executives highly competitive compared to industry peers. 82nd percentile for inbound lead/opportunity flow

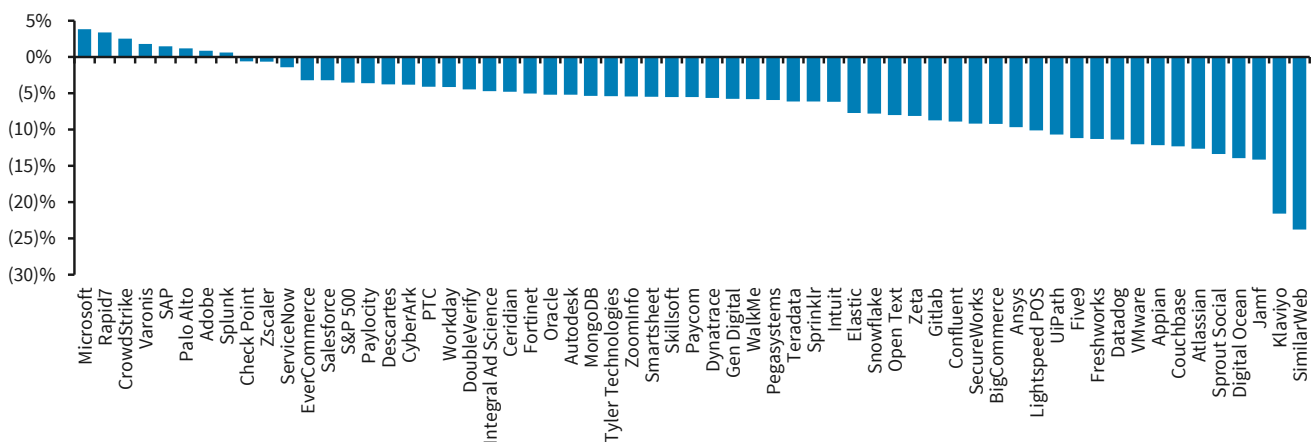
CXM	80.0	4.0	3.1	OTE highly competitive for several roles compared to industry peers. 81st percentile for incentive compensation structure
DSGX	80.0	3.0	3.6	Quota attainment far exceeds the industry average. OTE for SMB account executives highly competitive compared to industry peers. 82nd percentile for inbound lead/opportunity flow
PEGA	78.2	3.9	3.1	OTE highly competitive for several roles compared to industry peers
APPN	77.9	3.8	3.2	OTE for account executives highly competitive compared to industry peers
ORCL	77.9	3.3	3.2	Quota attainment better than the industry average. OTE for sales engineers highly competitive compared to industry peers. 77th percentile for professional development and training
WKME	77.0	3.8	3.0	OTE for sales development representatives highly competitive compared to industry peers
BASE	76.3	3.6	3.4	n/a
OTEX	74.3	3.5	2.9	OTE for strategic account executives highly competitive compared to industry peers
TDC	73.9	4.3	2.9	OTE highly competitive for several roles compared to industry peers. 90th percentile for base compensation
SKIL	69.3	3.2	2.3	OTE for account managers highly competitive compared to industry peers

RepVue Overall Score out of 100 while Base Compensation and Culture + Leadership Score out of 5. Link to Ranking Methodology [here](#).

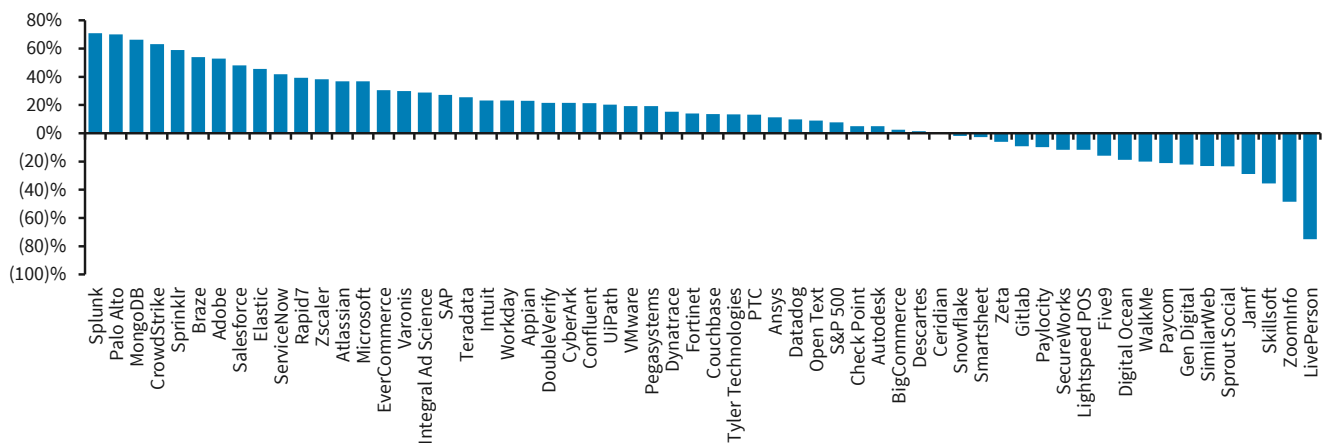
Source: RepVue, Barclays Research.

FIGURE 2. Price Performance Week to Date

Source: Bloomberg. Prices as of 10/26/2023. Past performance is not necessarily indicative of future results.

FIGURE 3. Price Performance Month to Date

Source: Bloomberg. Prices as of 10/26/2023. Past performance is not necessarily indicative of future results.

FIGURE 4. Price Performance Year to Date

Source: Bloomberg. Prices as of 10/26/2023. Past performance is not necessarily indicative of future results.

What Happened?

U.S. Software: The Q3 On-Cycle Question Bank

New for this cycle, we are providing investors with a repository of key questions for all of our on-cycle names. These questions are a blend of proprietary thoughts and commonly asked questions in client conversations. Within, we also identify three key themes based on the questions into the quarter, including: Comfort on CY24; Macro Environment and Retention; AI Strategy and Margins.

Microsoft Corp.: Q1 - As Good As It Can Get

We see Microsoft shares moving higher from here. True, the company is not calling out a full recovery yet. However, it is executing extremely well in this tough environment, and is benefiting from growing AI contribution, easier comps, and the addition of Activision.

ServiceNow, Inc.: Largest cRPO Beat And Raised Guidance Demonstrate Unique Positioning

NOW shares should continue to be a relative outperformer in these tough markets. Strong federal business but also healthy new logo activity in Q3 show that NOW is executing well despite the macro headwinds. Upside from the new AI SKU (Plus) is still to come and hence, we continue to like the name.

U.S. Software: A Red October For Small Caps

While broad macro headwinds / rising rates have disproportionately impacted small cap Software stocks this year, we think tax-loss harvesting could have contributed to further degradation in October. Small cap Software stocks that were negative YTD as of Sept. 30 are down 14.5% in Oct. (as of Oct. 25), while large and mid cap Software stocks that were negative YTD as of Sept. 30 are down 4.4% and down 9.3%, respectively. We note that mutual funds' year-end is October 31, which makes tax-loss harvesting a common investment strategy each year in October. As of Sept 30, small cap stocks were down 8.3%, while large and mid cap Software stocks were +28.5% and +21.9%, respectively. Due to this underperformance, we believe that small cap Software stocks were potentially a target for mutual funds to sell to offset gains in other investments and reduce tax liabilities.

Takeaways from SMAR, GTLB, BRZE and ZM Management Conversations

We outline recent management meetings with off-cycle names as well as key trends we picked up through our conversations. GTLB management noted that 4Q is its heaviest quarter for contract renewals and we note that GTLB Premium tier customers coming up for renewal will receive a price increase from \$19 to \$24 (and then to \$29 beginning April 2, 2024). BRZE customer conversations indicate increased instances of the company taking share from legacy marketing players (such as ADBE and CRM) and we were pleased to hear partners call out multiple 7-figure BRZE wins in 3Q (including one deal >\$3 mil.). While SMAR management noted that Capabilities strength (~32% of subscription rev. in 2Q24) does insulate SMAR from churn / seat reductions, it continues to expect some headwinds to its transactional business (SMB/mid-market) in the back half of the year. ZM is working through aspects of the GTM changes within the enterprise business (per management commentary), particularly internationally (EMEA, APAC), and management reiterated that sales team execution is key to near-term growth.

Adobe: Four Key Points from Adobe Fireside

Four takeaways from our fireside chat with Jonathon Vaas, head of Adobe IR: (1) the main focus for FireFly is adoption/delightful experience - this worked with Acrobat web where free to paid conversion was higher than desktop; (2) GenAI will be TAM expanding for Adobe, just as we saw with other generational shifts - we think ADBE is targeting billions of potential users, and expect its TAM estimates to be revised up at March 2024 analyst day; (3) Adobe's preference is for

growth, particularly given the FireFly opportunity, which will drive an investment cycle - but margins should still be consistent given leverage in other areas like DX or S&M, making us feel fine with our 40-50bps of margin expansion in FY24; and (4) we continue to believe the Figma acquisition will close, and recap the financing mechanics including the stock component and thoughts on cash-on-hand/debt mix where we believe ADBE usually keeps a minimum of ~\$3B in cash on the balance sheet.

Recent Research

Please click on the title to link to the full note.

- [U.S. Software: A Red October For Small Caps](#) (Published October 26th, 2023)
- [ServiceNow, Inc.: Largest cRPO Beat And Raised Guidance Demonstrate Unique Positioning](#) (Published October 26th, 2023)
- [Microsoft Corp.: Q1 - As Good As It Can Get](#) (Published October 24th, 2023)
- [U.S. Software: The Q3 On-Cycle Question Bank](#) (Published October 23rd, 2023)
- [Klaviyo, Inc.: Unique Story Already Reflected in Premium Valuation; Initiate at Equal Weight](#) (Published October 16th, 2023)
- [U.S. Software: HR Tech Highlights Competitive Industry, Signs of Moderating Demand](#) (Published October 16th, 2023)
- [OpenText Corp.: OpenText World Highlights AI Products and Micro Focus Integrations](#) (Published October 13th, 2023)
- [U.S. Software: The Q3 Earnings Guide](#) (Published October 12th, 2023)
- [U.S. Software: Raimo's Trend Spotter - 19th Edition of Tracking Web Traffic in Software](#) (Published October 12th, 2023)
- [Snowflake Computing: Positive Roadshow and Conference Feedback](#) (Published October 11th, 2023)
- [Technology: 2H23 CIO Survey: 2024 Outlook Uplift](#) (Published October 9th, 2023)
- [Ceridian HCM Holding Inc.: Conference Highlights Payroll & WFM Strengths and Steady Progress on HCM Suite Round-out](#) (Published October 6th, 2023)
- [UiPath, Inc.: Investor Meeting Confirms Ongoing Progress](#) (Published October 4th, 2023)
- [Snowflake Computing: World Tour Event a Favorable Check-in Post Summit](#) (Published October 3rd, 2023)
- [Skillsoft Corp.: Model Update for Reverse Stock Split](#) (Published October 2nd, 2023)
- [Workday Inc.: Excitement About Growth Outlook But Still Lower Numbers](#) (Published September 28th, 2023)
- [Sprout Social, Inc.: Investor Day Paints the Blueprint](#) (Published September 27th, 2023)
- [Confluent, Inc: Upgraded Processing Capabilities Further Platform Leadership](#) (Published September 26th, 2023)
- [DigitalOcean: Managed Kafka Highlights Product Update](#) (Published September 26th, 2023)
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- [Splunk: Cisco to Acquire Splunk in All-Cash Deal for \\$157/Share](#) (Published September 20th, 2023)
- [ServiceNow: Multi-Year Upsell Lever NOW Online](#) (Published September 20th, 2023)

- [Skillsoft Corp: Reverse Stock-Split Could Improve Liquidity Story](#) (Published September 19th, 2023)
- [Salesforce.com Inc.: Dreamforce Shows Enterprise AI Is Not Just A Dream](#) (Published September 11th, 2023)

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FIGURE 5. Valuation Table

Category	Company	Rating	Current price	Price target	Market Cap USD (\$,mn)	P/E		EV/Sales		EV/FCF	
						2023E	2024E	2023E	2024E	2023E	2024E
Large cap	Intuit	OW	479.45	570	140,916	31.4x	27.2x	9.5x	8.5x	30.1x	27.0x
	Microsoft	OW	327.89	421	2,448,355	30.5x	26.5x	10.5x	9.2x	37.6x	32.9x
	Oracle	OW	100.40	147	280,668	18.8x	17.1x	6.8x	6.3x	28.6x	26.7x
	SAP	OW	131.22	154	152,544	23.3x	19.7x	5.0x	4.6x	31.3x	24.5x
Enterprise SaaS	Appian	UW	40.06	35	3,032	nm	nm	5.4x	4.7x	nm	nm
	BigCommerce	EW	8.96	12	745	nm	nm	3.3x	2.8x	nm	nm
	Ceridian	EW	64.60	74	10,483	52.3x	40.1x	7.5x	6.5x	nm	68.6x
	Descartes	UW	70.62	65	6,139	38.2x	34.9x	10.5x	9.5x	27.7x	24.2x
	DoubleVerify	OW	26.70	36	4,722	33.8x	27.7x	8.0x	6.3x	59.4x	43.1x
	Integral Ad Science	EW	11.33	15	1,852	12.1x	16.3x	4.3x	3.7x	14.6x	14.2x
	Klaviyo	EW	27.05	37	8,292	72.0x	54.3x	11.6x	9.0x	nm	nm
	Lightspeed POS	OW	12.61	17	1,999	nm	38.8x	1.4x	1.2x	nm	25.9x
	Paycom	EW	244.94	294	14,778	32.0x	26.5x	8.3x	6.9x	49.1x	37.4x
	Paylocity	EW	175.11	223	10,086	31.2x	26.3x	7.8x	6.6x	41.3x	33.6x
	Pegasystems	UW	40.84	44	3,391	33.4x	16.8x	2.7x	2.4x	19.2x	13.0x
	Salesforce	OW	196.25	260	198,281	25.1x	20.8x	5.7x	5.1x	25.2x	19.0x
	ServiceNow	OW	550.95	641	117,306	52.4x	43.8x	12.8x	10.6x	43.3x	34.3x
	Skillsoft	OW	16.75	45.0	149	nm	nm	1.0x	1.0x	25.3x	11.5x
	Sprinklr	OW	12.99	18	3,941	46.0x	36.3x	4.7x	4.0x	50.1x	33.2x
	Sprout Social	OW	43.21	62	2,521	nm	nm	7.5x	5.8x	nm	66.1x
	UiPath	EW	15.28	18	9,419	38.5x	40.4x	6.1x	5.1x	36.1x	26.3x
	Workday	OW	205.98	249	57,395	37.7x	32.0x	7.5x	6.4x	32.7x	27.0x
	ZoomInfo	OW	15.51	21	6,654	15.7x	14.6x	6.0x	5.7x	18.0x	15.4x
Big Data	Confluent	OW	26.98	39	9,540	nm	nm	11.4x	8.9x	nm	nm
	Couchbase	OW	15.05	20	841	nm	nm	3.9x	3.3x	nm	nm
	Elastic	OW	74.98	86	8,048	94.5x	61.4x	6.2x	5.3x	85.3x	48.6x
	MongoDB	OW	327.33	450	26,113	nm	nm	16.0x	12.9x	nm	nm
	Snowflake	OW	140.84	183	53,404	nm	nm	18.1x	14.0x	71.9x	52.7x
	Splunk	OW	147.13	134	26,100	39.4x	37.6x	7.0x	6.2x	33.0x	24.2x
Infrastructure	Teradata	UW	42.26	46	4,568	21.5x	17.6x	2.5x	2.4x	13.8x	11.8x
	Datadog	OW	80.72	104	28,422	60.9x	43.9x	14.1x	11.2x	58.3x	42.9x
	DigitalOcean	OW	20.68	30	2,668	14.8x	12.8x	5.3x	4.7x	24.8x	20.3x
	Dynatrace	EW	44.10	52	13,348	43.1x	37.6x	9.4x	7.8x	41.1x	35.6x
	Jamf	OW	15.16	22	2,114	57.7x	39.2x	4.1x	3.5x	25.9x	18.5x
	OpenText	EW	32.29	40	8,968	8.1x	6.7x	3.2x	2.8x	14.6x	11.5x
	WalkMe	EW	8.93	9	850	nm	87.2x	2.5x	2.3x	67.8x	20.0x

For full disclosures on each covered company, including details of our company-specific valuation methodology and risks, please refer to <http://publicresearch.barcap.com>.

Source: Bloomberg, Barclays Research. Prices as of October 26th, 2023. OW = Overweight, EW = Equal Weight, UW = Underweight. Industry View: Positive

Analyst(s) Certification(s):

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Materially Mentioned Stocks (Ticker, Date, Price)

Adobe Inc. (ADBE, 26-Oct-2023, USD 514.28), Equal Weight/Positive, CD/CE/J

Microsoft Corp. (MSFT, 26-Oct-2023, USD 327.89), Overweight/Positive, CD/CE/D/E/J/K/L/M/N

ServiceNow, Inc. (NOW, 26-Oct-2023, USD 550.95), Overweight/Positive, CD/CE/J

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In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

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U.S. Software

8x8 Inc. (EGHT)	Adobe Inc. (ADBE)	Alarm.com Holdings, Inc. (ALRM)
Alkami Technology, Inc. (ALKT)	Ansys, Inc. (ANSS)	Appian Corporation (APPN)
Atlassian (TEAM)	AudioCodes Ltd. (AUDC)	Autodesk Inc. (ADSK)
Bandwidth Inc. (BAND)	BigCommerce (BIGC)	Braze Inc. (BRZE)
CCC Intelligent Solutions (CCCS)	Ceridian HCM Holding Inc. (CDAY)	Check Point Software Technologies Ltd. (CHKP)
Confluent, Inc (CFLT)	Couchbase (BASE)	CrowdStrike Holdings, Inc (CRWD)
CyberArk Software (CYBR)	Datadog, Inc. (DDOG)	Definitive Healthcare Corp (DH)
Descartes Systems Group (DSGX)	DigitalOcean (DOCN)	DoubleVerify Holdings, Inc. (DV)
Dynatrace, Inc. (DT)	Elastic N.V. (ESTC)	Everbridge, Inc. (EVBG)
EverCommerce Inc. (EVCN)	Five9, Inc. (FIVN)	Fortinet, Inc. (FTNT)
Freshworks Inc. (FRSH)	Gen Digital Inc. (GEN)	GitLab Inc. (GTLB)
HubSpot, Inc. (HUBS)	Intapp, Inc. (INTA)	Integral Ad Science Holding Corp. (IAS)
Intuit Inc. (INTU)	Jamf Holding Corp. (JAMF)	Klaviyo, Inc. (KVYO)
Lightspeed Commerce Inc. (LSPD)	LivePerson, Inc. (LPSN)	MeridianLink, Inc. (MLNK)
Microsoft Corp. (MSFT)	MongoDB, Inc. (MDB)	nCino, Inc. (NCNO)
OpenText Corp. (OTEX)	Oracle Corp. (ORCL)	Palo Alto Networks (PANW)
Paycom (PAYC)	Paylocity Holding Corp (PCTY)	Pegasystems, Inc. (PEGA)
PowerSchool Holdings, Inc (PWSC)	Procore Technologies, Inc. (PCOR)	PTC Inc. (PTC)
Rapid7 (RPD)	RingCentral, Inc. (RNG)	Salesforce.com Inc. (CRM)
SAP SE (SAP)	SecureWorks (SCWX)	SentinelOne, Inc. (S)
ServiceNow, Inc. (NOW)	Similarweb Ltd. (SMWB)	Skillsoft Corp. (SKIL)
Smartsheet Inc. (SMAR)	Snowflake Computing (SNOW)	Splunk Inc. (SPLK)
Sprinklr, Inc. (CXM)	Sprout Social, Inc. (SPT)	Tenable Holdings Inc (TENB)
Teradata Corp. (TDC)	Twilio Inc. (TWLO)	Tyler Technologies, Inc. (TYL)
UiPath, Inc. (PATH)	Varonis Systems, Inc. (VRNS)	Veeva Systems Inc. (VEEV)
VMware Inc. (VMW)	WalkMe Ltd. (WKME)	Workday Inc. (WDAY)
Zeta Global Holdings Corp. (ZETA)	Zoom Video Communications, Inc. (ZM)	ZoomInfo Technologies Inc. (ZI)
Zscaler, Inc. (ZS)		

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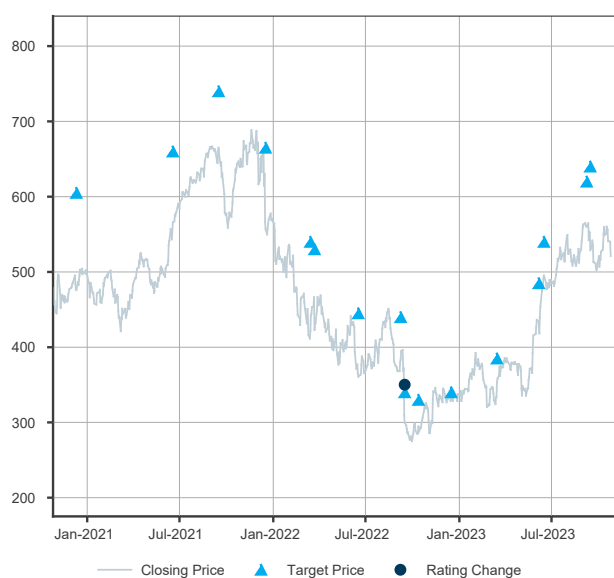
Stock Rating: **EQUAL WEIGHT**

Industry View: **POSITIVE**

Closing Price: **USD 514.28** (26-Oct-2023)

Rating and Price Target Chart - USD (as of 26-Oct-2023)

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price*	Rating	Adjusted Price Target
15-Sep-2023	552.16		640.00
08-Sep-2023	560.46		620.00
16-Jun-2023	478.99		540.00
06-Jun-2023	434.18		485.00
16-Mar-2023	333.61		385.00
16-Dec-2022	328.71		340.00
13-Oct-2022	286.15		330.00
16-Sep-2022	309.13	Equal Weight	340.00
08-Sep-2022	368.30		440.00
17-Jun-2022	365.08		445.00
23-Mar-2022	466.45		530.00
15-Mar-2022	411.50		540.00
17-Dec-2021	614.86		665.00
16-Sep-2021	661.08		740.00
18-Jun-2021	565.59		660.00
11-Dec-2020	475.91		605.00

On 26-Oct-2020, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 600.00.

Source: Bloomberg, Barclays Research

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Valuation Methodology: Our price target of \$640 is based on ~31x our FY25E EPS of \$20.60.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: We see three risks to our EW rating: 1) potential go-to-market and technology integration risks following the Figma deal could be disruptive to core operations resulting in slower growth and lower margins; 2) If digital marketing competitors such as Salesforce or Google improve the competitiveness of their solutions, Adobe's growth in that segment will slow; 3) If a macro recession were to hit, customers might spend less on Adobe's Creative and Marketing tools.

Microsoft Corp. (MSFT / MSFT)

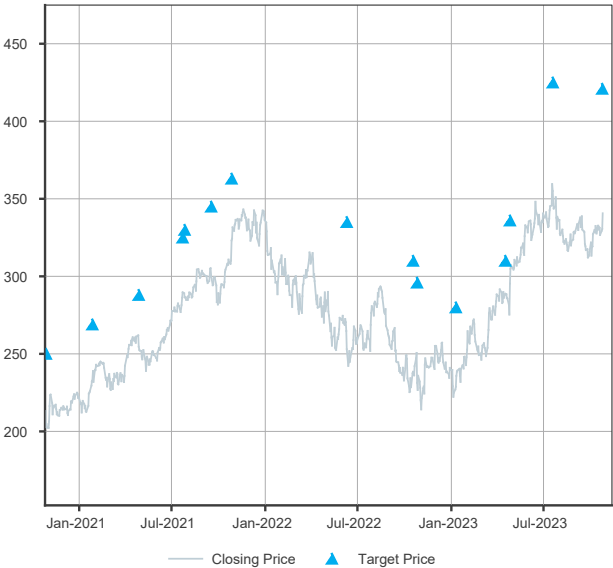
Stock Rating: **OVERWEIGHT**

Industry View: **POSITIVE**

Closing Price: **USD 327.89** (26-Oct-2023)

Rating and Price Target Chart - USD (as of 26-Oct-2023)

Currency=USD



Source: IDC, Barclays Research

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Publication Date	Closing Price*	Rating	Adjusted Price Target
24-Oct-2023	330.53		421.00
19-Jul-2023	359.49		425.00
26-Apr-2023	295.37		336.00
17-Apr-2023	286.14		310.00
10-Jan-2023	227.12		280.00
26-Oct-2022	231.32		296.00
18-Oct-2022	237.53		310.00
10-Jun-2022	270.41		335.00
27-Oct-2021	323.17		363.00
17-Sep-2021	304.82		345.00
27-Jul-2021	286.54		330.00
23-Jul-2021	289.67		325.00
28-Apr-2021	254.56		288.00
27-Jan-2021	232.90		269.00
28-Oct-2020	202.68		250.00

On 26-Oct-2020, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 249.00.

Source: Bloomberg, Barclays Research

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Valuation Methodology: Our PT of \$421 is based on EV/FCF multiple of 42x and CY24 FCF of \$73.1bn

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: The emergence of cloud computing, virtualization and new non-PC form factors such as tablets and smart phones represent ongoing risks to Microsoft's business model and underlying profitability. Increased investment spend in long-term growth initiatives such as search and mobile could also cause margins to come under significant pressure.

ServiceNow, Inc. (NOW / NOW)

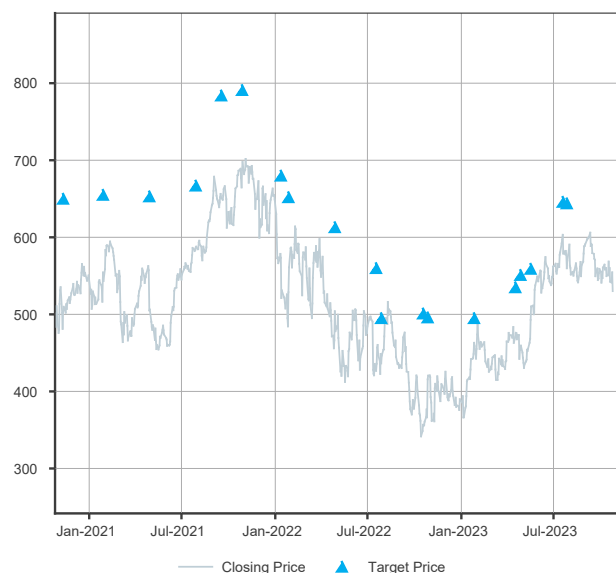
Stock Rating: **OVERWEIGHT**

Industry View: **POSITIVE**

Closing Price: **USD 550.95** (26-Oct-2023)

Rating and Price Target Chart - USD (as of 26-Oct-2023)

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price*	Rating	Adjusted Price Target
27-Jul-2023	559.89		644.00
19-Jul-2023	597.13		646.00
17-May-2023	468.24		559.00
27-Apr-2023	454.34		551.00
17-Apr-2023	463.03		535.00
26-Jan-2023	463.07		495.00
27-Oct-2022	415.67		496.00
18-Oct-2022	348.61		501.00
28-Jul-2022	436.50		495.00
18-Jul-2022	435.62		560.00
28-Apr-2022	504.02		613.00
27-Jan-2022	528.69		652.00
12-Jan-2022	572.00		680.00
28-Oct-2021	687.70		791.00
17-Sep-2021	652.15		784.00
29-Jul-2021	586.43		667.00
29-Apr-2021	505.00		653.00
28-Jan-2021	554.24		655.00
11-Nov-2020	503.36		650.00

On 26-Oct-2020, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 640.00.

Source: Bloomberg, Barclays Research

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Valuation Methodology: Our price target of \$641 is based on CY24 EV/FCF of 40x and CY24E FCF of \$3.35bn.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Macroeconomic uncertainty would lead to reduced business confidence and a reluctance to move forward/invest in IT projects, which would affect ServiceNow's revenue growth. In addition, NOW competes with some of the largest software companies in the world. These competitors could develop an attractive and robust SaaS IT Service Management solution that would slow the pace of share gains for ServiceNow. Also, although the company's platform has thus far been well received by customers, the company could be unable to invest the necessary resources to ensure it remains a best in class solution. As the platform is a major driver of our long-term investment thesis, this would likely lead to multiple contraction.

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