

Best Ideas in Tech For the Near-to-Medium Term

Q1 2022



TELK

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Hello, fellow investor! My name is Kiran Pingali, and I'm the CEO of TELK Group.

As an up and coming and avid investor myself, I was tired of seeing investment recommendations being left to blog posts, Reddit boards, Twitter feeds, and Yahoo finance articles.

It is my goal to democratize access to high quality investment research to retail investors, like us. TELK was built to bring you Wall Street savvy analysts, and their investment recommendations to give in-depth insights and unbiased analysis of stocks and the investing trends that help you make informed decisions for a positive experience in investing.

“Retail investors accounted for 23% of all US equity trading, twice the amount in 2019, and equivalent to ‘all hedge funds and mutual funds combined’.”



In addition to providing great research and analysis, we want to change the way people invest. There are still negative connotations related to retail investing. Here at TELK, we want to dispel the notion that ‘retail investors are always going to lose money’ and that only the hedge funds and institutional investors make money.

We do understand that these changes take time, but progress is already being made in this regard. By one estimate, retail investors accounted for 23% of all US equity trading, twice the amount in 2019, and equivalent to “all hedge funds and mutual funds combined”.

We can't do this alone and we need your help to make the force of retail investing powerful. Connect with us by joining our mailing list and most importantly - invest on!

***Your Friend and Fellow Investor-
Kiran Pingali***



Connect with me on LinkedIn
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Our picks in the technology sector for 2022

The following report is a compilation of the top picks in the technology sector from the Independent Research Providers (IRPs) on the TELK platform.

The top picks in the technology sector are Apple, Microsoft, Facebook, Amazon, CyberArk, SailPoint, NetApp, Palo Alto Networks, Splunk, Varonis, VMware, RingCentral, and Qualys.

Apple (AAPL)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
BUY	\$175.08	\$225	\$2.86T	01/27/2022

- Apple is one of our favorite ideas entering 2022. We expect investors to rotate into quality names in the face of increasing interest rates and tapering of the stimulus.
- Apple is currently trading at 28.5x C2023 P/E versus the large-cap peer group of 34.2x. But Apple's earnings are GAAP, while much of large-cap peers' earnings are non-GAAP.
- Apple revenue growth will accelerate in C2022 and beyond, driven by the launch of AR/VR products. AR/VR products should drive the growth of higher-priced iPhone and Mac offerings.
- We expect Apple's share to hit \$225 by the end of C2022 and \$275 by the end of C2023, and \$300 by the end of C2024.
- Apple should remain one of the top holdings for any tech investor. We urge investors to accumulate shares when opportunities are presented.

Meta Platforms Inc (formerly Facebook – FB)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
BUY	\$334.37	\$400	\$930.14B	02/02/2022

- Despite Meta having one of the best broad-based social media platforms, the stock is undervalued when compared to the large-cap peer group. Meta historically traded 10-30% premium to the S&P multiple.
- Meta is trading at 19x on C2023 P/E versus large-cap peer average of 32x. If Meta receives the same multiple as the peers, the stock would be trading at \$550.
- On a conservative basis, we expect Meta revenue and EPS to grow at high teens for the next four years.
- The Meta share price could hit \$400 at the end of C2022, \$450 by C2023, and \$500 by C2024.

- Rising interest rates should make Meta amongst your top investments, as we expect a flight to safety. Therefore, investors should accumulate shares opportunistically.

CyberArk (CYBR)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
BUY	\$161.67	\$225	\$6.43B	02/09/2022

- Privileged Access Management (PAM) and Identity Access Management (IAM) remain the top two spending priorities for enterprises and will remain so well into 2022
- PAM and IAM segments are converging, and CyberArk has a modern solution that works in a hybrid cloud architecture that works well in both elements.
- Investors worry that Okta is encroaching on CYBR's turf. We expect multiple winners in the converged space, with CYBR remaining the leader in PAM and building Identity and MFA (Multi-Factor Authentication) functionality across its products
- CYBR will be driven by higher levels of elevated security spending and multiple expansion. The company will converge on a subscription/SaaS multiple rapidly as the model transition accelerates over the next two to three quarters.
- Our \$225 PT translates to 13x EV/C2023 sales versus the peer group multiple of 14x

NetApp (NTAP)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
BUY	\$95.02	\$120	\$21.25B	02/23/2022

- NetApp remains one of our favorite traditional hardware names that is pivoting to software and is underappreciated
- We view NetApp as a software company that works with hardware and is well-positioned to benefit from the adoption of cloud and flash memory
- The company is emerging as the key technology enabler in helping companies move their applications to the Cloud from on-premises
- NetApp cloud products make public Cloud venues better. NetApp raised PCS (Public Cloud Services) forecast for FY22 to \$450-500 (up from \$425-500 million) and reiterated its target of \$1billion ARR by F2025
- Our \$100PT translates to 18x C2022 EPS of \$5.55; Currently trades at 17x C2022 EPS of \$5.55

Palo Alto Networks (PANW)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
BUY	\$526.02	\$625	\$51.90B	02/28/2022

- Palo Alto Networks remains one of our favorite security names that is reasonably priced, and yet it is participating in several secular growth themes
- The company has done a fantastic job transforming itself from a single product company to a multi- product platform company
- The company's solutions consolidate several point products as many enterprises realize that point products are adding to the porosity of their security fabric
- Palo Alto Networks products compete with both CrowdStrike and ZScaler, and we believe the company is a compelling alternative to pure-play SASE and XDR/SOAR/EDR players such as ZScaler and CrowdStrike
- Our \$600 PT is derived by putting 8.6x EV/C2023 sales. The following chart illustrates our estimates.

Qualys (QLYS)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
BUY	\$130.53	\$175	\$5.07B	02/08/2022

- We recently upgraded Qualys to BUY on impending growth inflection after staying on the sidelines for several quarters
- Our \$175PT translates to 12.5x EV/C2023 sales. Security software peer group is trading at 13.6x.
- We expect revenue to accelerate to 15-16% in the next few quarters and then eventually could hit 20% if the investments continue
- If the growth continues as we expect, the stock could easily hit \$200, given the company is one of the most profitable in our coverage universe
- The company has a \$200 million buy-back authorization to provide support for the stock. Given our confidence, our estimates are higher than consensus.

SailPoint (SAIL)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
BUY	\$44.15	\$70	\$4.12B	02/24/2022

- SailPoint transition to subscription is complete earlier than anticipated, as many large customers are willing to buy products and services on a Subscription basis
- Identity remains the top spending priority for a CIO, as it is the core around which security is architected in the enterprise

- Every business will have to re-architect their security using Zero Trust Architecture. In Zero Trust Architecture (ZTA), Identity is the fundamental pillar, and every organization will deploy an IGA solution
- SailPoint expects revenue to grow 20-30% when the transition to subscription/ transition completes and over time, driven by its position in the industry, sticky customer base, large TAM (\$20 billion), and awareness of its Identity Security portfolio
- Our \$70 PT= 11x EV/C2023 sales. Our multiple is deserved since SAIL is profitable, accelerating subscription revenue, and is the gold standard in Identity Security

Splunk (SPLK)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
BUY	\$122.11	\$200	\$19.73B	03/02/2022

- Splunk's position in the enterprise is improving as more customers are looking to deploy Splunk's solution in the Cloud; We expect the cloud-first strategy to resonate with customers and with investors
- With containers and microservices application usage set to explode in the near term, we believe Splunk's Cloud Observability platform should see accelerated adoption within the enterprise
- We believe Splunk has one of the best observability platforms in the industry. Combined this with the best log management platform, we expect enterprises to standardize on Splunk
- Splunk's workload pricing also helps it compete more effectively against Elastic, DataDog, and other vendors in the APM space
- With the new management in place, we expect the company to beat and raise estimates through the year, driving the stock higher; Our \$200PT translates to 8.8x EV/C2023 sales.

Varonis (VRNS)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
BUY	\$43.48	\$75	\$4.67B	02/14/2022

- Varonis remains one of the most under-appreciated stories in our coverage universe, although its automation tools are a "killer app" to manage and secure data sprawl
- Investors are not convinced Varonis products have value and consistently overlook the investment opportunity
- VRNS stock is undervalued when compared to SaaS/subscription peer group and is trading at 10.4x EV/C2023 sales versus the peer group average of 13.6x while growing inline
- VRNS is fast becoming a MUST have a platform to protect data as employees continue to work from home computers and insecure networks
- Our \$75PT = 12.8x EV/C2023 sales.

VMware (VMW)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
BUY	\$124.26	\$200	\$52.15B	02/24/2022

- VMware is one of the most underappreciated companies in all software. It is one of the best-positioned enterprise software names that is directly tied to the growth of Cloud
- Two significant catalysts will drive VMware stock – Dell spin-off in Calendar and reopening of datacenters that drive large deals.
- VMware is solidly positioned to benefit from Digital Transformation, given its products are a bridge to all major public clouds – Microsoft Azure, Amazon AWS, and Google GCP, in addition to a host of small and large public/private clouds
- The newly updated vSphere 7.0 enables enterprises to manage both legacy and modern applications that are based on Containers, Kubernetes and microservices should drive growth for the next several quarters
- We are reiterating our BUY rating on VMW and lowering our PT to \$175 (down from \$200) to accommodate for the special dividend the company paid post-Dell spin-off. Our \$175 translates to 5x EV/C2023 sales

RingCentral (RNG)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
BUY	\$189.62	\$350	\$17.48B	02/13/2022

- RingCentral's reported a solid quarter, and the stock recovered following disappointing stock performance over the last few months.
- RingCentral stock is still well below its 52-week high of \$449. We believe the ZM overhang on the stock has been removed following the cessation of the FIVN merger
- RingCentral announced a strategic partnership with Mitel to provide its customers with a Message Video Phone (MVP) cloud platform. RNG will have exclusive access to Mitel's 35 million user base.
- RNG is trading at 10.7x EV/C2023 sales versus subscription peer group average of 17.5x while growing in line with the peer group.
- Our \$350 PT translates to 13.4x EV/C2023 sales of about \$2.4 billion

Twilio (TWLO)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
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BUY	\$234.18	\$450	\$41.76B	02/14/2022
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- Twilio has a lot going for it – organic growth at scale, elevated levels of DBNE (Dollar Based Net Expansion) rate, multiple high growth products such as Segment, Zipwhip, and international expansion
- Twilio valuation has been cut in half over the last few weeks. Twilio is currently trading at 13x EV/C2022 sales of \$3.6 billion, versus a high-growth software valuation of about 26x.
- We expect Twilio to grow at least 30%+ for the next several years. Twilio was impacted this quarter by the revenue model that is driven by usage.
- Usage-driven models are generally volatile and depend on the customer's usage patterns – both positive and negative. Last year, Twilio benefited from elevated spending due to Political communication in the presidential election year
- Twilio continues to add developer accounts and during this quarter, Twilio added 10,000 new active customers. As a result, Twilio now has over 10 million developer accounts and 220K active customer accounts.

ServiceNow (NOW)

Ratings	Current Price	Target Price	Market Capitalization	Next Earnings Date
BUY	\$578.44	\$750	\$115.11B	01/26/2022

- ServiceNow continues to execute on all cylinders and is one of our favorite large-cap names in our coverage universe
- ServiceNow's growth is tied to digital transformation and the use of automation across the enterprise to automate IT, Customer, and Workforce workflows
- ServiceNow's entry into automation via Intellibot acquisition should be worrisome to pure-play automation players such as UiPath, Automation Anywhere and BluePrism
- ServiceNow's partnership with Celonis is worth watching, as it will help customers build real-time workflows to automate many tasks, particularly in the manufacturing sector
- We are highly confident that the company will reach its \$15 billion in revenue by 2026, as it laid out at its analyst day in May.

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