



## Veeva Upside Calls Bought into Strong Momentum Move

Ticker/Price: VEEV (\$174.50)

### Analysis:

**Veeva Systems (VEEV)** on 4/14 with a buyer of 1000 September \$200 OTM calls to open at \$8.50 looking for continued strength in the recent strong performer. VEEV has previously seen some opening sales in June \$170 and September \$185 calls that may have been writing against stock, and similar seen across other June and September strikes. VEEV shares broke key support in March but have since rallied sharply to record highs, and the first Fibonacci extension target is right near \$200. The \$25.65B software company trades rich at 18X EV/Sales and 59X FCF. VEEV is a leader of cloud solutions in the life sciences industry which is likely seeing a surge in demand due to the response to the virus. VEEV has a strong presence with its installed base in life sciences and sees opportunity for its Vault offering in new verticals moving forward that can significantly expand its TAM. VEEV is also one of the most profitable SaaS names with 35% margins and has sustainable revenue/FCF growth. The life sciences industry leads all in R&D as a percentage of sales which benefits demand for VEEV offerings. It is seeing accelerating adoption from existing customers through cross-selling. VEEV is coming off a strong quarter beating estimates and its 2025 targets are for \$3B in revenues and 35%+ operating margins. It continues to see accelerating adoption for its Vault product and estimates a \$10B TAM. Analysts have an average target of \$175 and short interest low at 2.6% of the float. Leerink started shares at Perform earlier in the week and a \$166 target with some concerns on the macro backdrop. Piper out positive on 3/4 with a \$188 target seeing upside levers to growth over the next three years and strong customer wins. VEEV has announced an antitrust lawsuit against Iqvia (IQV) with a trial expected in late 2021. Hedge Fund ownership fell 3% in Q4 filings, Winslow Capital with a 1% weighting.

### Hawk Vision:



**Hawk's Perspective:** VEEV would look better back near \$158 after the recent run and sure looks to have regained as momentum as a top software name despite the lofty valuation.

**Confidence Ranking:** \$\$