



Upside Calls in Adverum as Potential Game-Changer in Gene Therapy

Ticker/Price: SAIL (\$22)

Analysis:

Sailpoint Tech (SAIL) buyers of more than 2,900 September \$22.50 calls today up to \$2.90 and follows accumulation recently of 5,000 June \$22.50/\$15 bull risk reversals which remain in open interest. SAIL is working out of a small flag today and back above its 200-MA for the first time since early March. Downtrend resistance from the all-time high made in 2018 is up around \$25 and potential for a big shift in sentiment. The \$1.92B software company trades 4.2X cash and 6.2X EV/sales with limited debt and no notable near-term maturities. SAIL sees mid-teens revenue growth in FY21 accelerating into the low-20% growth in FY22. SAIL operates within the \$11B identity management market which helps companies identify and authenticate users for access to systems and networks. SAIL had uneven execution in 2019 which dragged on their overall growth but reported a strong Q1 with Work-from-Home a clear booster to their overall mix with security over internal applications and virtual meeting rooms proving more important than ever. April trends continued to prove strong and they cited a strong backlog which likely helps them regain some of their guidance cut from February while more large company announcements extending WFH policies into year-end or beyond will continue to support demand. Analysts have an average target for shares of \$23.50. DA Davidson with a \$24 PT citing solid Q1 results and tailwinds from WFH which is driving more customers to displace their legacy systems. They see more share gains over Oracle and CA Tech in the future given SAIL's new Predictive AI. Jefferies with a \$25 PT citing further shift in spending by enterprise customers into SaaS products. Short interest is 10.2%. Hedge fund ownership rose 1.25% in Q1. Soma Equity Partners a buyer of 1.3M shares, now a 4.5% position for them at 5.3M total. Shannon River and RGM Capital also notable holders.

Hawk Vision:



Hawk's Perspective: SAIL working out of a bull flag and through its 200 MA a strong signal, and looks good, though there are faster growth names like OKTA it is attractively valued and a potential M&A target in my view.

Confidence Ranking: \$\$