



FEATURED OPTIONS RADAR REPORT



Surge in Call Activity for SailPoint

Ticker/Price: SAIL (\$46)

Analysis:

Sailpoint Tech (SAIL) with 750 December \$45 calls bought this afternoon up to \$5.20 and volume climbing with some bigger blocks up to \$5.55, 3000X on the day. SAIL doesn't see a lot of flows but did recently have buyers of 650 November \$45 calls and 1,500 November \$50 calls which remain in OI. Shares have been on a big run in 2020 -- more than double since our last write-up in May -- and forming a nice consolidation lately with room up to \$60 and continuation higher. The rising 21-MA is just below the current range and likely supportive on a pullback. The \$4.2B software company trades 8.8X cash and 12.3X EV/sales with accelerating top and bottom line growth. SAIL has seen a significant pull-forward in demand from remote work and accelerated digital transformation projects while their emphasis on transitioning from license to SaaS model continues to gain traction with most of their larger deals more heavily skewed towards the latter in Q2. The company continues to see Identity as a major focal point for CIOs and CISO long-term planning and SAIL is looking to capitalize on the demand surge by investing heavily in their product reach, especially areas like AI, and their go-to-market strategy where hiring has been a priority. Analysts have an average target for shares of \$36.50 with a Street High \$55 from Wedbush. MSCO recently upgrading to Buy with a \$50 PT citing a faster shift to "Zero Trust" architectures and higher IT spending on Identity & Access Management as cloud and remote work become more ubiquitous. The firm thinks the market is around \$34B and SAIL has plenty of opportunity to capture incremental spend in the next 2-3 years. Short interest is 9.5% and pretty much flat in 2020. Hedge fund ownership rose 8.5% in Q2, Soma Equity Partners and Point72 notable buyers.

Hawk Vision:



Hawk's Perspective: SAIL a cyber-security play that was way too cheap earlier this year and highlighted as a likely M&A target. The trend remains strong and seeing a lot of options action suggesting this move can continue to new highs.

Confidence Ranking: \$\$