



## FEATURED OPTIONS RADAR REPORT



### Collaborative Software Leader Remains Attractive as Digital Transformation Continues

Ticker/Price: DOCU (\$261.50)

#### Analysis:

**DocuSign (DOCU)** big vote of confidence on 10/11 with 1,000 December \$260 puts sold to open for \$16.95 and follows a buyer of 1000 December \$250 calls for \$2.25M on 10/5. DOCU had 1000 January 2023 \$250 puts sold to open on 9/28 for nearly \$4M as well. Shares are back at the 200-MA and YTD VWAP after hitting recent highs near \$310. The recent pullback has shares below yearly value-high at \$272 and a breakout move higher has room to run to \$300 and then a measured target of \$350. The \$52.4B company trades 21.8X EV/sales with mid-20% growth. DOCU is coming off a strong quarter as billings and net revenue retention were solid while guidance was conservative. DOCU has had concerns recently over a slowdown in user growth versus the pandemic in 2020 but the company continues to see a massive opportunity with Signature a \$25B TAM and Agreement Cloud nearly doubling that figure. They noted in September that they see a lot of verticals that remain untapped while there are 25M businesses in the US which gives them room to add new customers for years to come. DOCU should continue to be an integral part of the enterprise strategy in a post-COVID world even as we return to the office as hybrid environments and a great reliance on the cloud will support usage. Analysts have an average target for shares of \$315 with a Street High \$389. Baird with a \$330 PT and continues to view them as a best in class way to play digital transformation trends with strong growth, cash flow and profitability, and a strong competitive position. JMP positive in September seeing the company is the clear leader in electronic signature and the broader system of agreement having crossed over 1M customers with a \$2B run rate this quarter. The analyst sees lots of room for growth as DocuSign targets a \$50B total addressable market. OpCo positive on the long-term trends as DocuSign is being viewed as mission-critical to keep business operations flowing during disruptions and as employees return to work. Short interest is 3.5%. Hedge fund ownership rose 6.5% last quarter.

#### Hawk Vision:



**Hawk's Perspective:** DOCU is a high-quality name with tons of new opportunities to grow over the next 2-3 years and the current pullback gives a nice risk/reward on a return to new highs

**Confidence Ranking:** \$\$