



## FEATURED OPTIONS RADAR REPORT



### Bulls Target Relative Strength Tech Name at the Forefront of the Digital Transformation Theme

**Ticker/Price:** DT (\$63.80)

#### Analysis:

**Dynatrace (DT)** seeing bullish flow this week with 1500 January 2023 \$40 puts sold to open for \$2.85 today in a stock replacement and follows 3,000 November \$65 calls bought yesterday for more than \$1.68M, the largest dollar position in OI. DT has run strong since May and a lot of open interest concentrated at lower strikes while the November \$70 calls are in OI 3000X from a seller on 7/29 and may be over-writing stock. Shares are back at the rising 21-EMA this week and setting up for a return to new highs above \$66.75 with a measured move to \$70+ in the near-term. The \$18B company trades 19X EV/sales with mid-20% growth expected and ramping profitability. DT continues to post strong results with more enterprise spending focused on digital transformations and in Q1 they noted 50% growth in customers transitioning to digital which helped drive their net expansion rate to 120%. DT sees themselves positioned well to continue winning share in the \$50B market given their all-in-one approach to APM, legacy, network, and infrastructure solutions. They also continue to win new contracts given their relative strength in continuous automation and AI-powered solutions within the multi-cloud. Analysts have an average target for shares of \$64 with a Street High \$74. RBC raising estimates on 7/29 citing momentum on their platform and strong recurring revenue growth. Truist positive as well citing strong momentum in landing new customers as well as upselling its existing base on its expanding universe of modules. They also note strong indications of product interest and sales traction outside their traditional APM offering as a potential upside driver. Short interest is 1.7% and down from 4.65% in October. Hedge fund ownership fell 6% last quarter, Alkeon a notable buyer of stock.

#### Hawk Vision:



**Hawk's Perspective:** DT is in a strong trend and nice level this week against the 21-EMA for a continuation move higher and should benefit for years with the digital transformation trend but within the space tend to lean towards **DDOG**, especially after reading their last call

**Confidence Ranking:** \$\$