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TMT UPDATE - 15.01.18 (OSI.L, SPA.L)

Osirium Technologies plc (OSI.L, 153p/£16m)

Pre-close update: Bookings in line with forecast (09.01.18)

- Trading has continued to improve year on year as expected and bookings will be in line with expectations (£0.9m, +63%). FY17 characterised by a number of new contract wins and renewals across a wide range of sectors - part of the company's 'land and expand' strategy. Expects further contribution from UK and international channel partners.
- In December, Osirium launched PxM Express, the first freemium version of its PxM Privileged Access Management (PAM) software. PxM Express is a scaled down version and enables the protection of up to 25 devices. This should prove to be a useful marketing tool as potential customers get to try before they buy.

Allenby Capital comment: IT security remains a core growth market with high profile breaches and the ongoing weight of regulation (e.g. GDPR) driving spend. The Privileged Access Management market is growing faster than the wider security market - Gartner Group is forecasting a 27% CAGR to \$2.2bn in 2020 - as organisations recognise the threat posed by attacks on users with privileged account access. Q4 was notable for a number of contract wins as part of the company's land and expand model. Osirium's main focus is the SME market via an indirect sales model but with direct initial sales with larger companies to provide beachheads into particular verticals.

1Spatial (SPA.L, 4.2p/£29.9m)

Contract win via Esri (09.01.18)

- Provision of software as part of a state-wide Spatial Data Infrastructure project for the State of Michigan Department of Technology in US. The contract was secured through a subcontract with Esri, the world's largest GIS software provider.
- Total contract value of \$766k over a five year period comprising \$405k licence fee over five years and \$361k in associated implementation services. \$84k of these services have already been delivered with the balance in 2018.
- Project is part of the Michigan Geographic Framework and 1Spatial will correct inconsistent data by creating and maintaining a single, accurate official base map. This process will include automating existing manual processes with the integration of data from many sources.

Allenby Capital comment: A small contract but interesting for a couple of reasons: the US represents a key growth market; 1Spatial has had a partnership with ESRI since 2014 but this has yielded little to date; and there is scope to replicate this contract as other states look to create accurate official base maps. Shares have performed well over the past 12m (+133%) as the recovery plan has gained momentum. The FY18 EV/sales of 1.2x is not demanding although the business is not expected to return to profit until FY20 (Jan).

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