



STIFEL | Global
Technology Group

MARKET PULSE
SURVEY RESPONSES

April 2020



STIFEL GLOBAL TECHNOLOGY GROUP MARKET PULSE SURVEY **SUMMARY**

The full impact of the COVID-19 pandemic is still unfolding, but business is already feeling its effects. In recent days, the Stifel Global Technology Group surveyed nearly 300 tech executives, entrepreneurs, and investors to better understand how the technology sector is faring – and preparing for what may come next.

While a natural slowdown in activity is expected during this period of virus mitigation, we believe that technology will be the key driver of a global economic recovery and the sector will continue to grow strongly post-pandemic.

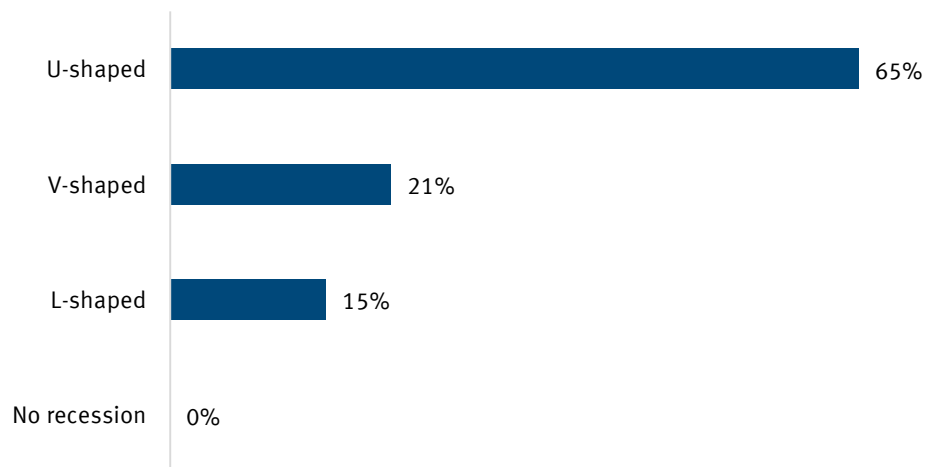
Key survey findings include:

- **Business impact from COVID-19 is expected to last at least six months.**
- **The majority of those surveyed anticipate a U-shaped recession and most companies appear to have enough liquidity to handle the downturn.**
- **Many executives plan to pursue add-on acquisitions and investors will push their portfolio companies to do so as the technology sector faces COVID-19 business disruptions.**
- **Most investors forecast only a modest reduction in prices for acquisitions and sales of technology assets.**
- **Customer churn doesn't seem to be a problem yet.**

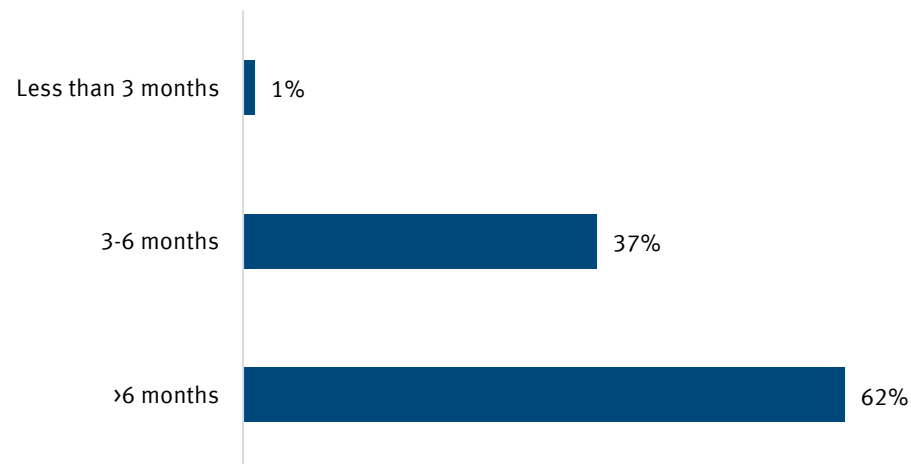
(1) The survey was conducted from April 6, 2020, through April 12, 2020, and included 188 CEO respondents and 82 PE/VC respondents.

PE/VC RESPONSES

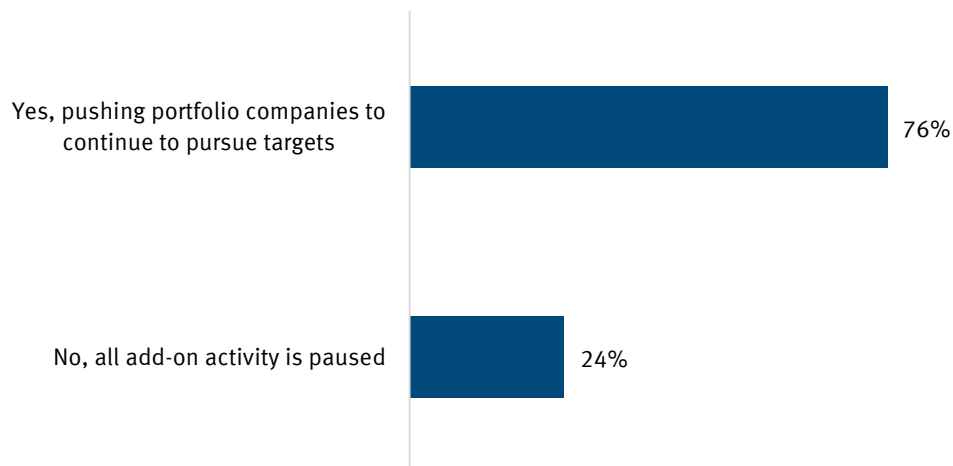
Q1. WHAT TYPE OF RECESSION ARE YOU EXPECTING?



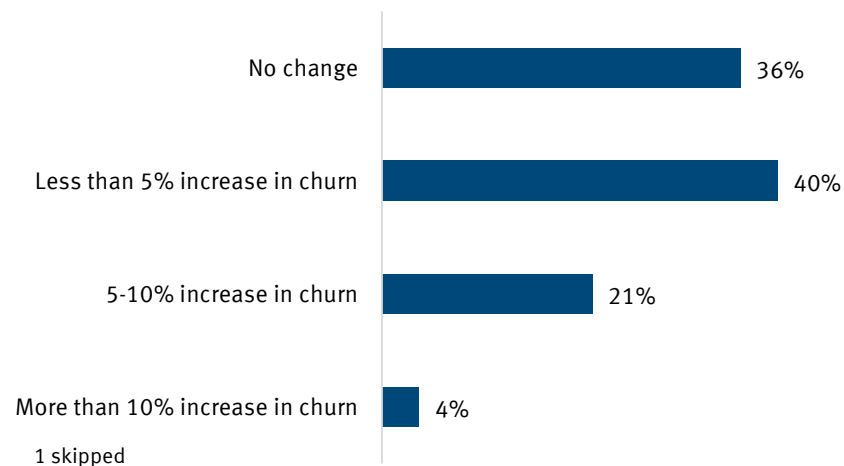
Q2. HOW LONG DO YOU ANTICIPATE COVID-19 TO IMPACT YOUR COMPANY'S BUSINESS OPERATIONS?



Q3. ARE YOU STILL ENCOURAGING YOUR PORTFOLIO COMPANIES TO DO ADD-ON ACQUISITIONS IN THE NEAR TERM?



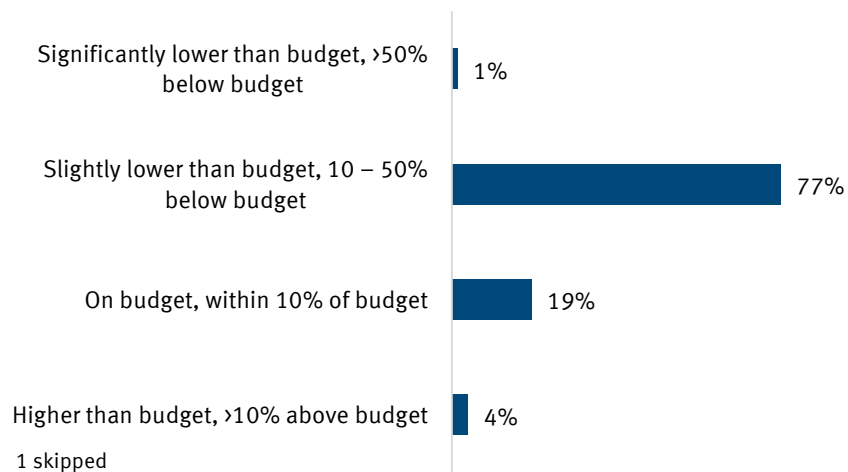
Q4. ARE YOUR PORTFOLIO COMPANIES BEGINNING TO SEE INCREASED CUSTOMER CHURN IN THEIR "SECURE" RECURRING REVENUES?



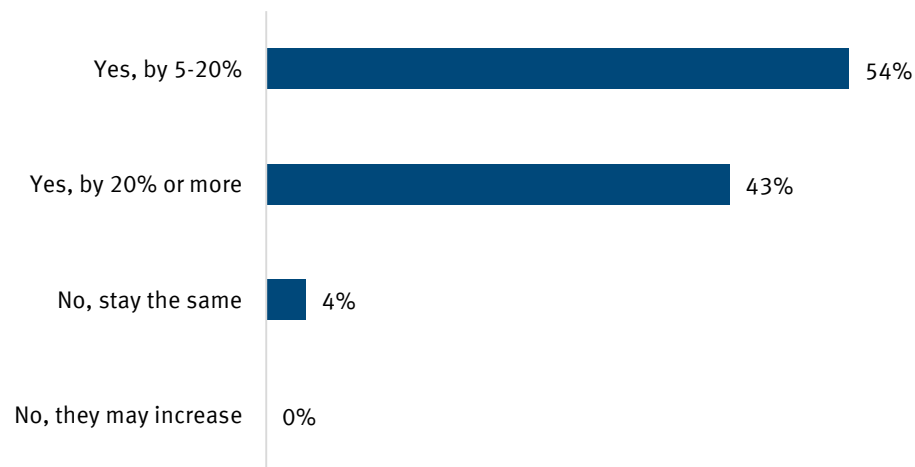
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PE/VC RESPONSES

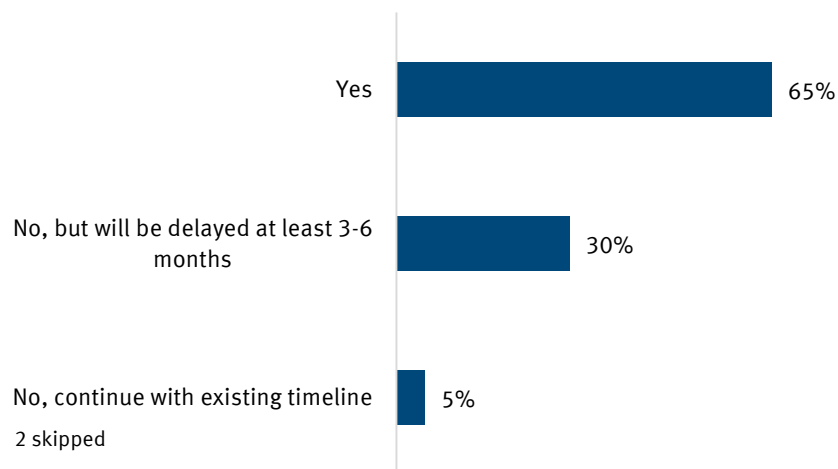
Q5. HOW IMPACTED WILL 2020 REVENUE BE FOR YOUR PORTFOLIO COMPANIES COMPARED TO BUDGET DUE TO COVID-19?



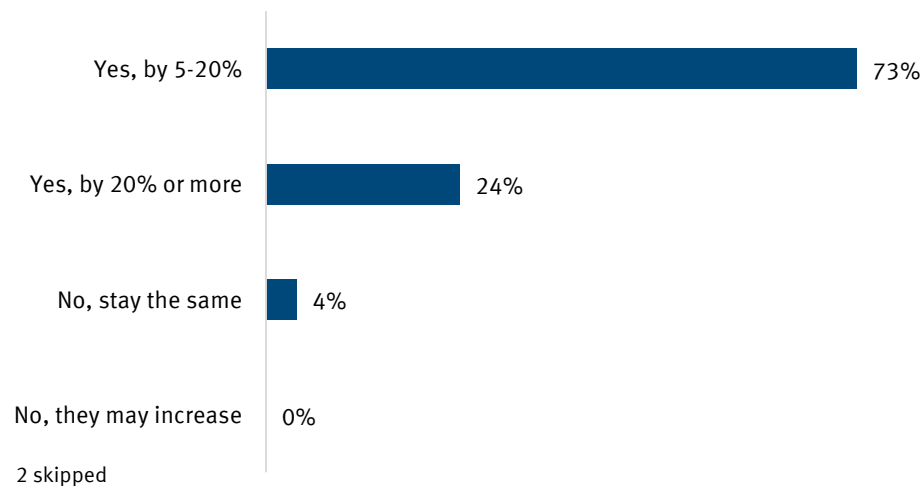
Q7. DO YOU ANTICIPATE VALUATIONS YOU WILL PAY FOR COMPANIES IN 2020 TO COME DOWN DUE TO COVID-19?



Q6. FOR THOSE PORTFOLIO COMPANIES WHERE YOU EXPECTED TO INITIATE AN EXIT PROCESS IN H1 2020, DO YOU ANTICIPATE DELAYING THE SALE PROCESS TO 2021?

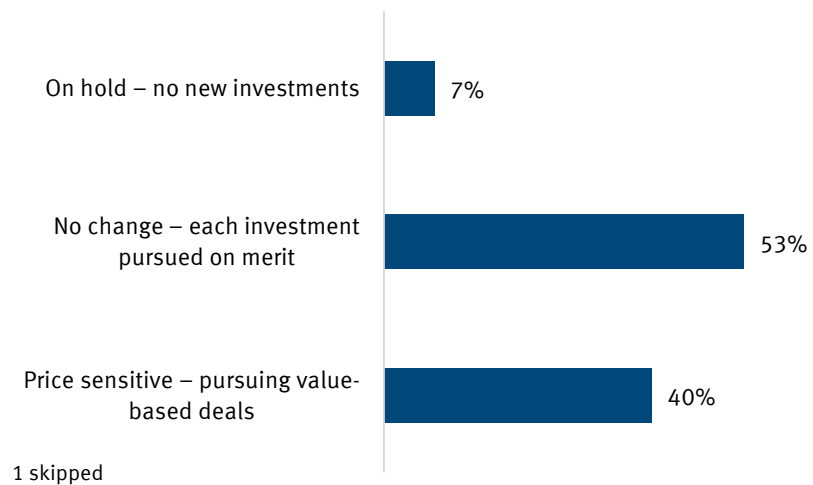


Q8. DO YOU ANTICIPATE THE PURCHASE PRICE FOR YOUR PORTFOLIO COMPANIES THAT MAY SELL IN 2020 TO COME DOWN?



PE/VC RESPONSES

Q9. WHAT IS YOUR APPROACH TO NEW “PLATFORM” INVESTMENTS IN THE PIPELINE?

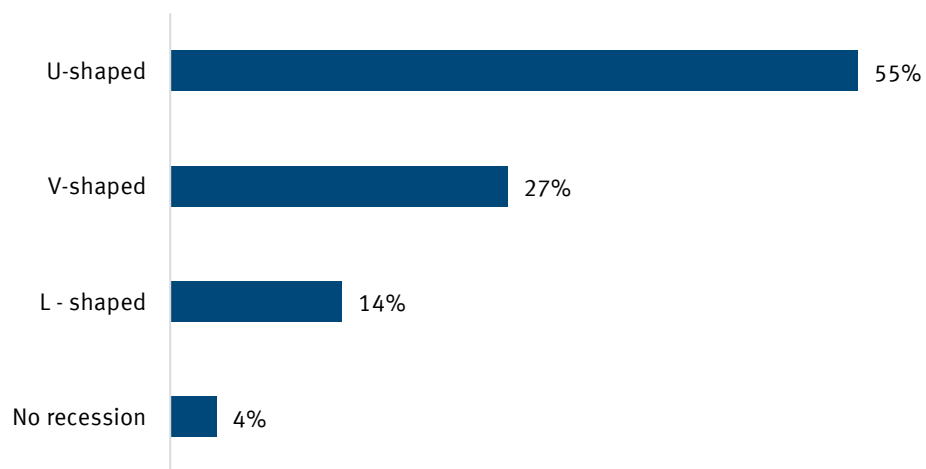


Q10. ARE YOUR LPS PRESSURING FOR NEAR TERM LIQUIDITY?

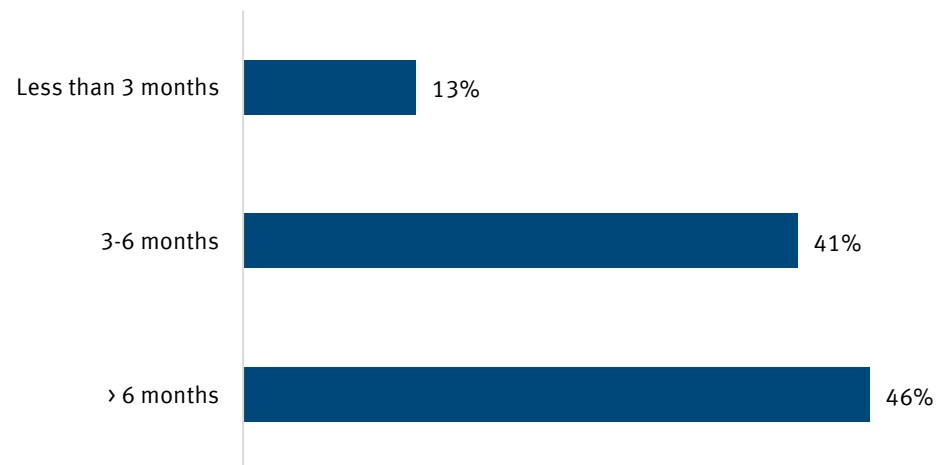


EXECUTIVE/ENTREPRENEUR RESPONSES

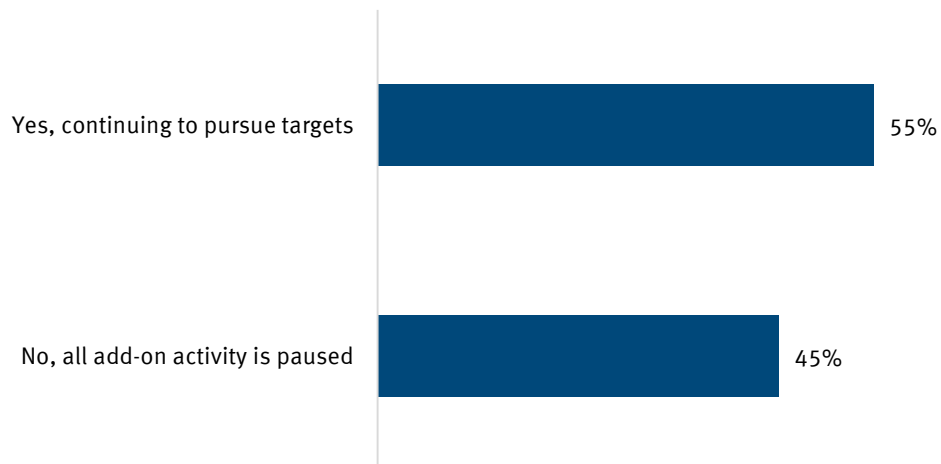
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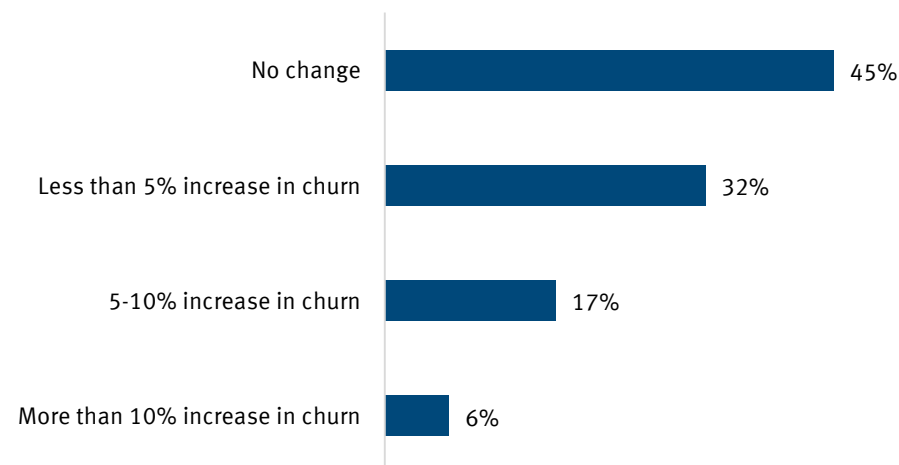
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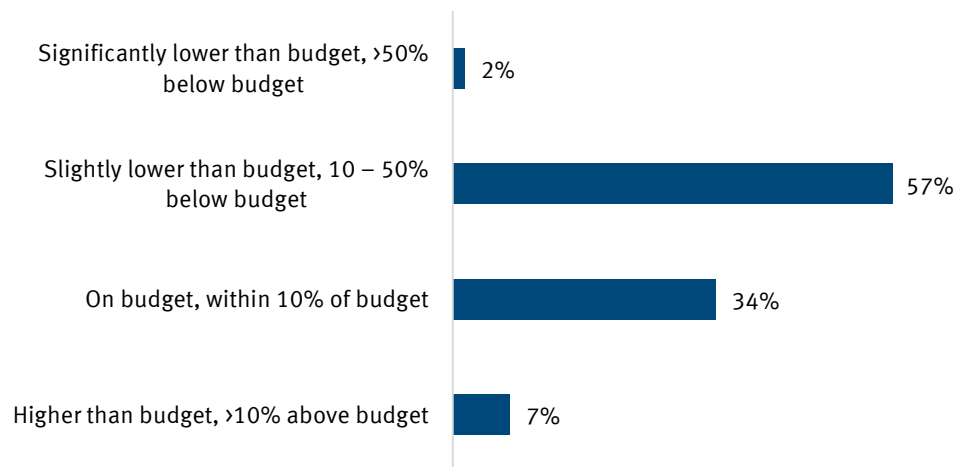


Q4. ARE YOU BEGINNING TO SEE INCREASED CUSTOMER CHURN IN YOUR "SECURE" RECURRING REVENUES?

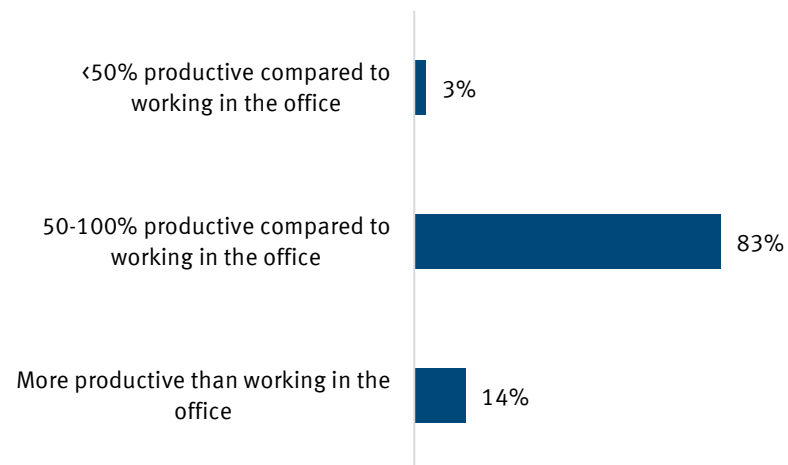


EXECUTIVE/ENTREPRENEUR RESPONSES

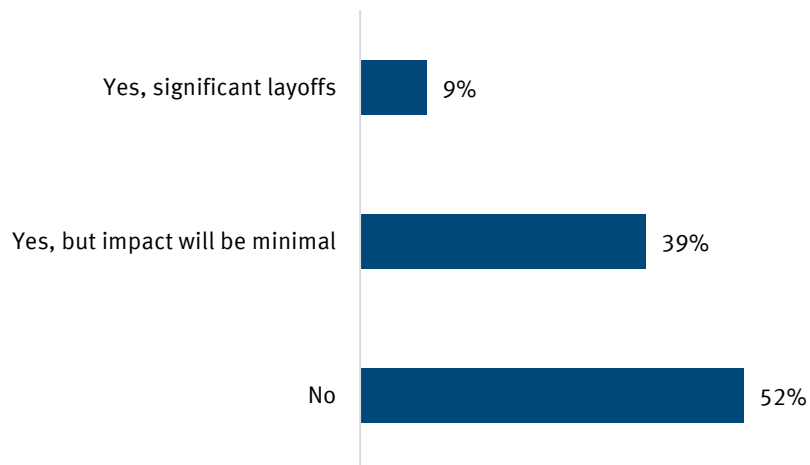
Q5. HOW IMPACTED DO YOU EXPECT 2020 REVENUE TO BE COMPARED TO BUDGET DUE TO COVID-19:



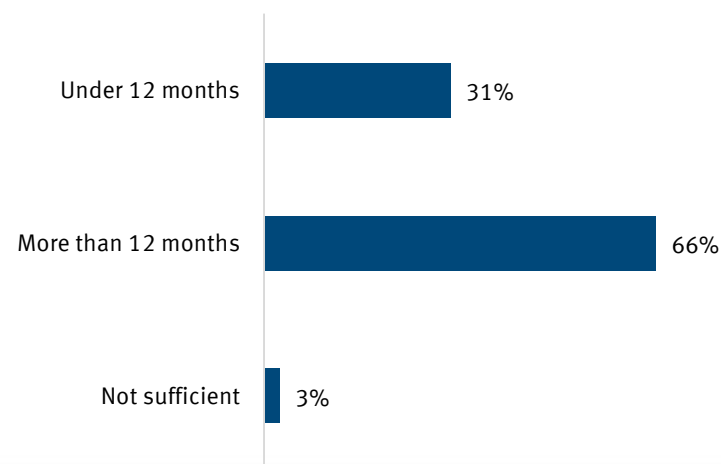
Q6. HOW PRODUCTIVE ARE YOUR OPERATIONS WITH EMPLOYEES WORKING FROM HOME?



Q7. DO YOU ANTICIPATE LAYOFFS AT YOUR FIRM DUE TO THE VIRUS

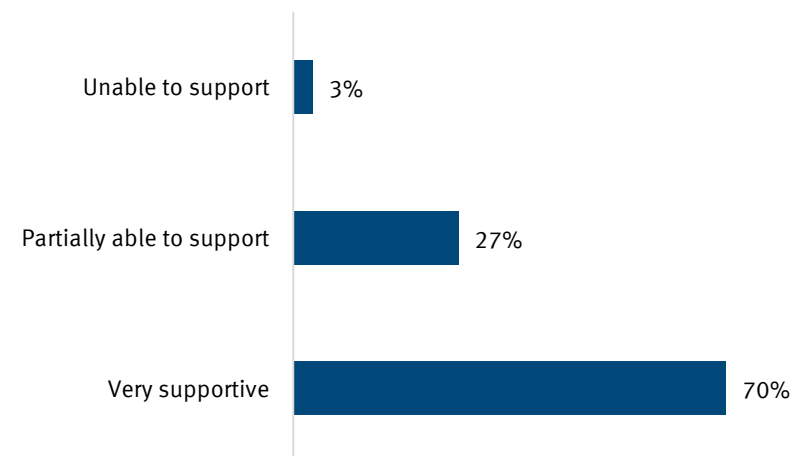


Q8. HOW MUCH LIQUIDITY DOES YOUR COMPANY HAVE TO HANDLE A DOWN-TURN?



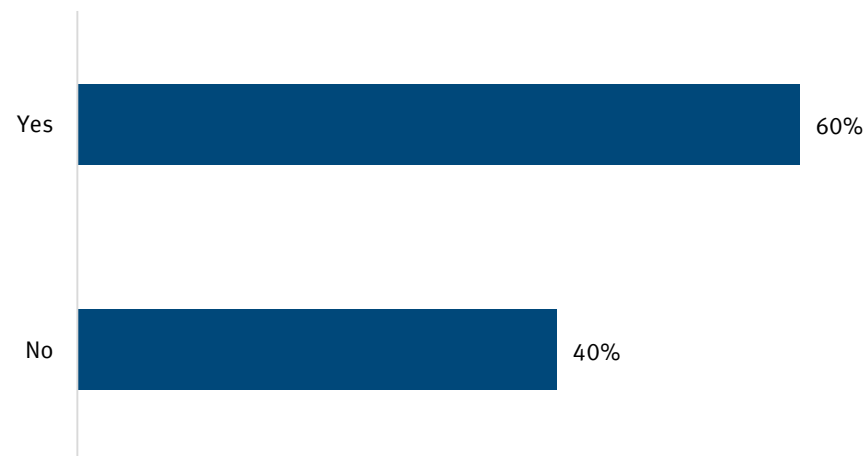
EXECUTIVE/ENTREPRENEUR RESPONSES

Q9. HOW SUPPORTIVE ARE YOUR INVESTORS/DEBT PROVIDERS?



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Q10. DO YOU BELIEVE FEDERAL OR NATIONAL GOVERNMENT'S RESPONSE HAVE BEEN ADEQUATE TO SUPPORT THE ECONOMY OR YOUR COMPANY?



For more information, please contact us at StifelGlobalTechnologyGroup@stifel.com.

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