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GLOBAL TECHNOLOGY INDUSTRY SHOWS SIGNS OF RESILIENCY AMID COVID-19 PANDEMIC, ACCORDING TO FINDINGS OF NEW STIFEL SURVEY

Tech Executives & Entrepreneurs Believe Worst May Be Over and Expect Jumpstart in M&A Activity

St. Louis, July 22, 2020 – A new Stifel Financial Corp. (NYSE: SF) survey of global technology executives and entrepreneurs finds that even though the business and economic impacts of COVID-19 are expected to linger, most respondents believe the worst is behind us.

While a majority (60%) of survey respondents expect to feel some impact from COVID-19 for another six months or longer, more than half (53%) believe the worst is already over. Only 23% anticipate ending the year significantly under budget. In fact, roughly one-fifth (19%) now forecast better-than-expected financial performance.

According to the survey, only 7% foresee a sharp, prolonged “L-shaped” recovery, which is a worst-case economic scenario. 60% of respondents anticipate a more moderate “U-shaped” recovery. Expectations among the rest are split between either a “W-shaped” double-dip recession (19%) or a sharp “V-shaped” snapback (14%).

Other key survey findings include:

- 70% report little to no customer churn in recurring revenues. 21% say the churn rate is between 5%-10%, and relatively few (9%) say it's running at 10% or more.
- Three-quarters (75%) say their investors and debt providers have been very supportive, and 30% raised capital in the last quarter.
- M&A could heat up, with 63% expecting to pursue potential add-on acquisitions.

“The start of 2020 has been an unprecedented period for the global technology industry,” said Cole Bader, Co-Head of the Stifel Global Technology Group. “The COVID-19 pandemic has, in many ways, accelerated the underlying trend of digital transformation. This plays well into the value proposition of most technology companies and has fueled the sector’s resiliency.”

“Public markets have proven to have the depth and appetite to absorb follow-on equity and convertible offerings from technology companies with compelling growth stories,” added Patrick Seely, Co-Head of the Stifel Global Technology Group. “While some deal closings may be delayed, there are also quality companies preparing themselves for a sale process. We expect a rebound in technology M&A activity in the second half of this year and into 2021.”

The U.S. presidential election could be a wild card though, with implications for everything from tax policy to industry regulation. 44% of respondents say the election will factor into their strategic planning. Of those, 12% call it a “significant” factor.

Looking ahead, there could be substantial workplace changes in the technology sector. About half (53%) of executives surveyed expect to have more than 30% of their employees work remotely for at least part of the week.

The online survey of 57 global technology executives and entrepreneurs was conducted July 8-16, 2020. [Click here to view](#) the full survey results.

Stifel Company Information

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