



Market Opportunities Post-COVID-19

The “Aftermath”

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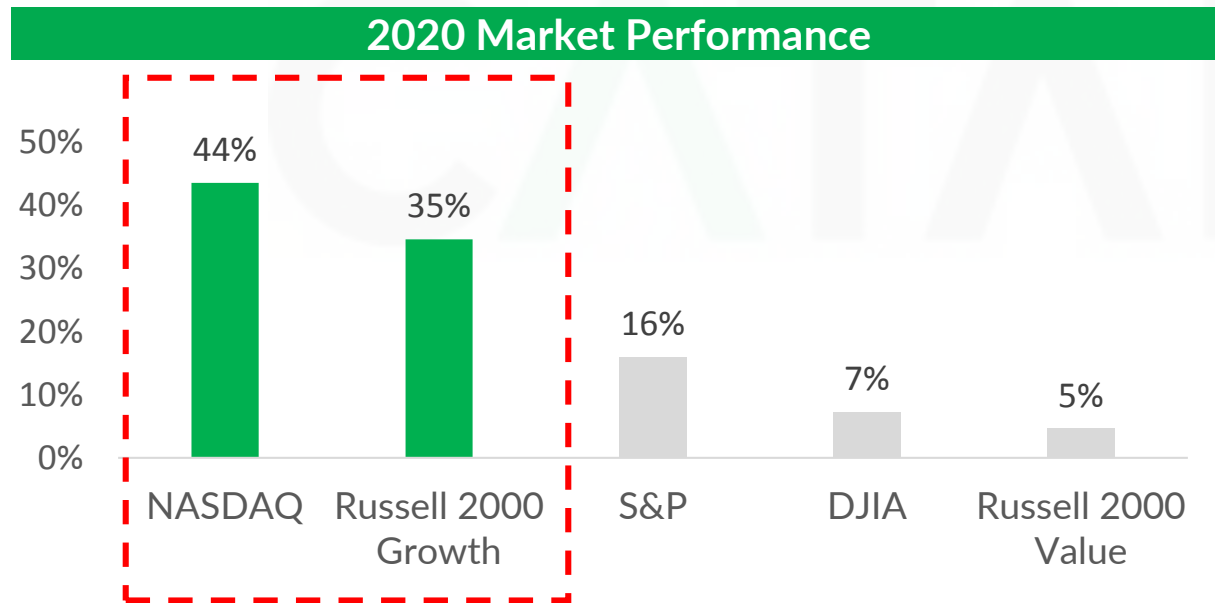
A Year of COVID



In March, we will reach the 1-year anniversary of the first COVID lockdowns instituted in the US

- In this report we reflect upon some of our initial assumptions around COVID's impact on the tech-world
- Additionally, as we look towards the end of confinement and return to "normalcy", we begin to shift our focus to what the technology landscape and investment opportunity set looks like

Let's start with a look back on stock performance...



- **Overall Strength:** Despite significant sell-offs in March, the markets recovered considerably with the S&P and the Dow still closing at historical highs
- **Tech-Focused Indices Outperform:** Investors recognized the positive short-term and long-term technology implications of COVID, reflected by the relative strength of the Nasdaq and Russell 2000 Growth

The Future of Work: Expectation vs. Reality



Last April, we predicted COVID's impact on the future of work, much of which appears to be coming to fruition:

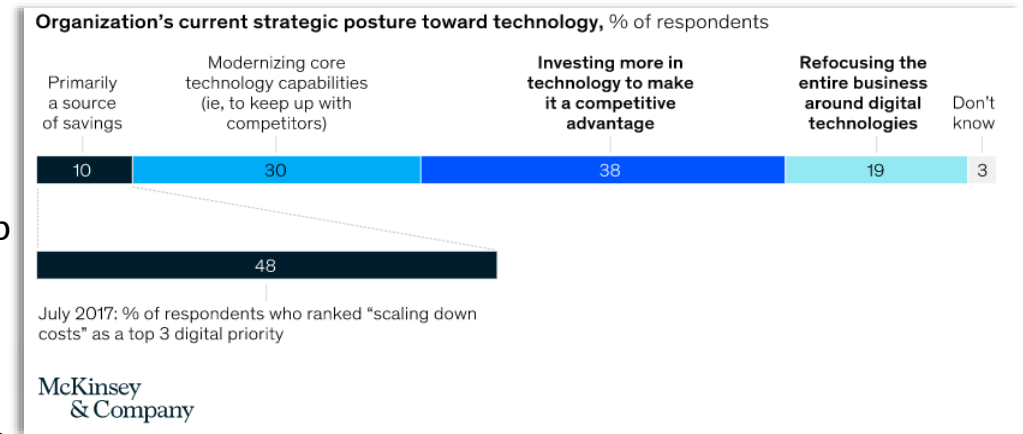
| | Original Prediction | Updated View | Indicators |
|--------------|---|--|--|
| Megatrends | Decreased Business Travel | Our view remains largely unchanged. Following the pandemic, we suspect companies will see less value in taking incremental business trips and justification for travel expenses will need to meet a high standard. Some experts, such as Bill Gates, estimate over 50% of business travel could disappear post-pandemic . | <ul style="list-style-type: none"> Oliver Wyman's October 2020 Traveler Sentiment Survey found that 43% of respondents anticipate travelling less for business following the pandemic (compared to 27% in an April survey) |
| | Greater Acceptance of a Distributed Workforce | This is largely proving to be the case, at least for high-skilled jobs. We believe that even once offices reopen, companies will maintain a more flexible WFH policy . Also, companies will take advantage of hiring from a much wider geographic range than they have traditionally . Mark Zuckerberg estimates as much as 50% of Facebook employees could be working entirely remotely in the next 5-10 years. Although our initial report anticipated a downturn for co-working spaces, we now expect distributed workforces to be a boon for them in the medium-long term. | <ul style="list-style-type: none"> A recent McKinsey Corporate CEO survey found 38% of respondents expect their remote employees to work 2+ days a week away from the office after the pandemic |
| Implications | Emphasis on Risk / Security Planning | We continue to believe that the pandemic proved the necessity of BCM and 3rd Party Vendor Risk software . Additionally, large waves of cyber attacks, particularly early in the pandemic, as well as high profile hacks (SolarWinds), demonstrated a growing need to combat digital risk . | <ul style="list-style-type: none"> AuditBoard noted 79.5% of their survey respondents have either made moderate changes (43.1%), redirected strategy in certain areas (29.3%), or made significant broad-ranging changes (7.1%) to their risk management program since the start of the pandemic |
| | Less Regulatory Barriers for Online Tools | The Centers for Medicare and Medicaid Services is looking to continue telehealth's expanded role into the future . In its final physician fee schedule for 2021, the agency added more than 60 services to the Medicare telehealth list, which means they will be covered even after the COVID-19 pandemic has ended. | <ul style="list-style-type: none"> The Protecting Access to Post-COVID-19 Telehealth Act of 2021 legislation was introduced late January |

Post-COVID Opportunity Set



Accelerated Growth Opportunities: COVID Propels Tech Adoption

- Experts estimate that the pandemic has sped up the adoption of digital technologies by several years
- A 2020 McKinsey executive survey found an overwhelming shift in the mindset regarding tech's strategic importance:
 - In 2017, 48% of respondents ranked "scaling down costs" as a top 3 digital priority
 - Meanwhile, only 10% of respondents in 2020 see technology as "primarily a source of savings"
- As a result, many technology sectors have seen the pandemic accelerate their growth trajectory and we expect this momentum to be largely sustainable
 - Microsoft CEO, Satya Nadella, expects technology spend to go from 5% of GDP to 10% over the next 10 years
- **Key sectors to watch:** Communication / Collaboration tools, Cloud Infrastructure / MSPs, Data Protection / Application Security, Food Order and Delivery Tech



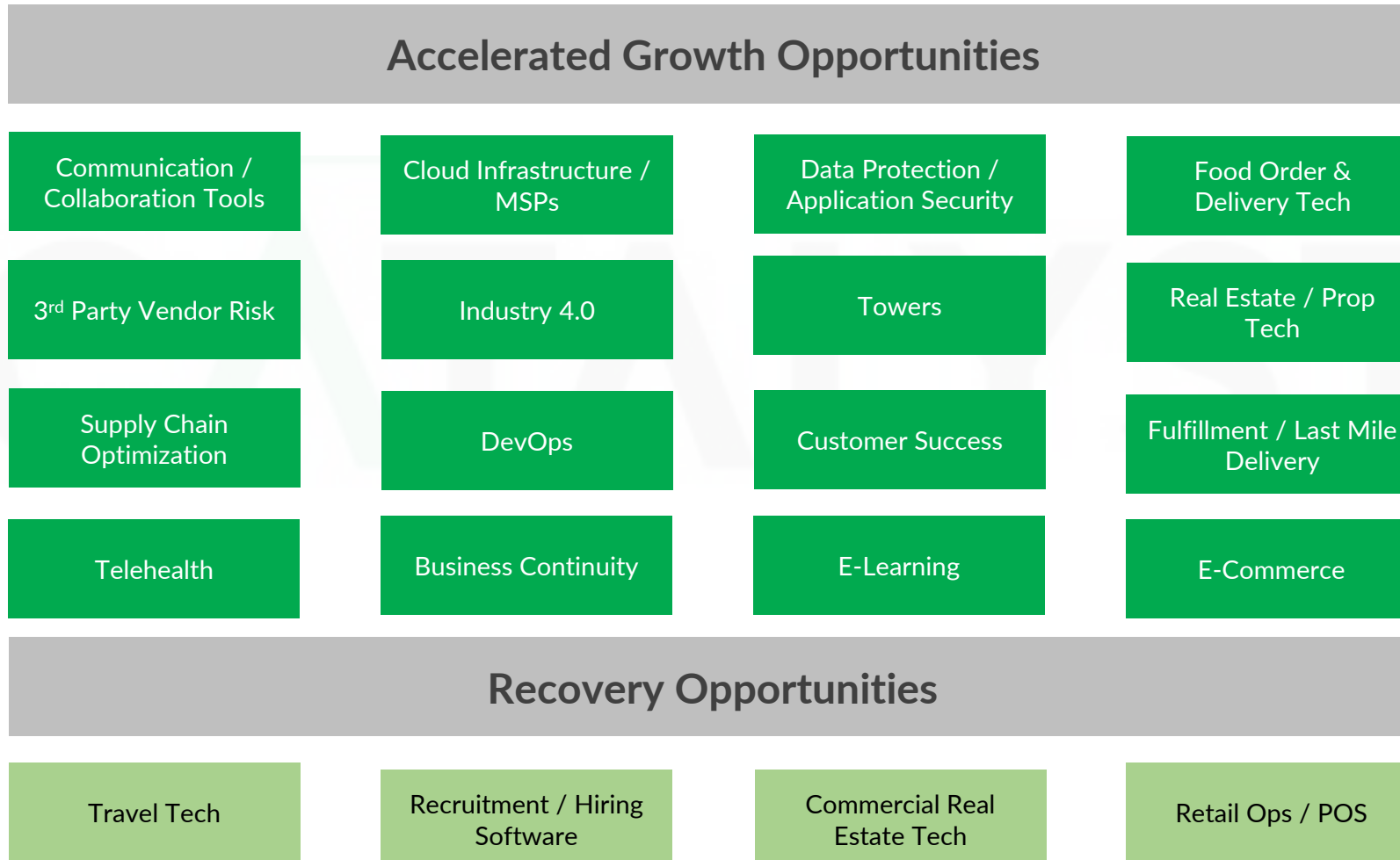
Recovery Opportunities: Plagued Verticals Rebound as the Economy Reopens

- As the economy begins to reopen, we anticipate recovery opportunities for impacted vertical software players and tech-enabled services
- There may be instances where pent up demand for certain activities (i.e. leisure travel) or more sustainable shifts in consumer behavior (i.e. co-working spaces) lead to a higher growth trajectory than pre-pandemic
- **Key sectors to watch:** Travel Tech, Recruitment / Hiring Software, Commercial Real Estate Tech, Retail Ops / POS

Post-COVID Opportunity Set



- The post-COVID opportunity set looks strong and benefits key Catalyst focus areas:





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