



Market Opportunities Post-COVID-19

Vol. 2

February 2021

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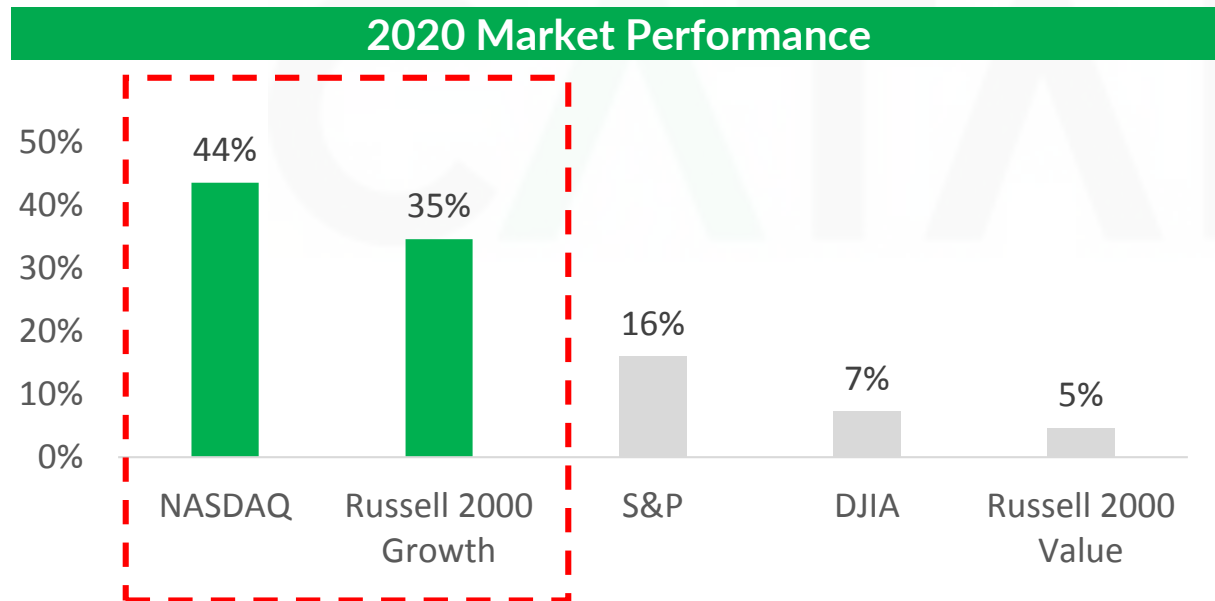
A Year of COVID



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, with vaccine rollouts progressing, we begin to shift our focus to what the technology landscape and investment opportunity set looks like as the economy gradually reopens

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 made several predictions COVID's impact on the future of work, many of which appear to be coming to fruition:

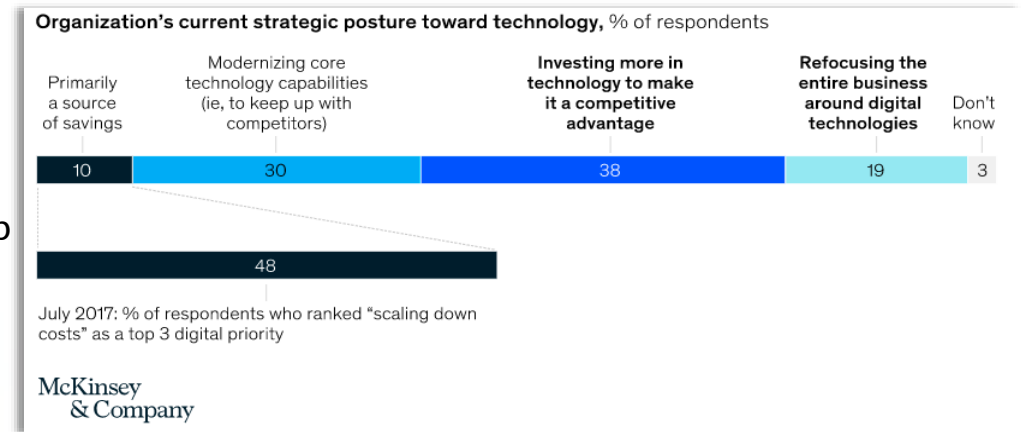
	Original Prediction	Updated View	Indicators
Megatrends	Decreased Business Travel	Our view remains largely unchanged. Following the pandemic, we suspect companies will see less value in taking incremental business trips and justification for travel expenses will need to meet a high standard. Some experts, such as Bill Gates, estimate over 50% of business travel will 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. 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 3 rd 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	It's too early to tell if the measures the U.S. Centers for Medicare and Medicaid Services made to expand telemedicine access will remain. However, we suspect the longer the pandemic goes on, the greater likelihood it becomes a permanent policy.	<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
- **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

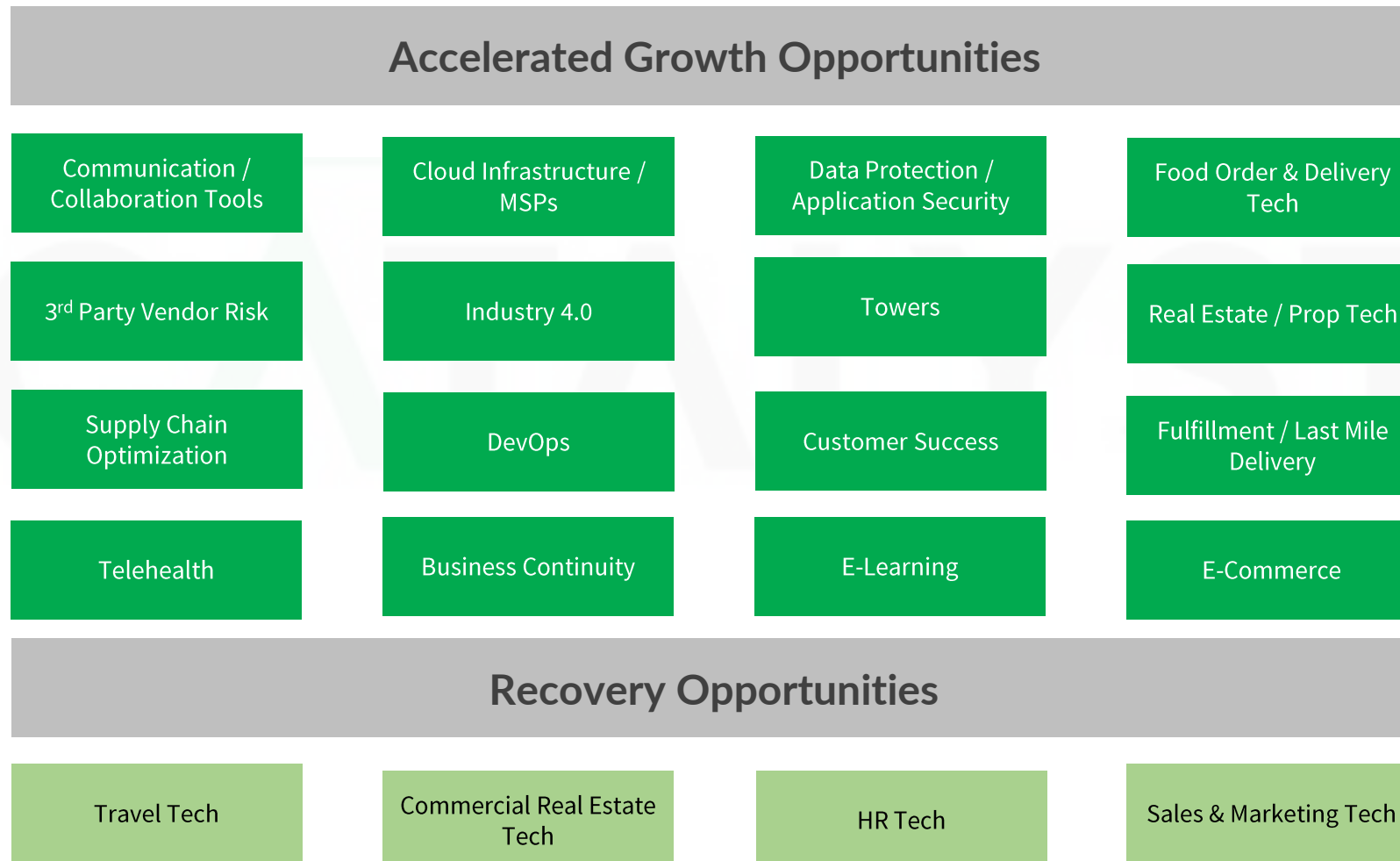
- As the economy begins to reopen, we anticipate recovery opportunities for impacted vertical software players and tech-enabled services
- There may be instances where pent up demand for certain activities (i.e. leisure travel) or more sustainable shifts in consumer behavior (i.e. co-working spaces)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

Source: McKinsey

Post-COVID Opportunity Set



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





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