

# WANdisco

Starting 2023 with \$6.6m telecom IoT win

Contract win

Technology

10 January 2023

**Price** 902p

**Market Cap** £581m

US\$1.22/£

Pro forma net cash (\$m) at 30 September 2022 24.9

Shares in issue 67.0m

Free float 67%

Code WAND

Primary exchange AIM

Secondary exchange N/A

## Share price performance



## Business description

WANdisco's proprietary replication technology enables its customers to solve critical data management challenges created by the shift to cloud computing. It has established partner relationships with leading players in the cloud ecosystem including Oracle, Amazon, IBM and Microsoft.

## Analysts

Ken Mestemacher, CFA +44 (0)20 3077 5700

Dan Ridsdale +44 (0)20 3077 5700

[tech@edisongroup.com](mailto:tech@edisongroup.com)

[Edison profile page](#)

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WANdisco started 2023 on a strong note, announcing a \$6.6m data-migration contract with a global telecom service provider. This is the third telecom provider to choose WANdisco for data migration, highlighting how it is becoming a 'go-to' supplier for large-scale Internet of Things (IoT) deployment. It is encouraging to see a deal this early in the year; historically, deal flow has been strongly weighted to the second half. This win supports our estimates, particularly revenues, given the up-front recognition of this deal, and our conservative assumptions on the rate of data consumption/revenue recognition of commit to consume (CtC) deals.

Year end	Revenue (\$m)	Bookings (\$m)	Ending RPO* (\$m)	EBITDA adjusted (\$m)	EPS** (c)	EV/sales (x)	Net cash (\$m)
12/20	10.5	10.2	4.9	(22.2)	(57.3)	67.6	18.1
12/21	7.3	11.9	9.4	(29.5)	(57.9)	97.5	25.9
12/22e	19.0	116.0	105.0	(19.6)	(38.3)	37.5	24.5
12/23e	28.0	120.0	197.0	(12.6)	(25.0)	25.4	15.5

Note: \*Ending RPO = beginning RPO + bookings – revenue. \*\*EPS is normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

The \$6.6m data-migration contract is with a European-based global telecom services provider. It is for an initial one-off migration of IoT data from the client's data centre to the cloud. Once migration is complete, WANdisco expects the client to launch a range of IoT services. Hence, we see scope for follow-on CtC data-migration deals from this client as it launches more IoT services and starts generating significant data flows.

This is the third telecom provider to choose WANdisco and comes less than a month after [a record \\$31m win with a tier 1 global telco supplier](#). The telco industry is strategically important for WANdisco – a core, growing market that supports multiple verticals with their own IoT use cases, providing a healthy pipeline of opportunities.

It is encouraging to see deal flow this early in the year. We see it as a good indicator of the strength of WANdisco's pipeline, as historically deal news flow has been strongly weighted to the second half of the year. Although smaller than some of WANdisco's recently announced deals, this agreement is more than twice H122's \$2.5m average deal size. The agreement supports our estimates, particularly revenues, given the up-front recognition, and our conservative assumptions on the recognition of CtC deals.

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Frankfurt +49 (0)69 78 8076 960  
Schumannstrasse 34b  
60325 Frankfurt  
Germany

London +44 (0)20 3077 5700  
280 High Holborn  
London, WC1V 7EE  
United Kingdom

New York +1 646 653 7026  
1185 Avenue of the Americas  
3rd Floor, New York, NY 10036  
United States of America

Sydney +61 (0)2 8249 8342  
Level 4, Office 1205  
95 Pitt Street, Sydney  
NSW 2000, Australia