

How do you communicate?

Founded in 2001, WSP raised \$47m to list on the ASX with an IPO market capitalisation of \$163m. The company's communications workflow platform automates communications between businesses, customers, and other stakeholders. WSP allows consistent management of diverse delivery methods from a central contact or CRM source. The platform is provided as a SaaS offering with little to no coding necessary to enable process automation and standardisation. On listing WSP had more than 500 customers but this has grown to 630 just over a year later. The customer base operates in 60 countries which WSP services from three geographic regions and 150+ staff. WSP exceeded Prospectus forecasts in FY20, delivering revenue of \$39m versus forecast of \$36.7m. Society's move to digitally-enabled work has accelerated in 2020 and WSP has been and is a clear beneficiary. Whispir has a large and fast-growing global market opportunity which can be addressed through both product innovation and its global and regional distribution channel partners.

Business model

Whispir has a SaaS business model with a basic software subscription charge, additional fees for optional capabilities, support charges and transactional charges for actual platform usage. The company aims to increase use of the platform by existing customers, add new customers and move into new regions – Asia and North America are the focus areas. WSP continues to invest in product development in areas such as Internet of Things (IoT), Artificial Intelligence (AI) and data analytics. Product distribution is enabled via channel partners which use the WSP platform as a component in a toolbox of customer solutions. The partners, including IBM, Telstra, Nexmo and StarHub, provided 72% of revenue generated between FY18 and FY20.

Recent company commentary

The FY20 result highlighted the speed of digital transformation in global work practices in 2020, delivering record customer growth, stronger than expected booked revenue, annualised recurring revenue up 34% y-o-y to \$42m, strong customer revenue retention via increased use, and reduced churn (actual 7% vs 11% forecast). Adding new solutions to the offer has increased existing customer spend on the WSP platform. Gross margin was maintained at 62%+ and the EBITDA loss was reduced 48% to \$7.3m. The company's customer retention rate in FY20 was 124.1%, ahead of its prospectus forecast of 121.5%. It ended the year with 630 customers, including 72 new net customers in the last quarter. Whispir forecasts 21-30% growth in revenue in FY21 to a range of \$47.5m to \$51m, driving a smaller FY21 EBITDA loss of between \$4.8 and \$6.2m. The company has forecast year end ARR of \$51.1m and \$53.3m in FY21. Whispir finished FY20 with \$15m of cash.

Trading below peers

Whispir is well advanced in addressing the product opportunity on a global scale as are several domestic peers. Competition comes from products which overlap but do not match Whispir's offer. The company is trading on 6.0x EV/revenues which puts it at the lower end of its comparable peers.

Historical earnings and ratios

Year end	Revenue (A\$m)	Gross Profit	EBITDA Adj.*	NPAT Adj.* (A\$m)	NPAT Rep.	EPS Adj.*(c)	EPS Rep. (c)	EV/Sales^ (x)
06/17a	21.5	14.8	(11.3)	(12.8)	(12.8)	n.a.	n.a.	n.a.
06/18a	27.8	17.6	(8.7)	(16.9)	(16.9)	n.a.	n.a.	n.a.
06/19a	31.1	19.7	(11.0)	(15.3)	(15.3)	(45.68)	(45.96)	2.3
06/20a	39.1	24.4	(7.3)	(9.6)	(9.8)	(9.5)	(9.9)	6.0

Source: Company data *EBITDA and NPAT adj for one-time, non-cash items ^Y/E prices used

Software and Services

4 September 2020

Share details

ASX Code	WSP
Share price (3-Sep)	\$4.21
Market Capitalisation	\$436.3M
Shares on issue	103.9M
Net cash at 30/06/2020	\$12.4M
Free float	28.8%

Share performance (12 months)



Upside Case

- Global addressable market growing at 35%
- Accelerated move to digital communications solutions
- Focus on new Asian and North American customers

Downside Case

- External cyber-attack on the Platform
- Reduced management focus due to large ambitions
- Increased platform complexity with scale

Catalysts/upcoming events

AGM 19th November 2020

FY21 Interim results February 2021

Comparable companies (Aust/NZ)

Elmo Software (ASX:ELO), Livetiles (ASX:LVT), TechnologyOne (ASX:TNE), Audinate (ASX:AD8)

Top 5 shareholders

Jeremy Wells (CEO)	14.79%
Gobleg P/L	9.22%
Shane Chesson	8.52%
Telstra Ventures Fund II, LP	7.44%
Metra Digital Investama PT	6.14%

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FINANCIAL SERVICES GUIDE

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