



DocuSign



DocuSign®

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100-baggers

What does it take to make a 100-bagger?

1. Sustainable earnings growth
2. A product/service with superior pricing power. A 'must have' thing
3. Not too highly valued at entry
4. Not too big at entry
5. A lot of years watching the tree grow

Less can 100x can also work

Historical 100x journeys in:

ASML since IPO in 1995

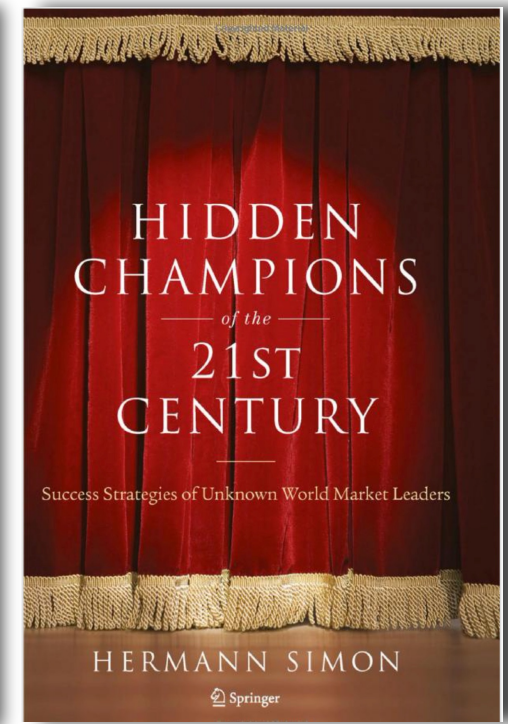
NovoNordisk since 1990s

Royal Unibrew from 2009

Samsung Electronics since 1997

My investment focus is in identifying potential multi-bagger via;

1. Very long term sustainable profitable growth in unique businesses with structural tailwind
2. Good capital stewardship
3. Using GARP to potentially adjust sizing along the journey



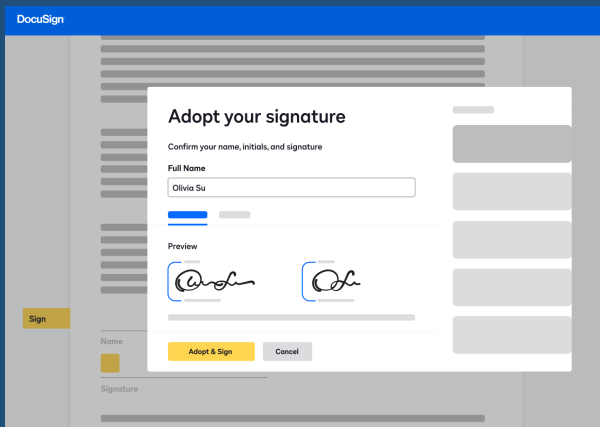
DocuSign 52.50\$

is a world leader in digital signature market

Founded in 2003 in San Francisco

Formed out of various digital assets from NetUpdate and DocuTouch to make zipForm, a digital real estate signature form

Listed in 2018 on Nasdaq



1

Global leader in digital signature market

2

Market for digital approval expected to grow 30%+ CAGR to 2030

3

DocuSign has 75% market share in e-signature

4

Has 1.1 million subscribers and more than 400 million users in 180 countries

5

CEO Allan Thygesen from Google joined in 4Q 2022. Change in efficiency

6

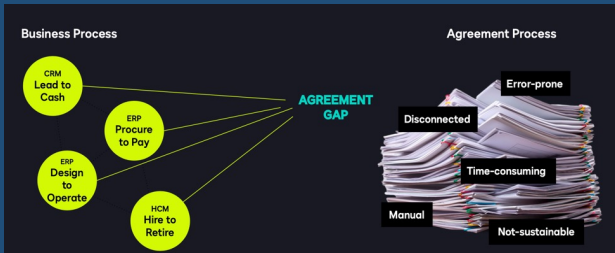
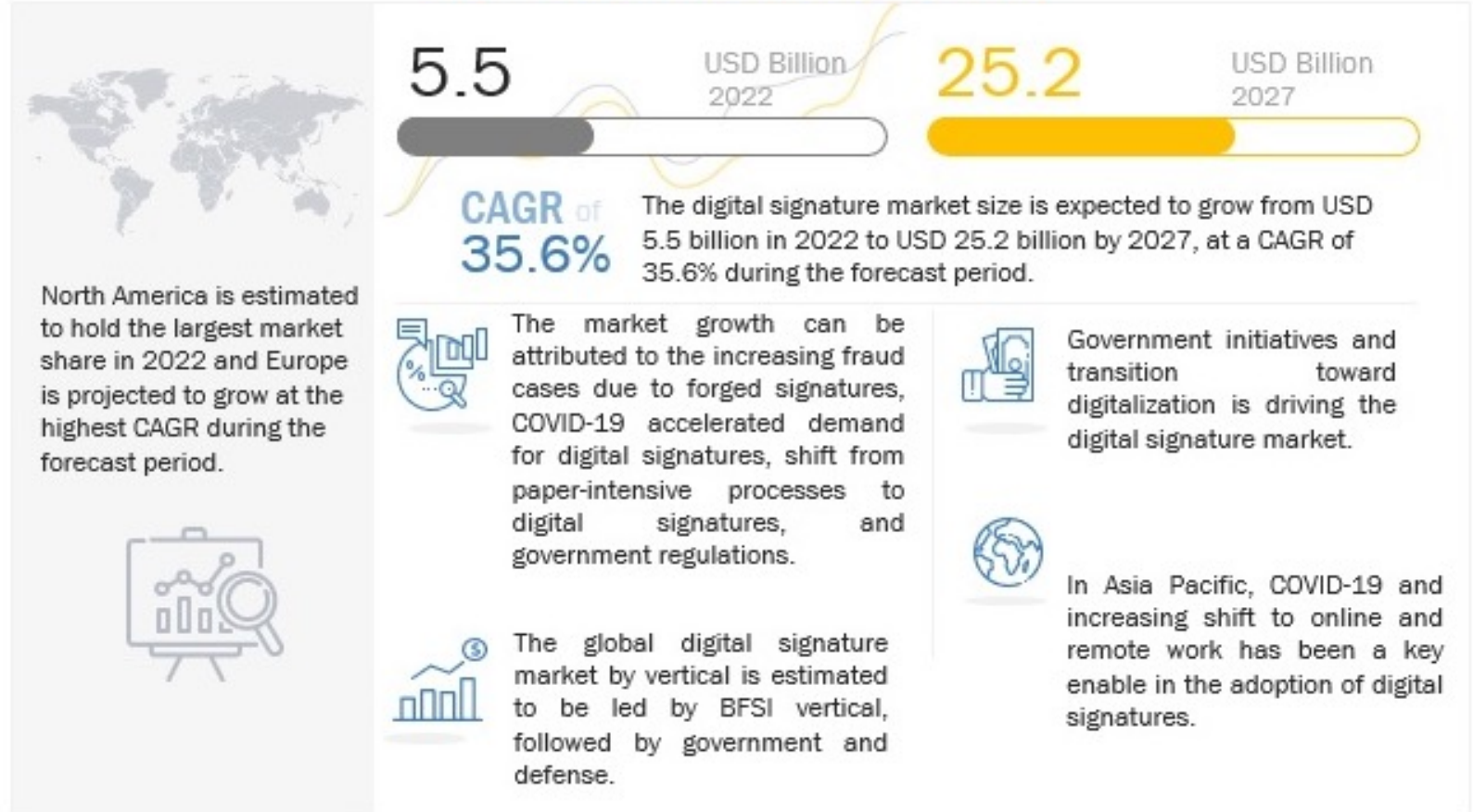
2023 sales 2.7bn \$, free cash flow 0.5bn \$, net cash 1.5bn \$. MC 10bn \$

The market

Tons of old-fashioned signature dependent agreement and approval processes are going digital

A natural part of life in the Nordic region

Digital Signature Market Overview



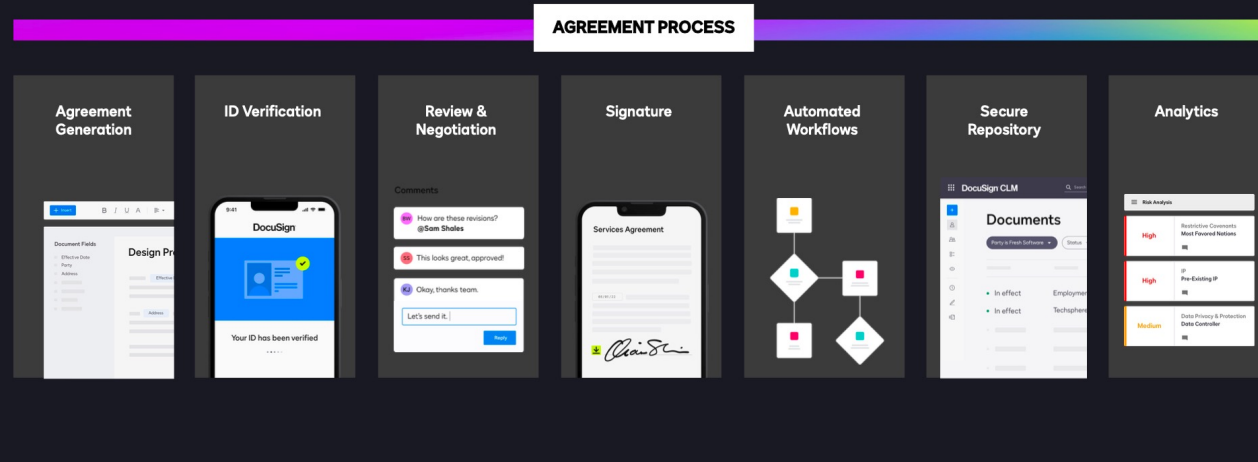
DocuSign hold 75% market share. Next comes Adobe (Acrobat Sign) and then a lot of smaller players from signNow, PandaDoc, HelloSign, Penneo, GetAccept and others

The product

DocuSign has 1.1 million subscribers, 400 million users in 180 countries

Moving toward 'contract lifetime management' (CLM) for anything from elevator checks, tax-paper work and healthcare prescription flows

True transformation of your agreement process means going beyond the signature



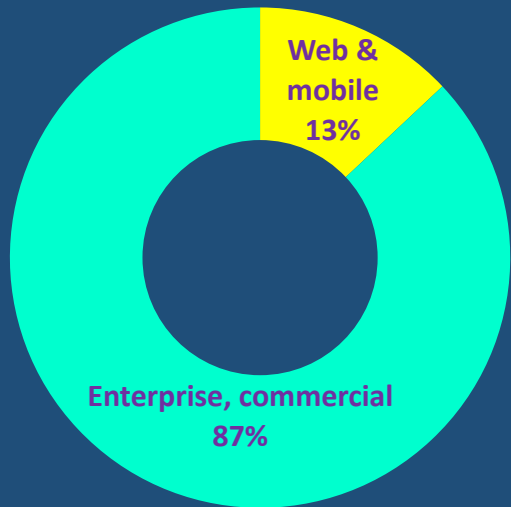
Market leader with large untapped opportunity



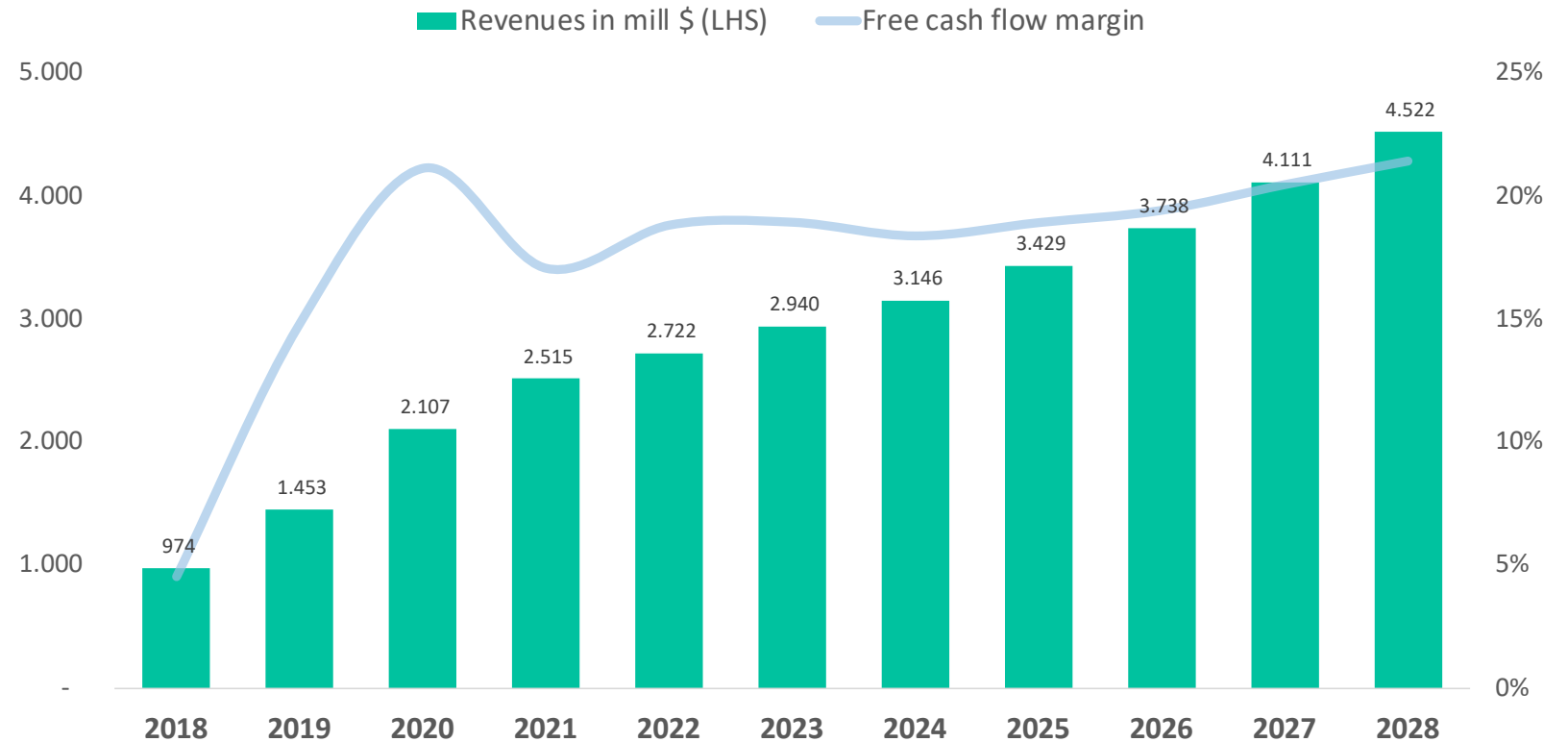
The revenue and profitability drivers

98% of revenues are subscription and 2% are 'pay as you go'

Growth is slowing from Covid-19 hype. Also in 2023 fewer real estate transaction in USA



DocuSign



Own estimates

- In 10 years time the market DocuSign say is their 'total addressable market' is north of 50bn \$
- Assuming market share decline from 75% to 15% then it's a 7.5bn \$ revenue stream in 2033
- 80% gross margin, 45% opex ratio and 5% capex ratio gives gross cash flow of 2.25bn \$ in 2033

Stock price, holders and leadership

Shareholders

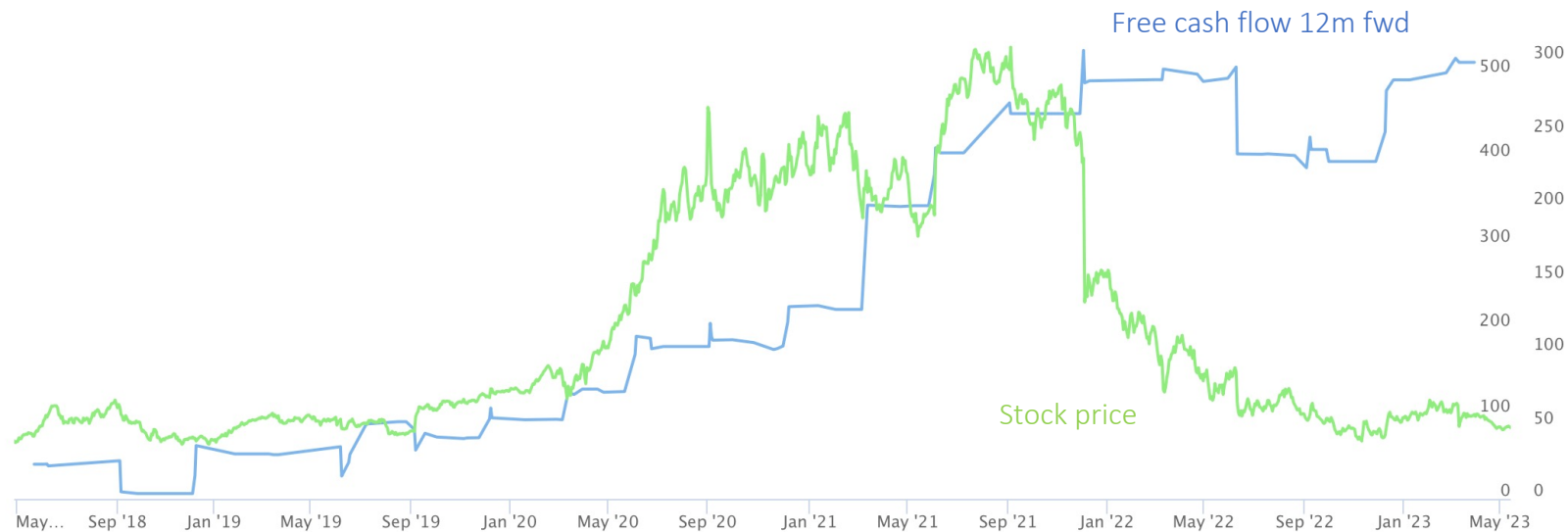
Passive funds, Polen Capital at 4%, Fisher 3%, Capital World 2%

Springer (ex CEO) 0.7%

Governance

Normal anti-takeover provisions

Allan Thygesen from Google CEO since Oct 2022



Valuation

Fatamorgana growth and ballistic stock price during Covid has been brought down to Earth. Probably a lot of very disappointed and disillusioned retail investors still holding on

EPS of 2.50\$ and gradually moving towards 3.50\$ even with annual share handouts to employees (2-3% dilute)

Any signs of faster growth than 7% is currently not very visible in the stock price set by Mr Market

		EPS growth rate					
		5%	6%	7%	8%	9%	10%
Discounting rate	3%	77	82	87	93	99	107
	4%	69	73	77	82	88	94
	5%	61	65	69	73	78	83
	6%	55	58	62	65	69	74
	7%	50	53	56	59	62	66
	8%	45	48	50	53	56	59

Using EPS for 2023-27 and then annual EPS growth to 2043. No terminal value

Stock price drivers

5-10 years down the road e-signature will be just as widely used as e-mails and GPS

Ease of use and trust is the key driver for the individual companies in the industry. And the trust, ease of use and software IP is the moat

A very profitable software company growing 5-8% per year, with net cash and net decline in # shares out should trade at market premium.....

Triggers

1. Revenue growth acceleration from new segments and regions
2. Big part of US sales force has been laid off for better profitability by new CEO - yet to be seen in updates
3. The ongoing value accumulation and disciplined use of cash to eventually stop 'share handout dilution'
4. Loose shareholder base. Take out
5. Quarterly performance updates
 - 9 June 2023
 - 8 September 2023

Volatility factors

1. Real estate # of transactions in US has reduced growth since 2022
2. Competition gets better than DocuSign or government supported documentation platforms
3. 2023 guidance miss on 2.7bn \$ sales and 22% OP margin due to bullet 1
4. Leadership/governance issue with former CEO Springer kind of ousted and then joined the Board of Directors

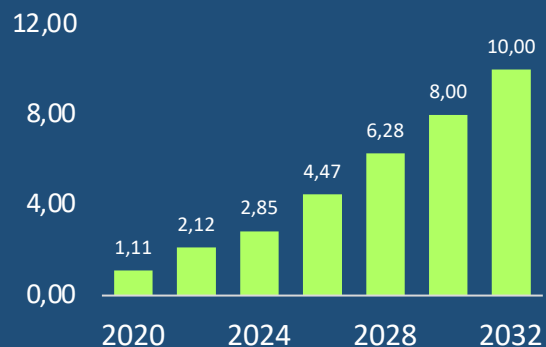
Summary

....and at 20x earnings in 2033.

Current shares out is 200m and by 2033 it could be 230m or less. That's roughly 10\$ per share in cash earnings and price objective of 200\$

That's 15% per year and enough to keep me happy

Free cash flow EPS



DocuSign 51 \$

- 1 E-signature leader with long run-way ahead
- 2 Quarterly updates (June 2023 and September 2023) next triggers
- 3 Watch out for what's going on in management and Board
- 4 A 8-10% grower with net cash deserves 20-25x so ST price objective 60-80\$
- 5 Longer term I can see a company that's 3x bigger and much more profitable