



Company Overview:

CrowdStrike was founded in 2011 and is headquartered in Sunnyvale, CA. CrowdStrike offers modules grouped into three major categories on its Falcon platform: Endpoint Security, Security & IT Operations, and Threat Intelligence. CrowdStrike's Falcon Platform is multi-tenant and cloud native, allowing its solutions to be integrated across a variety of different endpoints and deployed with relative ease.

Name	Ticker	Yield	Growth	D + G
CrowdStrike Holdings, Inc. Class A	CRWD	0.00%	17.00%	17.00%

Highlights:

Results for the last quarter came in modestly above expectations, a solid result in our view given macro challenges seen out of others. Duration pressures continued, impacting billings but notably FCF remains solid given operating leverage. As execution remains solid, we remain confident in the setup for next quarter given the current momentum of the consolidation play and pipeline.

We view CrowdStrike as a prime land-and-expand model benefiting from SaaS delivery and ability to rapidly add more modules with no extra configuration or consulting needed. The long-term power of the install base should lead to strong net expansion rates as the company cross-sells additional seats (endpoints) and modules.

Bull Case:

- **Large Total Addressable Market ("TAM")** – CrowdStrike addresses a \$7+ billion market in corporate endpoint security, and also has products addressing endpoint adjacencies like vulnerability management. IDC Data suggests nearly half of the endpoint security market is controlled by the combination of Symantec, McAfee, and Trend Micro. However, the combination of these incumbent vendors has been bleeding market share to upstart companies, including CrowdStrike, in recent years. We see significant potential for growth in the EDR portion of the endpoint protection market and believe CrowdStrike is poised to be a beneficiary of this growth.
- **Strong Product Offering** - We believe CrowdStrike delivers a strong endpoint offering, especially relative to legacy peers. We believe the efficacy of CrowdStrike's solution will help continue to drive customer adoption moving forward, helping CRWD to gain additional market share in the process.
- **Cloud-Centric Solution** - We believe customers are becoming more focused on both the cloud in general and upon the impact that security has upon their devices. CrowdStrike is deployed from the cloud and features only a lightweight agent on a customer's endpoints. We see this technology as providing a significant benefit to customers, particularly in terms of endpoint performance. These benefits should help increase the adoption of CrowdStrike products.

Bear Case:

- **Competition** - CrowdStrike faces competition within the Endpoint Security market including incumbent vendors, network security vendors, and several pure play next-generation vendors, most of whom are private. These incumbent and network security vendors may have more resources at hand to develop competing products and larger install bases of whom they can sell to. Incumbent vendors include Symantec, McAfee, Trend Micro, Kaspersky Labs and several others. Network security vendors include Palo Alto, Fortinet, FireEye, Cisco, and Check Point.
- **Risk Entering into Adjacent Markets** - We believe CrowdStrike faces risks from entering into adjacent markets of Endpoint Security that may also be highly competitive and/or contain incumbent vendors that have a significant market share.
- **Pricing/ASP Risks** - The Next-Gen Endpoint security market is highly competitive with lowering barriers to entry that may limit CrowdStrike's ability to charge a price premium over traditional AV solutions. CrowdStrike will need to continue to invest in its technology and incorporate add-on solutions in order to maintain pricing power.

Overview:

We believe that CrowdStrike is positioned to gain share in the Endpoint Protection Platform market and expand into other areas of security over time with its scalable cloud-native, next-generation endpoint platform. We favor CrowdStrike's best-in-class subscription growth and net retention rates and expect the company's Software as a Service (SaaS) model and new offerings to deliver sustainable high growth as the company invests to gain market share.



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