

Covata

Software
22 March 2018

Next piece of the jigsaw

Covata has entered into a strategic alliance with dataglobal, a German enterprise information management and archiving software company, to gain access to its data classification technology and to work together on cross-selling opportunities. This should accelerate the development of Covata's data security platform (DSP) as well as offer a new channel through which it can sell its solutions in Europe. Covata will also have the rights to resell dataglobal's other products globally.

Strategic alliance with dataglobal

Covata has entered into a strategic alliance with dataglobal, a privately owned German software company, specialising in enterprise information management and archiving, with more than 550 corporate customers across 40 countries. Covata is acquiring access to dataglobal's data classification IP, which includes an automated data classification engine, connectors into content service platforms and data analysis tools. It will pay €1m over FY18 and FY19 for its own version of the core IP and will also sign up to a maintenance contract to access support from dataglobal.

Accelerating development of the DSP

Covata plans to integrate dataglobal's data classification IP into its data security platform. Covata already has data discovery (via Cipherpoint) and secure data sharing functionality, and this adds a crucial building block to the platform. Covata expects the integration process to take three to four months, which is a much shorter timescale than if Covata had developed this software in house. The reduction in internal R&D for this element of the platform should offset some of the cost of the IP.

Cross-selling opportunity

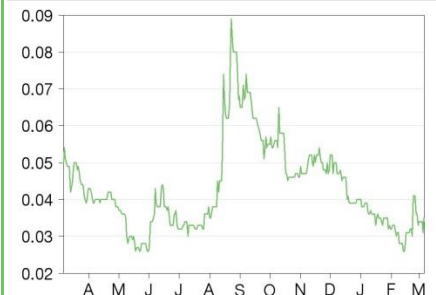
As part of the deal, Covata has entered into a worldwide OEM agreement to become a reseller of the full dataglobal product range – this includes data archiving and data storage analysis software. Covata and dataglobal have also agreed to share sales leads and collaborate on channel development.

Tracking the milestones

There are no forecasts available; to track progress we continue to monitor contract wins, half-yearly order intake, cash burn and the development of the DSP. This news confirms that Covata is moving closer to the launch of a complete DSP.

Price **A\$0.03**
Market cap **A\$18m**

Share price graph



Share details

Code CVT
 Listing ASX
 Shares in issue* 590.0m
 *Excludes 57.1m shares in employee loan share plan

Business description

Covata's SafeShare software enables users to share data securely within their businesses as well as with external parties. The software uses identity, policy and key management to protect data wherever it goes. The company is headquartered in Australia and has 25 employees.

Bull

- Established Australian government customers.
- Restructured cost base.
- Redefined product roadmap.

Bear

- Low level of revenues.
- Not yet cash-flow positive.
- Acquisition risk.

Analysts

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Historical financials

Year end	Revenue (A\$m)	PBT (A\$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/14	0.4	(9.8)	(4.4)	0.0	N/A	N/A
06/15	0.3	(27.5)	(8.4)	0.0	N/A	N/A
06/16	0.4	(14.1)	(3.1)	0.0	N/A	N/A
06/17	0.4	(10.2)	(2.0)	0.0	N/A	N/A

Source: Covata

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