



Powering the Evolving Workplace

MegaTrends Report
February 2020

Introduction

Be honest. Are you reading this report in your office instead of working? No judgment if you are, we don't blame you. But what does "the office" look like for you? Is it your living room?

For an [increasing number of U.S. workers](#), that's the case. And this isn't the only shift we're picking up on in social data.

As remote work increases in prevalence, [robust communication tools](#) are emerging to connect teams separated by hundreds (or maybe just a couple) of miles.

These teams are also burdened with deriving insights from a [never-ending pipeline of data](#). Did we mention they're not all in the same room?

Leveraging data effectively is essential to create positive business outcomes, which is what we're all after. But not all insights are created equally. This stat absolutely amazes me, and demonstrates the need for tools provided by the companies in this report:

[Through 2022, only 20% of analytic insights will deliver business outcomes.](#)

So, as workplace priorities and challenges mount, which companies are stepping up to the plate to clear the weeds and strengthen business results?

We've identified four companies emerging as industry leaders, empowering companies to achieve three main goals of the new workplace:

- 1. Improve employee communication**
- 2. Enable remote work**
- 3. Leverage actionable data**

Please enjoy this report,

Andy Swan
founder, [LikeFolio](#)

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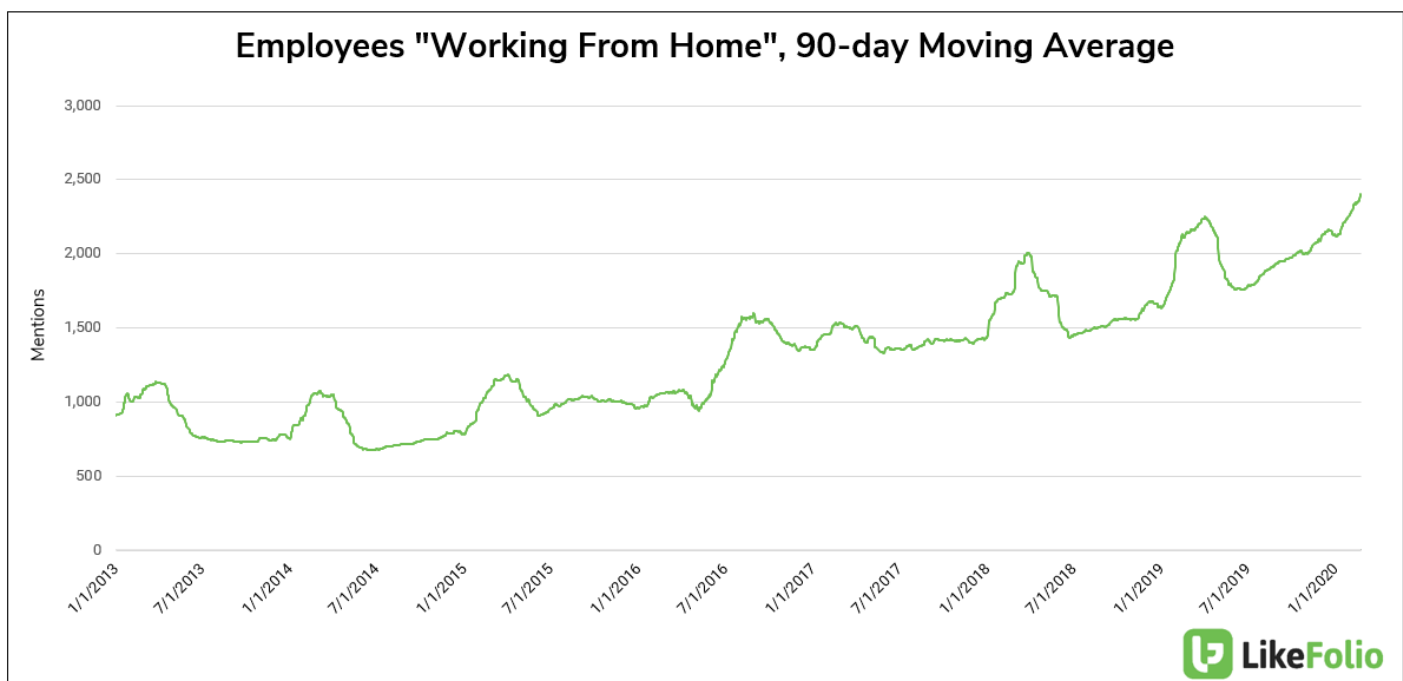
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Businesses Need Efficient Solutions to Deal with Complex Data, Teams, and Workflows

Workers Want a Flexible (and Remote) Work Environment

A flexible work environment is the new norm. ["80% of workers in the U.S. would choose a job which offered flexible working over a job that didn't, and almost a third \(30%\) of people value being able to choose their work location over an increase in vacation time."](#)

LikeFolio data confirms **mentions of "working from home" and "remote work" are increasing at a pace of +12% YoY.**



Qualitative analysis reveals the most commonly mentioned benefits include an improved work-life balance and increased productivity, as evident in the tweets below:

Paul Sharpe @PaulDSharpe · Feb 23

Hoping to keep out of the way tomorrow so I can carry on writing the report I started on Friday. Not sure there's a room anywhere I can hide in but I'll work something out. Need my space.

1

Ben Whitaker @bwhitaker355

Replying to @PaulDSharpe

Can you work from home? I have been allowed to this week to finish a report and feedback from a survey. To many interruptions at work, even if you hide!

1:33 PM · Feb 23, 2020 · Twitter for Android

Christopher Neto CTS @chris_neto · Feb 23

Q1 For many years, remote working/working from home have been discouraged by firms. The tide seems to be turning, especially w/the latest pandemic. Does your firm encourage remote working? What tools are you equipped with? How important is the ability to be mobile? #AVinTheAM

56 8 30

Hagai @HagaiFeiner

Replying to @chris_neto

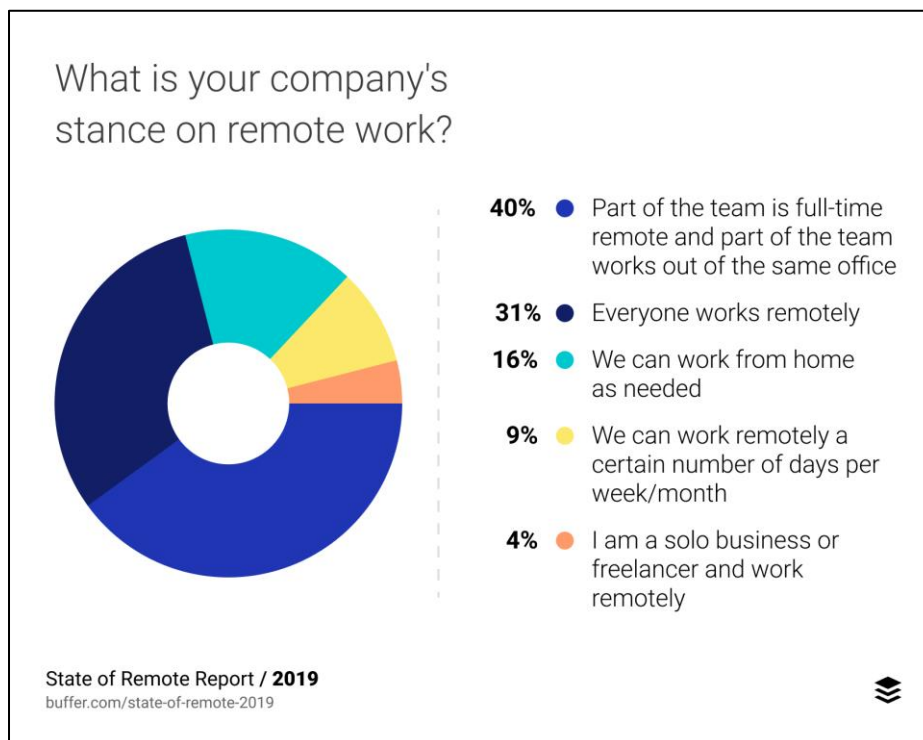
In this day and age remote capabilities are critical. My personal reasons are life balance, business continuity and long term strategy. Example: we could not find a building suitable for AN in L.A. other than in Valencia that's 45min north of. Remote work options reduces commutes

10:39 AM · Feb 23, 2020 from Santa Monica, CA · Twitter for iPhone

1 Retweet 4 Likes

Outside reports confirm these findings: [45% of workers see commuting as the worst part of their day](#) and [66% of Flexjob survey respondents said their productivity improved when not in an office](#).

Companies are taking note:



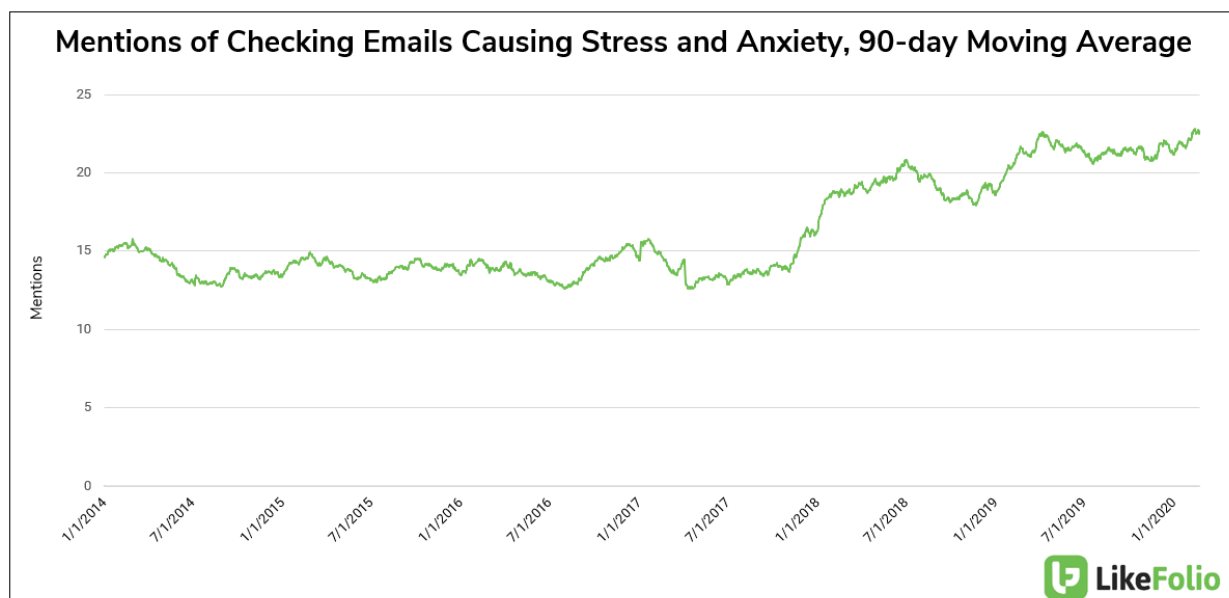
But we're only scratching the surface here. Even though preference for a flexible work environment is rising, [only 3.4% of the total U.S. workforce are remote workers](#). This is up from 2.9% in 2015. This shift can only be expected to continue and the need for remote working tools to rise as it does.

MegaTrends IMPACT Point – Enable Remote Work

- [ZM](#) – Winner
- [WORK](#) – Winner
- [MSFT](#) - Winner

Workers Need Effective Communication Channels

A flexible work environment is built on technology that empowers effective communication. On this subject, LikeFolio data confirms a trend that shouldn't be news to anyone: email management is stressing workers out. Mentions of workers being "stressed out", "avoiding", and "unable to keep up with" the size of their inboxes has increased significantly in the past three years. In fact, these mentions are up 6% YoY in the last quarter, as evident in the chart below.



What's interesting is that **as the stress associated with managing email workload increases, [the time workers actually spend checking emails has decreased each year since 2015.](#)**

Make no mistake; the time spent on this form of communication still comprises most of a workday: more than five hours a day.

So, what does this mean? Companies that can create engaging communication tools that don't stress out workers (or clients) stand to benefit. And there are some top names that come to mind...

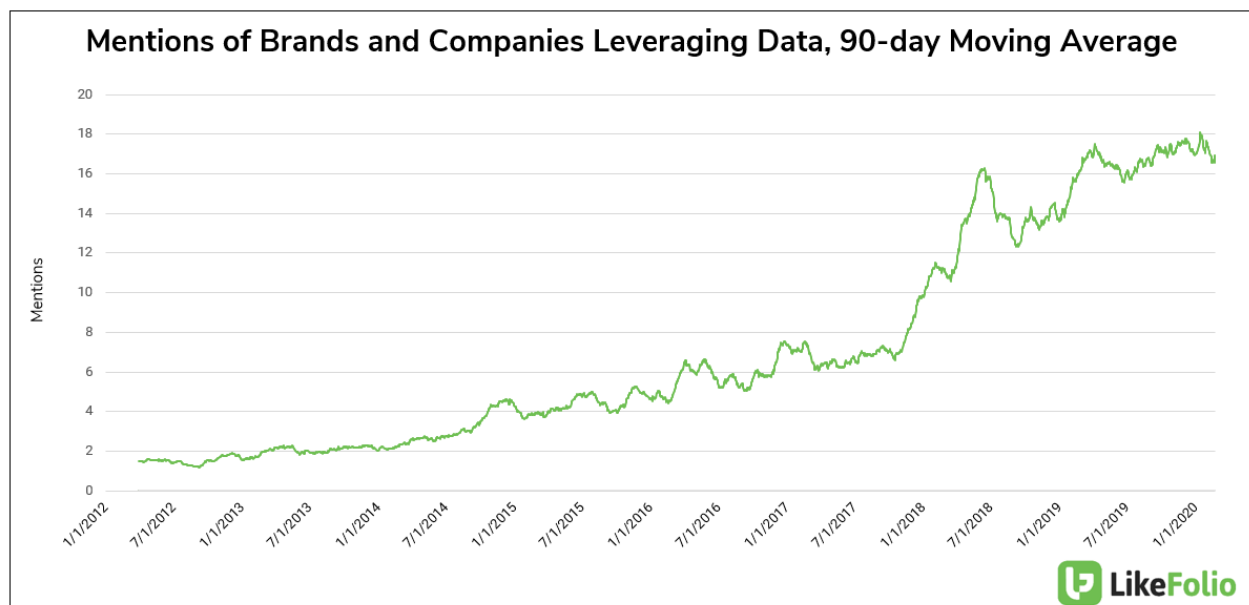
MegaTrends IMPACT Point – Improve Employee Communication

- [ZM](#) – Winner
- [WORK](#) – Winner
- [MSFT](#) - Winner

Cross-functional Teams Create Actionable Data

We now understand that teams are spread out and need ways to work together. But what about all of the data coming into these companies? Dealing with all of that data becomes an even bigger challenge when employees are spread out around the globe, so companies need tools that help them manage and leverage data efficiently across the organization.

Companies are working to understand how to do just that now more than ever. Check out mentions of brands and companies “using data to make decisions” and seeking “actionable data”:



With an influx of data sources, it's increasingly difficult for decision makers to isolate insights that translate to meaningful business outcomes.

In fact, according to a study by Gartner, [“through 2022, only 20% of analytic insights will deliver business outcomes.”](#)

What is the key to success? Cross-functional teams built on collaboration and powered by technology.

A handful of names have developed solutions to do just this. The common theme is that these solutions harness the power of 1's and 0's alongside business acumen – i.e. the [perfect marriage of IT coding and marketing instincts](#):

“Beyond an analytics team capable of training a reliable algorithm... activation requires both the data and IT infrastructure to maintain and transmit customer data in real time. It also needs marketing technology capable of taking the insights produced by the algorithm, translating them into strategic offers, and autonomously delivering these offers in the market.”

And there's plenty of room for growth in this space. According to [Business Intelligence \(BI\) Software Global Market Report 2020](#), the global BI software market was valued at \$14.3 billion in 2018 and is expected to grow to \$28.77 billion at a CAGR (compound annual growth rate) of 19.1% through 2022.

This market includes internal tools helping to increase productivity and support a changing work environment.

MegaTrends IMPACT Point – Leverage Actionable Data

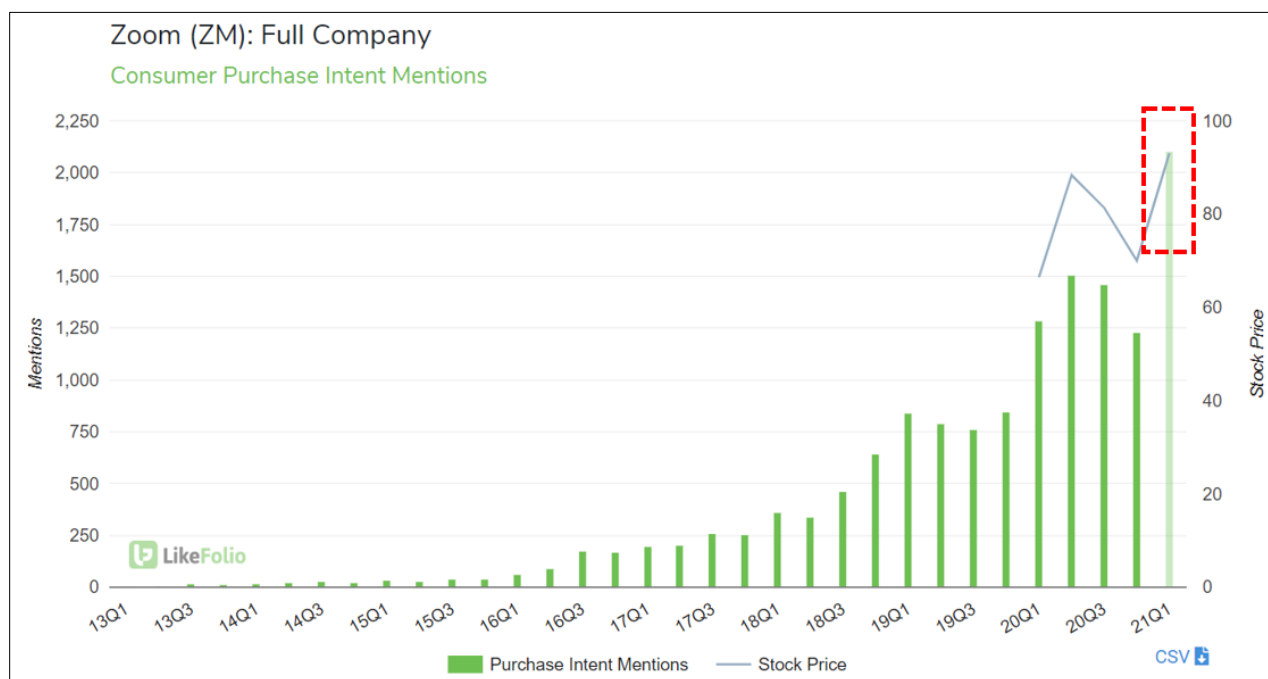
- [CRM](#) – Winner
- [MSFT](#) - Winner

Companies Powering the Evolving Workplace

Zoom Video Communications, Inc. (NASDAQ: ZM)

As investor fears related to the impact of the coronavirus ding many companies' stock values, a handful are actually benefitting because they facilitate remote work (and prevent exposure to the virus). One of these companies is videoconferencing provider Zoom, which saw its [stock rise inversely compared to overall market patterns](#).

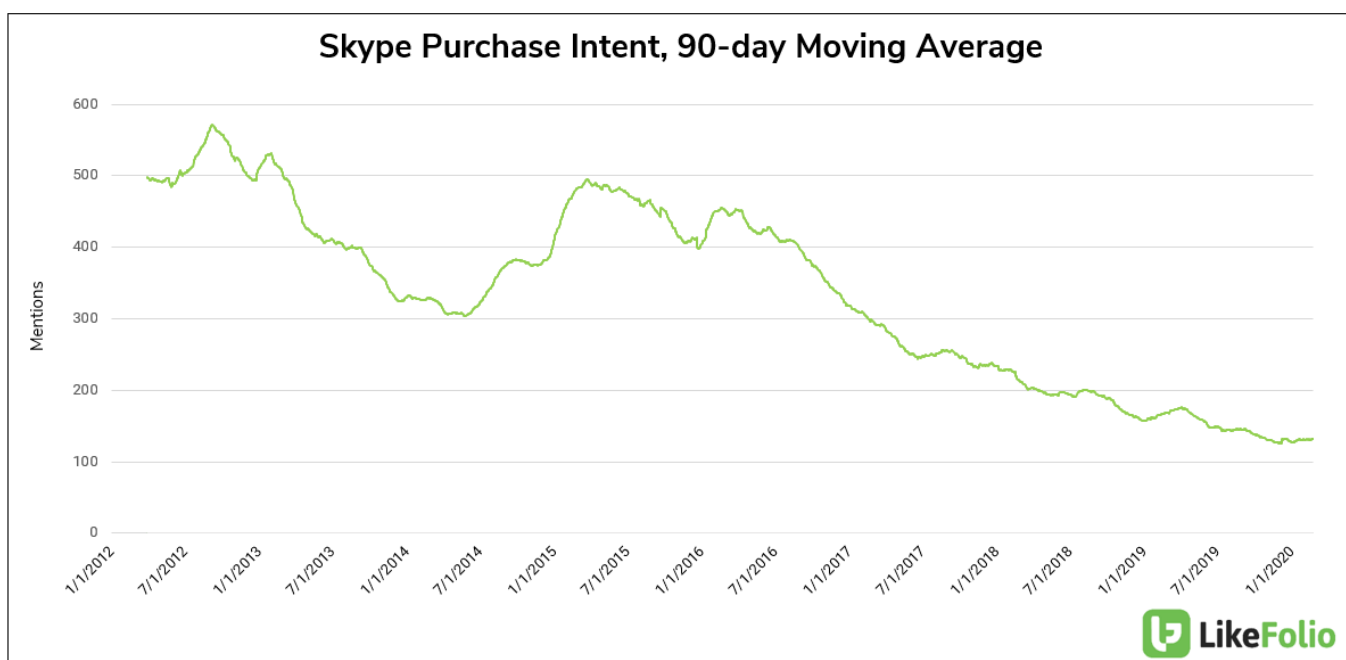
LikeFolio Purchase Intent levels for Zoom (mentions of consumers using or downloading the tool) are pacing at the highest rate we've ever recorded in the current quarter. You can see this pace outlined in red on the chart below: **+63% YoY**.



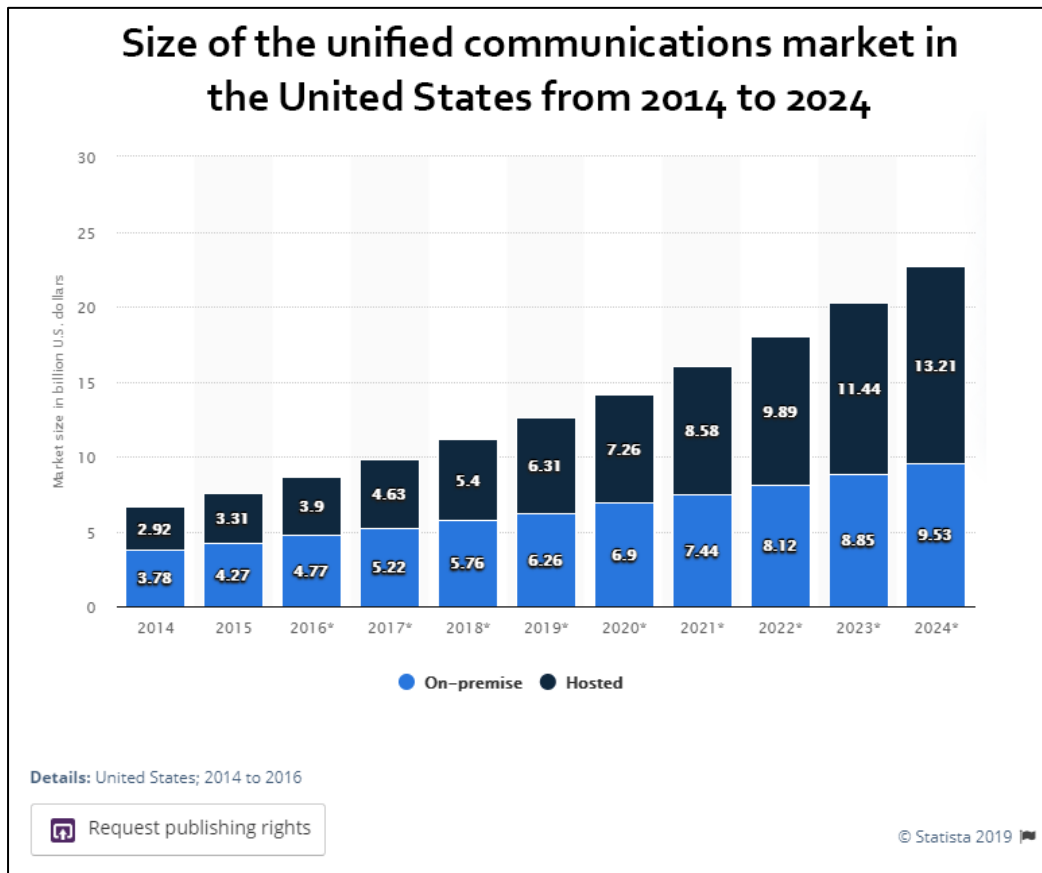
This impressive demand uptick is nearly in line with the revenue growth reported in the company's [20Q3 earnings release](#): Total revenue for the quarter was \$166.6 million, up 85% year-over-year.

Despite surpassing earnings, revenue expectations, and fiscal year guidance, the stock fell ~11% because the [85% revenue growth rate was lower than the 96% growth reported in the prior quarter](#).

While the company faces competition from names like Cisco and Microsoft, LikeFolio data suggests Zoom is well-positioned to continue to gain market share. Consumer happiness for Zoom products is more than 80% positive and data reveals top video competitor Skype (MSFT) usage continues to fall:



While Microsoft has shifted focus to its [Teams](#) product, the size of the communications market in the U.S. is projected to grow significantly to \$22.8 billion by 2024.



The graphic above showcasing anticipated market growth suggests multiple winners could emerge. (More on this and MSFT implications later).

Zoom's CEO Eric Yuan emphasized a focus on the size of the potential market, technology investment, and Zoom's positioning as a best-of-breed brand on its [20Q3 earnings call](#):

"There are two trends. One trend is the best-of-breed service...Best-of-breed service providers will do very well, like video voice at Zoom and like Slack and Okta, I think will do very well. Another trend is the customer, they might want to deploy one unified solution from one company, but I do not think that model is sustainable. Because quite often, you have a problem from – for one service, you're stuck."

That's why I think in the future, as we focus on video and voice, we might spend more time on technology side, AI or real-time language translation. I shake hands with you, you can feel that as well."

While Zoom Purchase Intent soars, the stock is still well-off IPO highs. At its current pace, our outlook is bullish for Zoom.

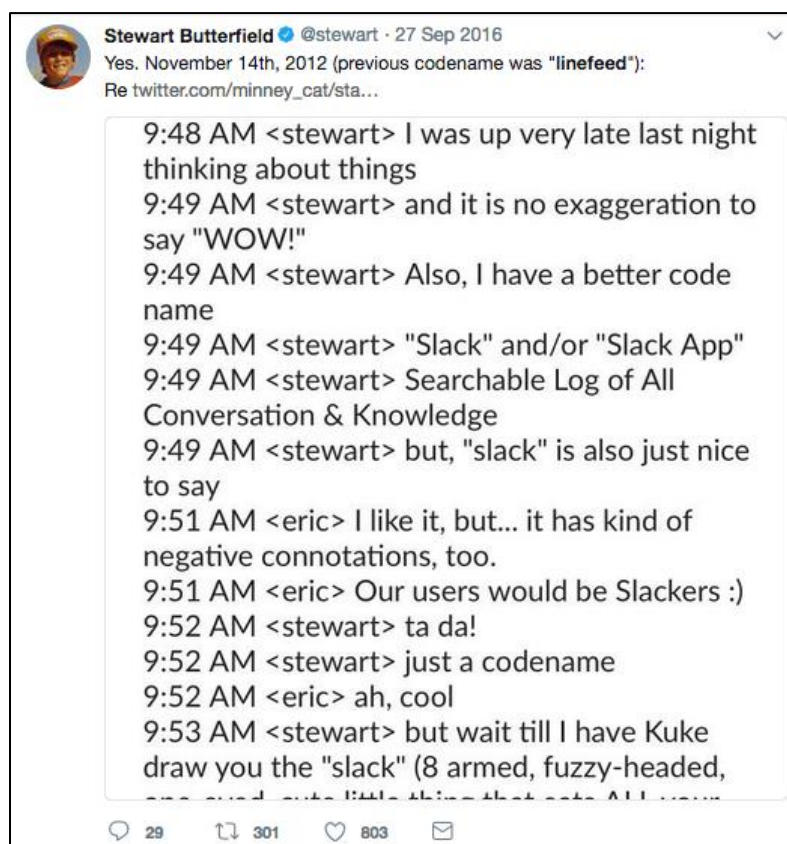
MegaTrends IMPACT Points – (ZM)

- [IMPROVE EMPLOYEE COMMUNICATION](#) – Winner – Zoom provides a suite of internal communication tools to facilitate sharing among teams as well as opportunities for client connection.
- [ENABLE REMOTE WORK](#) – Winner – Zoom allows remote workers to visually and audibly be present from flexible locations.

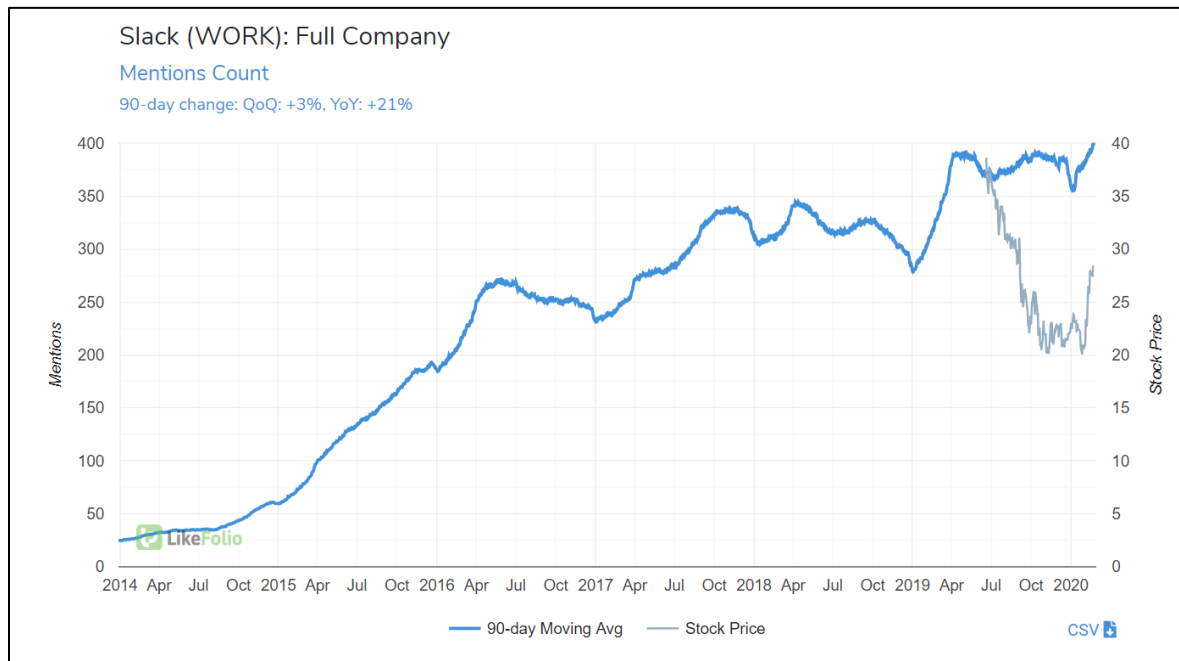
Slack Technologies, Inc. (NYSE: WORK)

[Slack was born as a side project](#), a tool that game developers created to facilitate communication among teams in multiple locations, and make communication engaging and effective (the antithesis of email). After the game failed, the company realized what they created may be even better.

In late 2012, Tiny Speck developers placed meaning behind Slack – an acronym for “Searchable Log of All Communication and Knowledge.”



Since its fortuitous inception, Slack adoption in the workplace has soared. The chart below plots mentions of consumers using the word “slack” – **action terms like “slacked me” and “on slack” are propelling mentions to all-time highs and 21% YoY growth.**



Slack has dominated recent news cycles as massive companies (like [IBM](#) and [UBER](#)) shift entire workforces to the platform, rocketing the stock value. These companies aren't outliers or anomalies. On its [20Q3 conference call](#), the company noted it onboarded 101 companies with recurring revenue of more than \$100,000 – a 67% YoY increase.

In addition, when examining the bucket of the highest paying clients providing annual recurring revenue of \$1 million or more, around 70% are Office 365 users (a promising note related to the willingness of consumers to use multiple platforms):

“In general, we continue to see tremendous adoption across customers of the office suite. They choose Slack despite having abundant [alternatives that are] marketed as free. They choose Slack because of scales to the complexity and breadth of their enterprise, because it is open, integrated with all the software they use across their business and because of the careful attention we pay to user experience, which creates...deeply loyal and committed wins,” said Stewart Butterfield, Slack co-founder and CEO.

[Analysts are noting plenty of room for future growth](#) through development upgrades and upsells:

"With only 45% of respondents using Slack today and >50% of this subset using a free or basic version of the product, we believe there is significant opportunity to both acquire net new customers and drive growth through up-selling existing customers to premium [versions of the product]."

The combo of surging consumer demand, stable happiness, and plenty of growth potential confirms Slack is a solid long-term investment. The stock is below IPO pricing, even with recent gains. We'll continue to monitor for continued adoption, but our outlook is shifting cautiously bullish at the current price.

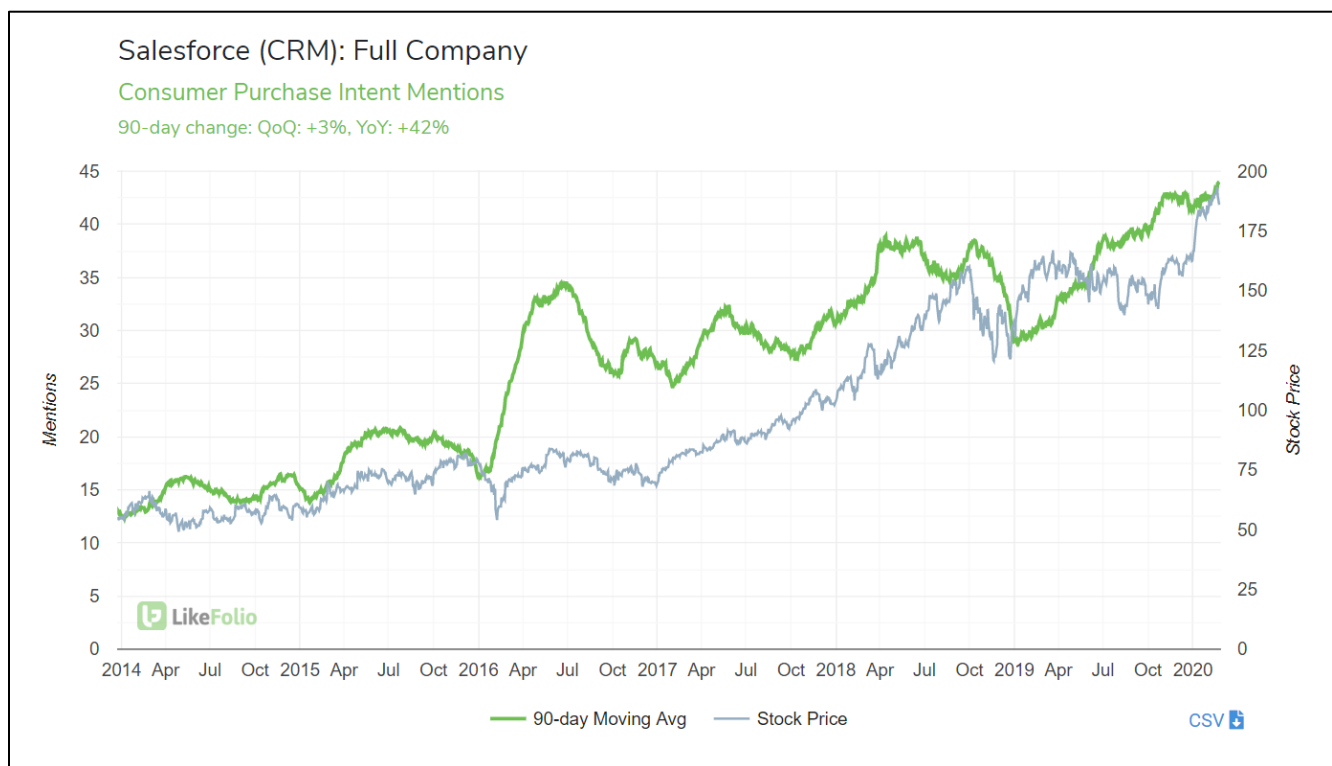
MegaTrends IMPACT Points – (WORK)

- [IMPROVE EMPLOYEE COMMUNICATION](#) – Winner – Slack completely changed the email game, and big names are jumping on board.
- [ENABLE REMOTE WORK](#) – Winner – Slack's robust communication platform enables global teams to work efficiently and effectively together.

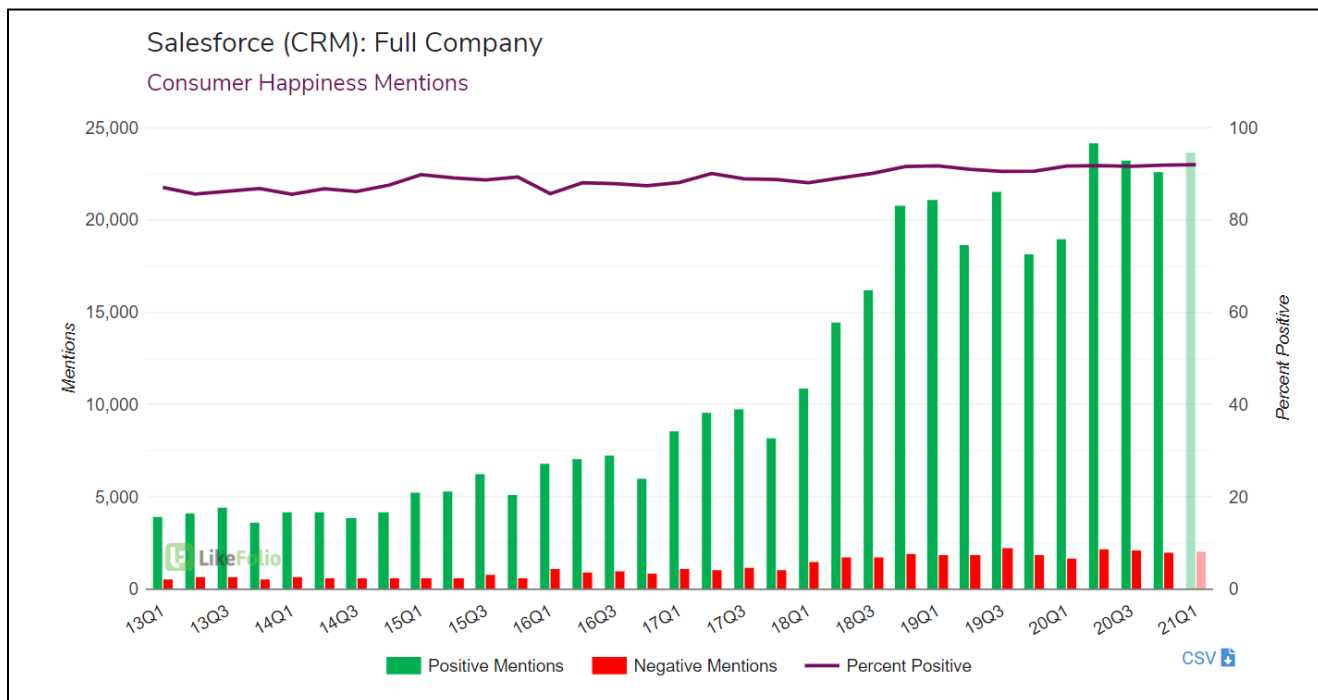
Salesforce.com, Inc. (NYSE: CRM)

Salesforce isn't a new name for investors. The stock has seen gains of more than 60% over the last two years. This appears justified, as [CRM has beaten EPS and revenue estimates 100% of the time in the same time frame](#).

LikeFolio data exhibits sustained growth in demand for the product and services provided by the software company:



Purchase Intent mentions are powering through all-time highs and achieving YoY growth levels of +42%. The only thing more impressive than consumer demand is the level of consumer happiness the company is registering alongside platform growth:



Consumer happiness of more than 90% is simply unheard of in the LikeFolio universe, especially among software providers.

But what gives us the most hope for Salesforce's trajectory moving forward are the tailwinds propelling it.

We previously detailed a key theme emerging in the 2020 workplace is the ability for companies and brands to leverage data to drive business results. Success in this arena is attributable to successful cross-functional teams synergizing technology (coding, AI) and marketing expertise. This is *exactly* what Salesforce does well.

Its [2019 acquisition completion of Tableau](#) (data analytics) combined with the marketing workflow and insights powered by the traditional Salesforce model positions the company for extreme growth.

"Companies of every size and industry are transforming how they do business in the digital age – customers and data are at the heart of those transformations. This creates an incredible opportunity for Salesforce and Tableau, as [IDC projects worldwide spending on technologies and services that will enable digital transformation to reach \\$1.8 trillion in 2022.](#)"

Just prior to this MegaTrends report release, [CRM reported record results and raised FY21 guidance](#), but the stock fell slightly after hours when the [Co-CEO stepped down](#). These events actually create a more ideal entry point for a long-term bullish position.

MegaTrends IMPACT Points – (CRM)

- [LEVERAGE ACTIONABLE DATA](#) – Winner – Salesforce synergizes unified data and powerful marketing to improve business outcomes.

Microsoft Corp. (NASDAQ: MSFT)

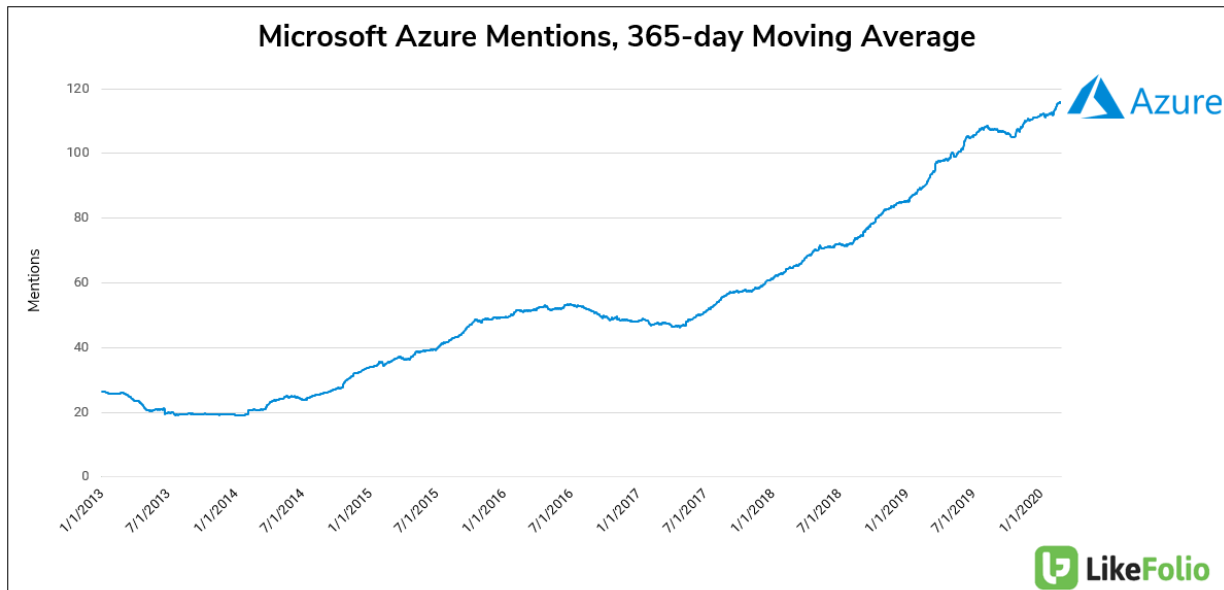
It's impossible to discuss companies leveraging productivity and data in the workplace without including MSFT in the conversation.

In fact, **MSFT hit the MegaTrends trifecta**. It is harnessing and facilitating all three major shifts in the workplace: remote work, effective communication, and actionable data.

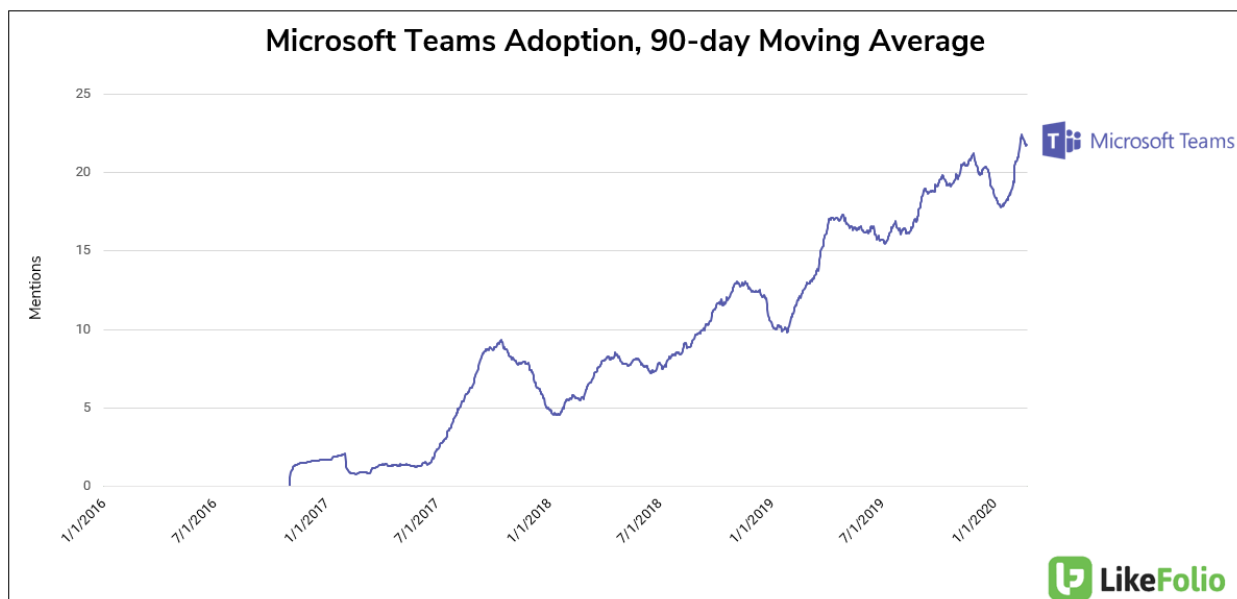
And Wall Street knows it. Microsoft shares have risen 63% in the past year, [boosted by strength in Azure and the Office 365 productivity suite](#).

Microsoft products and services growth												
Product/Service	3017	4017	1018	2018	3018	4018	1019	2019	3019	4019	1020	2020
Azure	93%	97%	90%	98%	93%	89%	76%	76%	73%	64%	59%	62%
Server products and cloud svcs	15%	15%	17%	18%	20%	26%	28%	24%	27%	22%	30%	30%
Office 365 commercial	45%	43%	42%	41%	42%	38%	36%	34%	30%	31%	25%	27%
Windows commercial pdts/cloud svcs	6%	8%	7%	-4%	21%	23%	12%	13%	18%	13%	26%	25%
Office consumer pdts/cloud svcs	15%	13%	12%	12%	12%	8%	16%	1%	8%	6%	5%	19%
Windows OEM	5%	1%	4%	4%	4%	7%	3%	-5%	9%	9%	9%	18%
Office commercial pdts/cloud svcs	7%	5%	10%	10%	14%	10%	17%	11%	12%	14%	13%	16%
Dynamics products and cloud svcs	10%	7%	13%	10%	17%	11%	20%	17%	13%	12%	14%	12%
Search ads (ex traffic acq. costs)	8%	10%	15%	15%	16%	17%	17%	14%	12%	9%	11%	6%
Enterprise Services	-1%	-3%	1%	5%	8%	8%	6%	6%	4%	4%	7%	6%
Xbox content and services							36%	31%	12%	-3%	0%	-11%

[Azure](#) is the cloud-based arm of Microsoft that allows companies to analyze massive amounts of data in real time and deliver a personalized experience to customers. Sound familiar? This is a key success factor for companies looking to derive actionable business decisions for an exploding amount of available data.



Consumer mentions of Microsoft Azure have absolutely rocketed over the past three years, confirming the explosive growth rates noted in the graphic above.



While the data leveraging arm of MSFT flourishes, another budding sector is showing promise: **Microsoft Teams**. (Microsoft Teams is similar in nature to two companies we previously discussed in this report: Slack and

Zoom.) You can see adoption mentions of the Microsoft Teams platform on the previous page: **+73% YoY!**

This rate of adoption is even stronger than the purchase intent growth observed for Zoom and Slack. So, does this mean Microsoft is the only winner?

Definitely not. Cloud-based solutions and effective communication channels are prime examples of rising tides ready to lift many boats.

We previously noted the growth expected in the unified communication market (\$22.8 billion by 2024). While that figure is impressive, cloud spending is even more so: [estimated to top \\$30 billion in 19Q4](#).

Microsoft stock value has fallen as the market shows signs of investor fear ([we'll let you debate the reasoning](#)). This dip presents an ideal bullish opportunity for investors. With consumer demand in key sectors showing extreme strength, the stock appears to be on sale.

MegaTrends IMPACT Points – (MSFT)

- [IMPROVE EMPLOYEE COMMUNICATION](#) – Winner – The Microsoft Teams platform is empowering communication.
- [ENABLE REMOTE WORK](#) – Winner – Microsoft Teams allows for timely communication for teams regardless of location.
- [LEVERAGE ACTIONABLE DATA](#) – Winner – Multiple Microsoft platforms support robust use of data. The Azure platform, in particular, continues to exhibit strength and growth potential.

Conclusion

As the workplace evolves, companies are creating technology to empower employees, improve communication, and leverage meaningful business outcomes from an explosive amount of data.

The opportunities presented in this report highlight companies exhibiting significant strength in at least one (if not all) of the previously mentioned areas.

In fact, many of the companies reviewed are experiencing slight weakness due to overall market trends. We recommend monitoring pricing for ideal entry and accumulation opportunities.

We will continue to observe this competitive landscape and keep you informed at any sign of weakness.

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