Globo Plc

(LON:GBO, OTCQX:GOBPY)

July 8, 2015

RB MILESTONE GROUP
EQUITY RESEARCH AND MARKET INTELLIGENCE

Price (As of July 7, 2015) (£):	**48.00 pence**
Beta:	**2.39**
Price/Book:	**1.20x**
Debt/Equity Ratio:	**0.24x**
Listings:	**LON, OTCQX**



Source: Yahoo! Finance

Recent News

25-Jun-15: Globo announced that Standard Life Investments Limited has increased its shareholding to 7.538%.

19-Jun-15: Globo announces its plan of organizing investor meetings in the US and the UK for the issuance of senior secured high yield notes.

02-Jun-15: Globo Plc begins trading its ADRs on OTCQX under the symbol "GOBPY"

22-Apr-15: Globo's Go!Enterprise product offering wins two categories at the Info Security 2015 Global Excellence Awards

25-Feb-15: Globo announces enhancements and upgrades to its Go!Enterprise EMM product suite

29-Jan-15: Globo featured in latest IDC Report

17-Jan-15: Globo announced integration with Cisco ISE (Identity Services Engine)

14-Jan-15: Globo announces renewal and incremental purchase order totalling 50,000 licenses for its GO!Enterprise - Enterprise Mobility Management (EMM) solution. The order amounts to $1.2 million in annualized revenues.

19-Dec-14: Globo wins tender to provide mobile technology and services contract to Milton Keynes Council in the United Kingdom.

Shares Outstanding: 373.69 million

Market Cap: £168.56 million

52 Week (Low - High): £34.00 - £64.00 pence

Go Mobile with Globo

Globo Plc (LON: GBO, OTCQX: GOBPY) ("Globo" or the "Company") is a technology company delivering enterprise mobility application platforms and services. The Company was founded in 1997 and incorporated in the United Kingdom. Globo's product technology revolves around the concept of Enterprise Mobility Management ("EMM") and Mobile Application Development Platform ("MADP"). These technologies facilitate businesses to develop their engagement with employees and customers through an environment that runs on smart devices. Globo operates in Europe, United States, United Kingdom, South East Asia and the Middle East. The Company has offices in London, California, New York and Athens. Globo's common stock is currently listed on the London Stock Exchange under symbol GBO and its Level 1 American Depository Receipt (ADR) are traded on the OTCQX under symbol GOBPY.

Investment Rationale

Increasing users and higher customer retention ratio should drive revenue

Overall growth in the number of product licenses and high customer retention ratio should help Globo to enhance its growth prospects for 2015-16. On a monthly basis, over six million use Globo products and services across the world. The Company's GO!Enterprise platform had a customer base of 834,000 business-to-employee licenses and 31.8 million business-to-consumer licenses in 2014, indicating a growth of 145% and 143% over 2013 levels respectively. Similarly, the customer base for CitronGO! and GO!Social increased by 21% in 2014. The Company not only showed an impressive growth in product licenses, but also achieved an above-average customer retention ratio in a highly competitive environment. 2014 license renewal rates for GO!Enterprise platform stood at 95%, while the same for CitronGO! (Consumer Mobility Product/Service) was 65%. In 2014 Globo derived 54.4% of total revenue from its enterprise mobility product suite - GO!Enterprise - and 36.2% from an offering that renders smartphone functions on previous-generation feature-phone mobile devices - CitronGO! and GO!Social. Further, Globo's GO!Enterprise EMM recently had an incremental purchase order from a US Fortune 100 company worth $1.2 million in annual revenues. Similar growth momentum should continue in 2015-16.

New enterprise and government contracts should provide additional revenue

New contracts from leading enterprises and governments should also help increase Globo's revenue in 2015-15. In 2014, the Company won a new contract from Australia's New South Wales Health Administration for the sale of 6,000 GO!Enterprise licenses. The Company also secured new contracts from the government bodies and leading companies such as Milton Keynes Council in the UK, Ministry of Public Order and Citizen Protection in Greece, PeopleCert, Siemens, TUI, TNT and Intracom Telecom. These recent contract awards bode well for Globo's prospects in 2015-16, as adoption of Globo's technologies should result in a positive network effect.

Partnership with industry leaders should improve brand recognition

Partnerships with renowned entities should help the Company to gain operational synergies and enhance its competence and brand image. Globo currently has partnership agreements with Samsung, Fujitsu, Ingram Micro, Computerlinks and ASBIS to distribute its products and services in the different parts of the world. In 2014, the Company expanded its relationship with Ingram Micro Mobility Inc., for distribution of GO!Enterprise products to large, small and medium-sized businesses in the US and Canada. Similarly, the Company has partnerships with Bechtle Direct Ltd., Qast Software Group, SOFTTEK, Portland Europe, Plus Dynamics, Ecfos, IREO and GN4ME for distribution activities. These partnerships enable the Company to cater to customers

from industries such as insurance, manufacturing, healthcare, government, hospitality, construction, finance and retail.

Innovation and product development initiatives bode well for Globo

Continued focus on innovation and product development has enabled Globo to improve its product and service offerings. In 2014 at the Barcelona Mobile World Congress, Globo launched GO!AppZone mobile application development platform to build, test and deploy cross-platform mobile apps. Similarly, the Company launched GO!Enterprise WorkSpace, a runtime environment of the GO!Enterprise platform with Secure Office Editor embedded as a free utility. Recently, the Company integrated its GO!Enterprise with Cisco Identity Services Engine (ISE) and Samsung KNOX to offer enhanced compliance functionality and expanded security features in Android devices.

Acquisition opportunities, specifically in the US, should augment growth

Globo's acquisition of US companies such as Sourcebits and Notify should help expand its product and service portfolio and enhance its revenue growth opportunities. The US is one of the most attractive markets for the mobile application development business as approximately 67% of the US population is estimated to use smartphones to access internet every day. Further, Statista.com, a statistic portal, forecasts that smartphone users in the US are set to rise to 220 million by 2018 from 164 million in 2014. As the Company now focuses on strengthening its position in the US, it could capitalize on the favorable external environment.

Company Timeline and Key Events

Globo was founded in 1997 and has its offices in London, California, New York and Athens. Globo has an international presence with operations in the US, UK, Europe, Asia and Middle East. In 2012, Globo divested part of its Greek legacy software operation and is currently focusing on a widespread international presence, notably the US. Exhibit 1 below shows the reverse chronological timeline of the evolution of Globo Plc, summarizing some key annual events.

Exhibit 1: Timeline summarizing significant annual events

Dates	Events
25-Jun-15	Globo notified that Standard Life Investments Limited increased its shareholding to 7.538%.
19-Jun-15	Globo announces its plan of organizing investor meetings in the US and the UK for issuance of senior secured high yield notes. The Company intends to use the net proceeds to fund future acquisitions and repay existing debt.
2-Jun-15	The Company's sponsored Level 1 ADR will begin trading on the OTCQX International Exchange in the U.S. under the ticker symbol "GOBPY"
7-May-15	Application filed for ADR Programme
6-May-15	Globo U.S. opens its fifth U.S. office in Pittsburgh, Pennsylvania
22-Apr-15	Globo wins Security Industry's Global Excellence Awards 2015
15-Jan-15	Globo announces integration with Cisco ISE worth US$1.2 million
19-Dec-14	Globo bags mobile solutions contract with Milton Keynes Council
21-Oct-14	Globo's software offering validated by U.S. National Institute of Standards and Technology for its security prowess
11-Sep-14	Globo awarded €7.5 million mobile solutions contract by the Greek Ministry of Public Order and Citizen Protection
3-Sep-14	Globo announces integration with Samsung KNOX for security expansion and andrioid device management
30-Jun-14	Globo acquires Sourcebits Inc. to boost mobile app offering
17-Apr-14	Globo signs distribution agreement with Portland Europe

10-Apr-14	Globo signs distribution agreement with Qast Software Group for the Asia region
31-Mar-14	Globo announces the strategic partnership agreement with Bechtle Direct Ltd. in U.K.
26-Feb-14	Globo Launches GO!Enterprise WorkSpace Container
24-Feb-14	Globo expands distribution agreement with Ingram Micro Mobility
17-Oct-13	successful completion of the placing of 33,880,800 ordinary shares in the Company (the "Placing") as announced on 16 October 2013, raising gross proceeds of approximately £24 million (€28 million)
3-Oct-13	US$5m acquisition of Silicon Valley based Notify Technologies Inc.
18-Apr-13	Establishes partnership with Fujitsu, thus enabling small businesses in UK and Germany to implement enterprise mobility
11-Mar-13	Globo shares included in the FTSE AIM 100 Index
27-Feb-13	Globo signs distribution agreement with Ingram Micro
22-Feb-11	GLOBO launches GO!Enterprise Server
2007	Globo listed on London Stock Exchange's AIM market as GBO:LN
1997	Globo founded with offices in London, New York and Athens

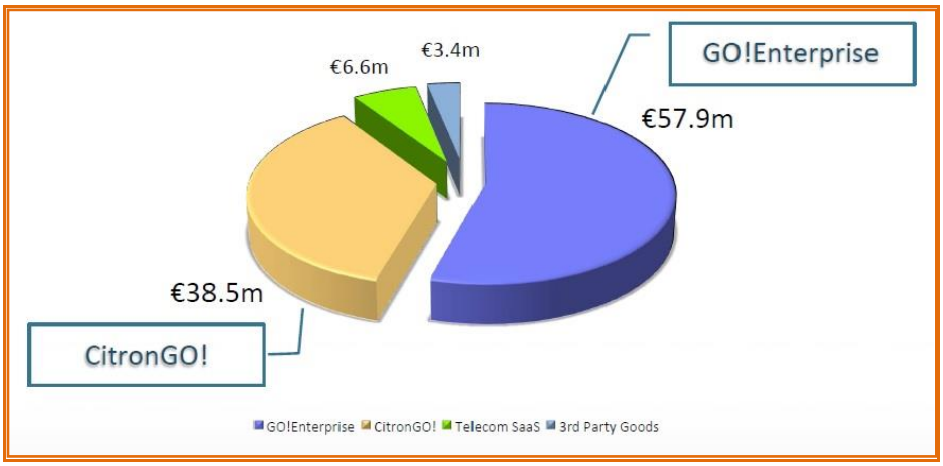
Source: Company website

Business Overview

Globo's diverse product offerings can be divided into two main customer categories: enterprise mobility solutions and consumer mobility solutions. Enterprise mobility solutions offer products that specifically target enterprises and businesses. The Company's revenue model involves selling the software licenses to the clients via a network of partners, distributors and resellers. On the other hand, consumer mobility solutions are designed to enable basic smartphone functionality on legacy feature-phone mobiles and are sold through mobile operators and internet service providers with a revenue sharing or fee per user model. Globo is shifting its strategic focus to the fast growing Enterprise Mobility Management ("EMM") market with its primary product, GO!Enterprise, and the Mobile Application Development Platform ("MADP") market with its Go!Appzone product and service. Globo's consumer mobility business is in a mature phase and has been experiencing slower revenue growth.

The Company also categorizes its operations into three segments namely, Mobile products and services, Telecom services - S.A.A.S and third party goods. Segment wise revenue distribution is shown in Exhibit 2 below.

Exhibit 2: 2014 Revenues distribution



Source: Company presentation

Exhibit 3 below shows the Company's license customers, partners and top customers of Mobility Business Solutions (MBS).

Exhibit 3: Top customers and partners of Globo



Source: Company presentation

Product Themes & Segments

Before delving into Globo's product suite in detail, we summarize briefly the umbrella of solutions that Globo products provide to both enterprises and consumers. This should help the reader understand some unified themes of Globo's diverse product offerings.

Enterprise Mobility Management ("EMM")

Enterprise mobility management is a web based console integrated into GO!Enterprise, an enterprise mobility platform. Globo's main strategic focus in 2015-16 will be the fast growing EMM space. EMM functionality includes centralized control and management of applications, content, users, security, remote control, authentication and transaction logging. The functionality of EMM extends to secured mobile workspaces including personal devices linked via the Bring Your Own Device ("BYOD") model.

- **Mobile Content Management ("MCM")**

  MCM offers cloud services, which facilitate collaboration, file and data sharing services, and miscellaneous services to employees in an organization. The cloud solutions extends to a variety of data generated from ERP's, CRM's, business intelligence, analytics and other technologies.

- **Mobile Email Management ("MEM")**

  MEM solutions enable employees to work from different locations using personally owned devices or company devices. The solution provides end-to-end security to protect corporate data along with secure messaging, access to corporate data, collaboration and other solutions.

- **Mobile Application Management ("MAM")**

  GO!Enterprise offers MAM solutions enabling management and control of custom mobile applications and out-of-the-box applications while administering corporate security policies and privacy protection. Further, MAM also offers deployment of upgrades, decommissioning applications, managing upgrades, controlling permission and other features. MAM's functionality covers internal users as well as external customers operating enterprise applications.

- **Mobile Device Management ("MDM") & Security**

  MDM offers organizations with real time access and control over diverse mobiles devices irrespective of the operating system, email platform or carrier. MDM provides various features such as compliance management, policy creation, device statistics, application management, audit tracking, and report generation all from one administrative console.

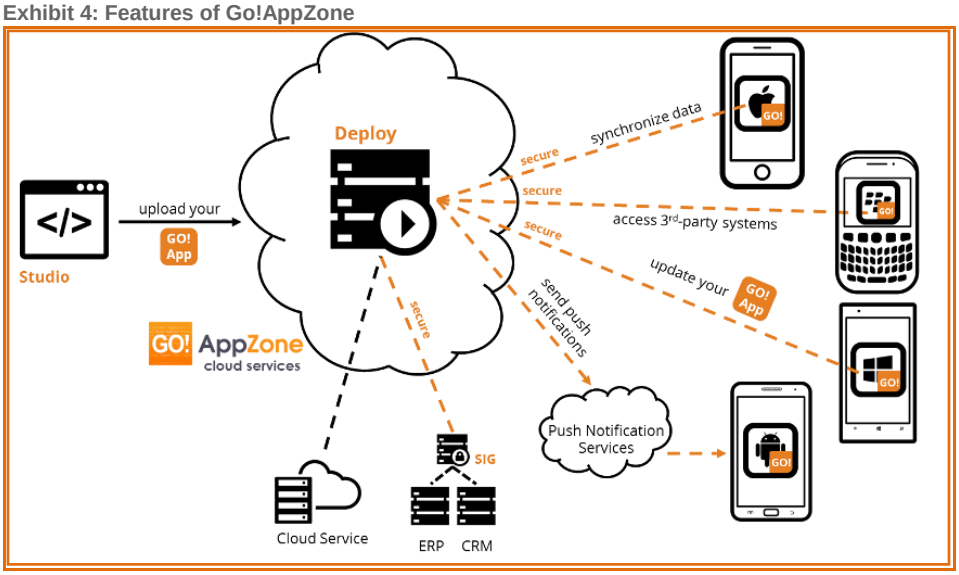
- **Secure Intranet Browsing**

  Globo's interface facilitates mobile access to an organizations intranet including access via personally owned devices. The solution also offers secure browsing and data protection. Additionally, the Company leverages their GO!Enterprise middleware server called Secure Intranet Gateway which allows access to internal intranet websites and databases.

Mobile Application Development Platform ("MADP")

Globo offers an integrated development environment known as GO!AppZone which enables developers, both businesses and individuals, to develop customized mobile applications that facilitate integration with third party systems and function on any mobile platform. Go!AppZone supports rapid creation of mobile apps along with testing of the developed application, followed by subsequent deployment. Exhibit 4 displays the Go!AppZone features, but we go into more detail on its product suite under the Key Products section.

Exhibit 4: Features of Go!AppZone



Source: Company website

Technology Providers

Globo's MADP growth strategy involves collaborating with various technology providers such as Independent Software Providers (ISV's), integrators, consultants and mobile phone vendors. By opening up the platform to such collaborations, the Company aims to achieve higher adoption of its software by businesses, employees and individual consumers.

Key Products

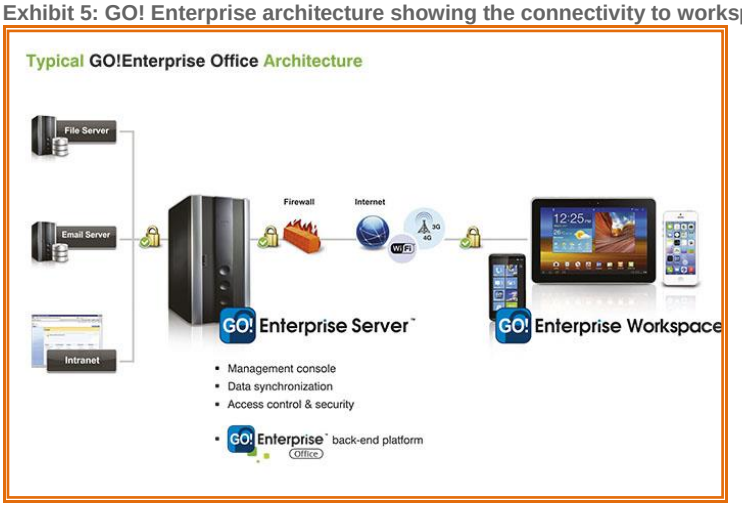
We now provide the reader with a detailed description on each of the Company's top products and solutions, in each of its key segments.

Enterprise Mobility Products

GO!Enterprise Office

The GO!Enterprise Office is a mobile productivity solution facilitating access to enterprise information such as emails, contacts, tasks, calendars and notes using any mobile device. The GO!Enterprise Office mobile browser enables employees to access the corporate intranet and any other internal web application. In addition, employees can use enterprise instant messaging functionality embedded with the GO!Enterprise platform to carry out one-to-one communication or group discussions. Further, the product suite enables implementation of Bring Your Own Device (BYOD) strategies. It permits employees to access secure corporate data through personal devices and without imposing limitations to the usage of personal data and applications. Exhibit 4 shows the architecture of GO!Enterprise Office, indicating the flow of information from different enterprise domains to the workspace through enterprise server.

Exhibit 5: GO! Enterprise architecture showing the connectivity to workspace



Source: Company website

Exhibit 6 below shows the various features available with the usage of GO!Enterprise Office product.

Exhibit 6: Features of GO!Enterprise Office



Source: Company website

Exhibit 7 below shows the key benefits of GO!Enterprise Office. It supports all major platforms such as BlackBerry 10, Android 4.0 and above, Apple iOS 7.0 and above, Windows Phone 8 mobile devices and tablets, and Windows 8 PC, laptops and tablets. Secure browsing and secure documentation are also supported on Android and iOS enabled devices.

Exhibit 7: Multiple benefits of GO!Enterprise Office

Benefits	Details
Unified solution	Solution for development, deployment and management of secure enterprise mobile apps. Use or integration of other mobility tools and platforms are not required.
Build once, deploy anywhere	Development and maintenance costs could be minimized.
Connect to any back-end system	With appropriate connector and configuration of settings connectivity to back-end systems could be enabled.
BYOD-friendly	Enables employers to implement BYOD, which helps emplyees to access office information through personal deives without any limitatation on usage of personal data.
End-to-end encryption	Enterprise date are protected using FIPS validation encryption.
Centralized management	Centralized managemet of users and apps throuhg a web-based administration console.
Advanced security and control	Custom secured policies could be built
Future-proof architecture	Architecture ensures that GO!Apps runs on new versions of mobile OS

Source: Company website

GO!Enterprise Mobilizer

The Company's GO!Enterprise Mobilizer enables companies to develop, deploy and manage enterprise mobile apps. It provides secure and centrally controlled mobile access to enterprise systems such as CRM, ERP, ordering, billing and ticketing systems. The GO!Enterprise Mobilizer also supports the implementation of BYOD mobility strategies.

Exhibit 8 shows the architecture of GO!Enterprise Mobilizer, indicating the flow of information from different enterprise domains to the workspace through the enterprise server. The GO!Enterprise mobility platform comprises three major components, namely, GO!AppZone Studio, GO!Enterprise Workspace and GO!Enterprise Server. The GO!AppZone Studio is a visual Integrated Development Environment (IDE), which enables companies to develop mobile GO!Apps without any coding. The GO!Enterprise Workspace hosts GO!Apps on mobile devices. The GO!Enterprise Server enables communication with necessary back-end systems, data synchronization and mobile application management.

Exhibit 8: GO!Enterprise mobilizer solution architecture



Source: Company website

Exhibit 9 displays the benefits of GO!Enterprise Mobilizer. Through this platform, enterprises can easily overcome technical difficulties in development, deployment and management of mobile apps. Moreover, the Mobilizer environment allows a single, one stop, deployment on all mobile operating systems and therefore on all types of smart device.

Exhibit 9: GO!Enterprise Mobilizer benefits companies in multiple ways

Benefits	Details
Unified solution	Solution for development, deployment and management of secure enterprise mobile apps. Use or integration of other mobility tools and platforms are not required.
Build once, deploy anywhere	Development and maintenance costs could be minimized.
Connect to any back-end system	With appropriate connector and configuration of settings connectivity to back-end systems could be enabled.
BYOD-friendly	Enables employers to implement BYOD, which helps emplyees to access office information through personal deives without any limitatation on usage of personal data.
End-to-end encryption	Enterprise date are protected using FIPS validation encryption.
Centralized management	Centralized managemet of users and apps throuhg a web-based administration console.
Advanced security and control	Custom secured policies could be built
Future-proof architecture	Architecture ensures that GO!Apps runs on new versions of mobile OS

Source: Company website

GO!Enterprise Reach

The GO!Enterprise Reach enables companies to develop, deploy and manage G2C (government to citizen) and B2C (business to consumer) mobile apps. Companies and government agencies are increasingly deploying consumer-oriented mobile apps, to expand their reach, enhance customer engagement and create new revenue streams. The GO!Enterprise Reach helps such organizations develop mobile solutions using codeless development studio. It enables integration with back-end systems and helps in delivery of mobile services supporting secure transactions, such as m-booking, m-banking, m-parking and m-shopping.

Exhibit 10: GO!Enterprise Reach solution architecture



Source: Company website

Exhibit 10 above shows the architecture of GO!Enterprise Reach. Major components of the GO!Enterprise Reach product include GO!AppZone Studio, White-labeled Mobile Client and GO!Enterprise Server. The white-labeled version of the GO!Enterprise mobile app container can be accessed at the GO!Enterprise workspace end, with custom logo, splash screen and colors. The GO!Enterprise Server carries out main mobilization services (such as data synchronization, integration engine, push notifications, application management, monitoring) and services related to customer apps namely, automated client authentication, user authentication and control of the custom menu. Exhibit 11 below shows some key benefits of GO!Enterprise Reach.

Exhibit 11: Key benefits of GO!Enterprise Reach

Benefits	Details
Unified solution	Solution for development, deployment and management of secure enterprise mobile apps. Use or integration of other mobility tools and platforms are not required.
Build once, deploy anywhere	Development and maintenance costs could be minimized.
Rapid development	Codeless, drag and drop development of apps helps to achieve fast time to market.
Instant deployment	No need to go through mobile app stores, use of "push" over enables to download new app or update the white-labeled container.
Connect to any back-end system	With appropriate connector and configuration of settings connectivity to back-end systems could be enabled.
Support for secure mobile transactions	Personal information and data transmissions are protected using FIPS validation encryption.
Centralized management	Centralized managemet of users and apps throuhg a web-based administration console.
Future-proof architecture	Architecture ensures that GO!Apps runs on new versions of mobile OS

Source: Company website

GO!Enterprise Mobile Device Management (MDM)

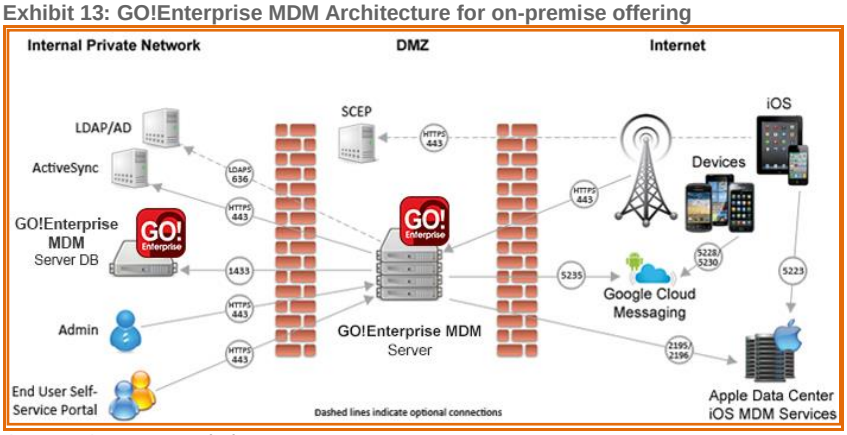
GO!Enterprise MDM provides IT administrators a single console for managing corporate and individual-liable devices regardless of operating system, carrier or email platform. It helps maintaining proper levels of control over the users and the data accessed.

Exhibit 12: Features of GO!Enterprise MDM

Features	Details
On-premise and cloud delivery	GO!Enterprise MDM can be used through both on-premise and cloud environments.
Centralized Dashboard Monitor	It helps to know the breakdown of users by device platform, policy, ownership and carrier.
Policies and Security	Creation of policies is easy with built-in tools enabling IT administrators to implement varying levels of control over corporate-liable and individual-liable (BYOD) devices
Application Management and File Distribution	Helps IT administrators to manage and control the data that users are accessing.
Real-Time Device Statistics and Location	Increases help desk efficiencies by acquiring the data of device and user information such as signal strength, battery life, location and encryption status, etc.
Report Generation and Logging	With appropriate connector and configuration of settings connectivity to back-end systems could be enabled.
Compliance Manager and Alerts	Devices connecting to GO!Enterprise MDM server are ensured for compliance with designated policies.
Wireless Usage and Monitoring	Gives a visibility of who is in roaming and the amount of data are used for personal and business affairs.
End User Self-Service Portal	It is an operational service portal to help users with password when it is forgotten, locate device when it is misplaced and lock the device if it is stolen.

Source: Company website

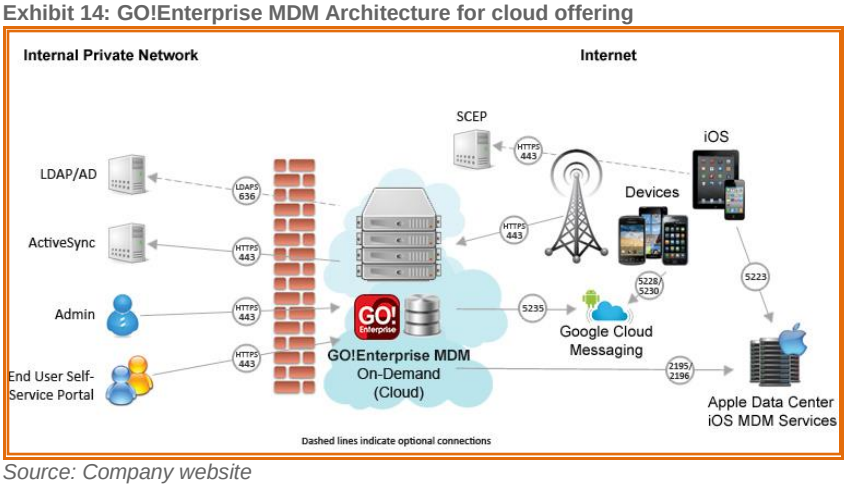
Exhibit 13: GO!Enterprise MDM Architecture for on-premise offering



Source: Company website

Exhibit 13 & Exhibit 14 show the architecture of GO!Enterprise MDM for on-premise and cloud offering respectively, indicating the flow of information from different enterprise domains to the workspace through GO!Enterprise MDM server.

Exhibit 14: GO!Enterprise MDM Architecture for cloud offering



Source: Company website

Go!AppZone Studio

Go!AppZone Studio is the Integrated Development Environment ("IDE") for creating mobile apps using a unique drag-and-drop interface that provides configuration and compilation tools for the creation of HTML5, JavaScript and CSS code. Further, the user is also provided with an option of adding and customizing codes which offers a high degree of control of the user interface. The IDE also makes possible automatic rendering of the application on any mobile platform.

Go!AppZone Test

GO!AppZone Test offers essential tools to test and assess the applications on various mobile devices. This eliminates the need to test the applications using native software development kits.

Go!AppZone Build

GO!AppZone Build offers automation tools that simplifies the compiling process of developed applications for multiple mobile platforms. This tool is offered via a wizard interface that guides the developer through the various steps in the building process.

Go!AppZone Deploy

GO!AppZone Deploy is a Mobile Back-End as a Service ("MBaaS") that enables developers to link their deployed applications to the programming interface while offering solutions such as data synchronization, secure communication with outside systems, push notifications and other application management features.

Consumer Mobility Product/Service

CitronGO!

CitronGO! is a mobile interaction platform that offers user interaction via instant messaging, social networking, email, folders and also provides other requirements covering professional and personal needs. It allows the user to define when, how and with whom communication needs to be made. CitronGO!'s target customers include Value Added Service (VAS) providers, mobile operators, handset manufacturers and others who wish to enhance VAS product portfolios with a service. A noteworthy aspect of the product suite is the facilitation of smartphone functionality such as access to email and social media in limited functionality feature mobile phones. The Company has been offering the CitronGo! features in 35 territories over the past three years in emerging

economies. Globo runs these features on its own servers and compress the data feed to users' feature-phone (on-deck) down to approximately 16%, which is amount of data the device can utilize. Exhibit 15 shows the features of CitronGO! as given below.

Exhibit 15: Features of CitronGO!

Features	Details
Email	Gets all emails both personal and corporate, in one box.
Chat	Facilitates chatting with friends, colleagues and other users online.
Social Networking	Connects with social networking services such as Facebook, Twitter and Youtube.
Contacts	Gathers all the contacts from mobile SIM and address book.
Calender	Provides reminders on all important events.
Myfolders	Enables to share files and folders with inividuals in contact list.

Source: Company website

GO!Social

GO!Social is the Company's consumer product, whose target market is mobile operators, handset manufacturers and VAS providers. It enables users to socialize across Facebook, Twitter, LinkedIn and YouTube. Go!Social is the off-deck access version of Critron!GO which offers the same access, but via a terminal such as an internet café screen. Advantages and features of GO!Social include the following:

Small & Medium Sized Businesses

GO!Enterprise 24x7

In addition to enterprise and consumer products, Globo offers GO!Enterprise 24x7, a cloud based mobility solution, specifically, for small and medium organizations. The platform facilitates a comprehensive set of productivity tools such as email, contacts, tasks, calendar, files storage, notes and others. The platform is also mobile ready and BYOD friendly. Further, it also enables secure access to email services powered by Microsoft Exchange. The Company intends to capture the small enterprise market by reducing the scale and cost of the platform.

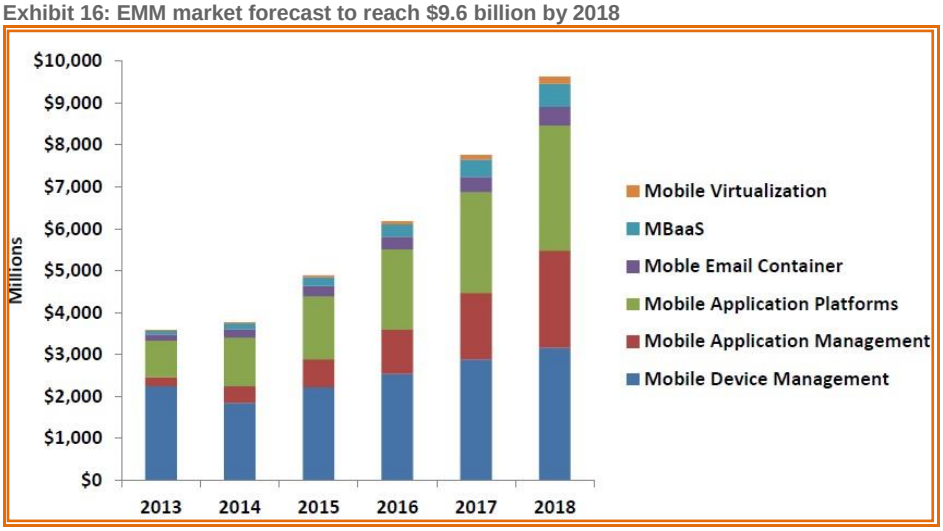
Industry Overview

As noted earlier, Globo has shifted its strategic focus to EMM and MADP markets. Industry sources hail the EMM and MADP markets as the next significant growth engines for companies offering mobility solutions. We now briefly discuss the market trends in the EMM and MADP technologies.

EMM market size to double by 2018 as firms demand higher flexibility/ efficiency

With an increase in usage of smart devices along with employers shifting to BYOD programs to facilitate faster turnaround time and flexibility, the ability to provide access, deploy and manage mobile apps becomes increasingly important. Gartner estimates that the average enterprise has currently deployed between eight to 15 mobile applications. Such trends necessitate the need for better control of applications which can be achieved through implementation of EMM. According to 451 Research, the EMM market is set to grow at a CAGR of 22% to reach $9.6 billion by 2018. Exhibit 16 depicts the estimated growth of the EMM market through 2018.

Exhibit 16: EMM market forecast to reach $9.6 billion by 2018



Source: 451 Research

The EMM space remains competitive in nature, with a large number of vendors offering similar products and solutions. Gartner evaluates these vendors in the EMM market annually. Globo has been featured in Gartner's 2014 & again in the recently announced 2015 EMM Magic Quadrant ("MQ"). In the 2014 MQ report, Globo was the only new entrant in a group of fourteen, and retained in the subsequent 2015 MQ even though this group was reduced to twelve. Exhibit 17 shows Globo's relative position in Gartner's 2015 EMM Magic Quadrant. We note that some renowned vendors like Tangoe, Absolute Software and Symantec have not been featured in 2015. Among the companies evaluated, Landesk and BlackBerry are categorized as niche players; AirWatch, MobileIron, IBM, Good Technology and Citrix are categorized as leaders; Soti, Microsoft and Sophos as visionaries and SAP as challenger. Despite the large number of players in the EMM space, Globo qualified among the top twelve companies in Gartner's MQ list as a niche player due to its ability to offer both device management (EMM) and a platform for mobile application development (MADP). This inclusion indicates that Globo enjoys an established position in the industry.

Exhibit 17: Gartner's EMM Magic Quadrant



Source: Gartner (June 2015), Company website

Exponential mobile devices' adoption to drive exceptional MADP growth

IDC estimates the MADP market to grow at a CAGR of 24.6% through 2018, a result of increasing adoption of mobile devices such as cellphones and tablets. Due to the anticipated growth, there have been numerous entrants in the MADP space in recent years. However, as per IDC's Mobile Enterprise Software Survey, the failure rate in development and deployment is close to 30%. The primary reasons for the failure are uncertainty over the architecture of the application, low availability of high end cross platform development tools and challenges in linking existing databases and mobile platforms. We note that the high numbers of new entrants/ failures are typical of pioneering technologies. Despite these industry challenges, Globo's product integration with leading industry players should maximize its success potential. IDC highlighted only four companies with the ability to offer both EMM and MADP services; IBM, SAP, Globo and Kony.

There is a continuous evolution of demand for mobile applications from enterprises. As per Gartner, more than half of the business processes involving human tasks will demand mobile enabled near-real-time operations and responses in the future. Further, advancement and focus on cloud technology and increasing usage of cloud based mobile platforms will be central to mobile application development. Such demand is expected to drive exceptional growth. As per IDC's 2015 estimates, IT organizations will allocate a minimum of 25% of their software budget to development, deployment and management of mobile applications by 2017.

SWOT Analysis

We now briefly analyze the strategic outlook for Globo by summarizing the strengths and weaknesses of the Company along with the opportunities and threats in the external environment.

Strengths

Improving operating performance

Globo has improved its operating performance consistently for the past three years. For the year ended December 31, 2014, the Company reported operating profit of €37.3 million, representing an increase of 37% over the previous year. Similarly, in 2013 and 2012, the Company's operating profit increased by 53% and 35% respectively. The Company's operating margin for the years 2014, 2013 and 2012 stood at 35.1%, 38.2% and 38.6%. Improved operating income has resulted in the growth in net profit. For the year 2014, the Company's net profit €35 million as compared to €25 million in 2013.

Revenue growth through product performance

In 2014, Globo displayed strong revenue growth from its major product categories namely, GO!Enterprise and CitronGO!/GO!Social, which has helped the Company in improve its top line by 49%. This also highlights the Company's successful ongoing transition to the EMM and MADP markets. For the fiscal year ended December 31, 2014, the Company reported 94% increase in revenue from GO!Enterprise and 11% increase in revenue from CitronGO!/GO!Social. Increase in revenues could be attributed to improved customer base and high customer retention. See Investment Rationale for key events/statistics on increased customer retention and licenses.

Synergy through partnerships and new direct sales initiatives

Globo collaborates with leading players in the industry to distribute its products and service offerings to different parts of the world. Having presence in 45 countries the Company, expanded its distribution and reseller partnerships, which enables the Company to deliver its products and services to more than 50 countries. In Feb 2013, the Company signed an agreement with Ingram Micro Inc. (Ingram), making Ingram an exclusive distributor for Globo's GO!Enterprise in North America. The Company has

also revised its selling strategy to include the direct sales channel in the US. Further, establishment of offices in the US along with management's relocation to Palo Alto, California, indicates the Company's strategy of increasing its presence in the high growth US market. This is also supported by the increasing headcount in the US which stands at over 25% of the Company's total employees. See Investment Rationale for details of Globo's partnerships.

Weakness

Sales not yet translated in to cash

Increasing trade receivables may be perceived as a cause of concern for Globo. In 2014, the Company's trade receivables stood at €50.7 million as compared to €28.6 million in 2013 and €18.4 million 2012. Trade receivables contributed for 48% of the Company's revenue in 2014, 40% in 2013 and 32% in 2012. However, this receivable balance is a consequence of a lengthy working capital cycle due to the use of Mobile Network Operator end-providers (MNOs) and Mobile Value-Added Service Providers (MVASPs) to market its products in emerging markets (36% of revenue is derived from emerging markets). This strategy aids in cost saving by eliminating the need of hiring direct sales representatives in multiple markets.

The Company has been working on reducing the day sales outstanding and has brought it down to 169 days in 2014 from 299 days in 2007. Such efforts should improve the cash flow from operation and subsequently enhance the Company's financial stability.

Business concentration in slowing economies

Though Globo's operations spread across 45 countries, it generates majority of revenue from Europe. For the year ended December 31, 2014, the Company reported 48% from Europe 15% from North America, 16% from Asia and Middle East and 14% from Latin America. The Eurozone has been stuck in an economic malaise for the past few years. As the demand for goods and services remain subdued, the Company might face challenges in improving its revenue from these regions. However, Globo has rightly focused its attention on improving its revenues from the US and Asia Pacific regions, which are the fastest growing EMM and MADP markets.

Opportunities

Acquisition opportunities

Acquisition initiatives could help Globo to expand its product and service portfolio and improve market coverage. In June 2014, the Company acquired the services division of California based Company, Sourcebits, a designer and developer of enterprise mobile applications for a cash consideration of $12.2 million. Similarly, in October 2013, the Company acquired Notify Technologies Inc., a mobile technology company specializing in wireless mobility solutions for a cash consideration of $5 million. Acquisition of Sourcebits and Notify has enabled Globo to extend its footprint to the North American market.

Contracts secured from leading players should provide growth

Globo secured new contracts from industry leading companies and governments, which can provide sustained growth in revenue for the near future. In the first half of 2014, Globo won a contract from Australia's New South Wales Health Administration for the sale of 6,000 GO!Enterprise licenses. Similarly, the Company won new contracts from the Milton Keynes Council in the UK, Ministry of Public Order and Citizen Protection in Greece, PeopleCert, Siemens, TUI, TNT and Intracom Telecom.

Threats

Competition

Globo heavily competes with various enterprise and consumer mobility application developers, and enterprise mobile management service providers. The Company's major competitors include IBM, SAP, Kony, VMware, Oracle, Adobe, Symantec and Good Technology. As these companies are industry leading players, they may possess better brand image, resources, competencies and economies of scale. Competing with industry leaders and other niche players requires continuous focus on product development and innovation. Any failure to gain edge over its peers in the industry could adversely affect the Company's sales growth and market share.

Growth Factors

Development of improved mobile devices to increase adoption

Innovation is a key driver of technology. Mobile devices with improved capabilities are being developed every day. The performances of these devices are comparable to desktop computers of less than a decade ago, making them a viable alternative to conventional personal computers. The penetration of mobile devices such as handhelds, etc. has been phenomenal and is expected to increase in the future. Globo's business is positioned to benefit from this changing trend.

Cost savings and simplified management of business

EMM facilitates collaboration between employer, employee and client across diverse platforms and geographies, consequently reducing turnaround time, cost of technology infrastructure and improving employee productivity and efficiency. Further, mobility solutions are attractive for businesses as employees can log-in and work from any geographic location. Additionally, business models of SME's and startups are developed on the principal of "think outside the box" and flexibility, which along with other favorable factors should contribute to Globo's growth. These factors result in cost savings and improve business margins. Increasing technology awareness along with other factors could prove advantageous for Globo's business.

Presence in fast growing markets to benefit Globo

IDC estimates that the global market for mobile platform enterprise application will grow at a CAGR of 24.6% from $1.2 billion in 2014 to $3.7 billion in 2018. Further, IDC forecasts that America is estimated to be the largest market with a 50%+ contribution, but Asia Pacific to be the fastest growing market with a CAGR of 35%. 40% of Globo's top line is generated from emerging economies in Asia, Latin America, Middle East and Africa and the Company is looking to increase their presence in these geographies with the aim of tapping the fast growing markets. Globo continues to open offices in the US and has been rapidly expanding its presence since 2012.

Shift in focus to EMM and MADP could propel growth

Globo's consumer mobility products and services category continues to slow. The Company is now phasing out its offerings from this segment and moving to high growth EMM and MADP markets. According to IDC, both EMM and MADP markets are set to grow at a CAGR of 15%+ for the next five years. Globo's successful product suite is positioned to capitalize on such a favorable industry environment.

Financial Performance

We now discuss the financial performance of Globo Plc for the year ended December 31, 2014. Exhibit 18 displays the consolidated income statement for the year ended December 31, 2014 and 2013. Revenue for the year 2014 stood at €106 million, a 49% increase compared to 2013. The five year average revenue growth stands at 32%

approximately. Similarly, the five year operating income growth stands at 47% and net income growth at 60%.

Operating profit for 2014 stood at €37 million. This is a 37% increase over 2013. The Company has been constantly improving its operating margin, from 18% in 2010 to 35% in 2014. This is attributable to business from repeat customers and cost saving initiatives taken by the management. Further, there was net profit growth of 38% and EPS growth of 27% in 2014, when compared to 2013. The Company has also been delivering above average return to shareholders with a return on equity and return on invested capital of more than 20% for the last four financial years.

Exhibit 18: Consolidated Income Statement for the year ended December 31, 2014 & 2013

	FY 2014 (€ '000s)	FY 2013 (€ '000s)
Revenue	**106,386**	**71,514**
Cost of sales	(43,604)	(31,273)
Gross Profit	**62,782**	**40,241**
Other operating income	204	1,785
Distribution expenses	(8,547)	(4,009)
Administrative expenses	(15,000)	(10,129)
Other operating expenses	(2,118)	(570)
Operating Profit	**37,321**	**27,318**
Finance income	792	621
Finance costs	(4,125)	(1,701)
Income from associates	1,715	1,161
Profit / (Loss) before Tax	**35,703**	**27,399**
Taxation	(692)	(2,067)
Profit / (Loss) for the Year	**35,011**	**25,332**
Profit / (Loss) for the year attributable to equity holders of the Company	**35,011**	**25,332**
EPS (basic and diluted)	**0.094**	**0.074**

Source: 2014 Annual Report

Exhibit 19 presents the balance sheet as of December 31, 2014. At the end of 2014, the Company had €82 million in cash and cash equivalents, up from €62 million at the end of 2013. Cash and cash equivalents along with short term investments accounted for more than 30% of the total assets. The Company's fixed assets including property stood at €2.7 million. The business is not capital intensive in nature and is capable of generating sales with low capital requirements. At the end of the fourth quarter 2014, the Company's current ratio stood at 5.2 times, which highlights that some working capital management could improve results further. Net goodwill of €6.7 million was recorded as part of the Sourcebits acquisition in June 2014. Trademarks followed by customer relations and software, form a large chunk of intangible assets.

In 2014, the Company's borrowing increased by €20.9 million. The total debt in 2014 including short term debt stood at €42.3 million versus €21.4 million in 2013. The Company maintains a healthy debt to equity ratio of 0.14 times (latest quarter).

Exhibit 19: Consolidated Balance Sheet as of December 31, 2014 & 2013

	December 31, 2014 (€ '000s)	December 31, 2013 (€ '000s)
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,776	2,601
Intangible assets	45,260	32,382
Goodwill	7,615	836
Deferred tax assets	481	507
Other receivables	6,045	8,321
Investments in an associate	13,339	11,625
Other investments	118	51
Total Non-Current Assets	**75,634**	**56,323**
Current Assets		
Inventories and work in progress	4,870	6,136
Trade receivables	50,788	28,608
Other receivables	4,234	2,716
Other current assets	21,101	16,730
Cash and cash equivalents	82,825	64,194
Total Current Assets	**163,818**	**118,384**
TOTAL ASSETS	**239,452**	**174,707**
EQUITY AND LIABILITIES		
Shareholders' Equity		
Ordinary shares	4,653	4,653
Share premium	65,890	65,890
Other reserves	5,440	5,115
Translation reserve	2,852	37
Retained earnings	97,162	62,151
Total Equity - Capital and Reserves	**175,997**	**137,846**
Non-Current Liabilities		
Borrowings	39,697	21,433
Retirement benefit obligations	281	139
Finance lease liabilities	23	8
Deferred tax liabilities	3,305	2,954
Provisions for other liabilities and charges	593	457
Total Non-Current Liabilities	**43,899**	**24,991**
Current Liabilities		
Trade and other payables	4,698	4,642
Income tax payable	1,078	1,379
Taxes payable	772	439
Borrowings	2,700	-
Finance lease liabilities	22	14
Accrued liabilities and deferred income	10,286	5,396
Total Current Liabilities	**19,556**	**11,870**
TOTAL EQUITY AND LIABILITIES	**239,452**	**174,707**

Source: 2014 Annual Report

Exhibit 20 displays the consolidated cash flow statement for the year 2014 and 2013. Cash from operations during 2014 stood at €30.9 million, a 50% increase when compared to 2013. The Company has been generating steady cash from operations every year since 2006, enabling the business to utilize internal accruals for expansion and capital expenditures. The EBIDTA cash conversion ratio stood at 72% in 2014 as compared to 63% in 2013. While receivables increased by 100% in 2014 versus 2013, this increase in receivables is due to the initiation of contractual agreements with

vendors for the Mobility Business Solutions. We also note that as per the Company's latest filings, these contracts become due in early 2015, and, in fact, resulted in the growth of the cash flow from operations to €13.5 million in the first quarter 2015 from a negative €1.9 million in the same period in the previous year.

The Company acquired a subsidiary (Sourcebits) for €9.1 million and invested €24.4 in tangible and intangible assets. During 2014, the Company did not raise any capital through equity issuance. However, the Company drew down €20 million of a €25 million facility through Barclays Bank Plc.

Exhibit 20: Consolidated Cash Flow statement for the year ended December 31, 2014 & 2013

	FY 2014 (€ '000s)	FY 2013 (€ '000s)
Profit for the period before tax	**35,703**	**27,399**
Adjustments		
Profit on disposal of tangible/intangible assets	6	
Depreciation of property, plant and equipment	731	381
Amortization of intangible assets	12,803	8,253
Movement in provisions	149	220
Impairment of assets	592	-
Share-based payments	325	33
Share of profit of associate	(1,715)	(1,161)
Finance costs (net)	3,333	1,080
Adjustments for changes in working capital		
Decrease/(increase) in inventory and work in progress	1,266	(1,599)
Increase in trade and other receivables (current)	(17,658)	(7,394)
Increase in current assets and other receivables	(3,657)	(5,401)
(Decrease)/increase in trade and other payables	4,536	913
Cash Generated from Operations	36,414	22,724
Cash Generated from Operations	**36,414**	**22,724**
Interest paid	(4,125)	(1,701)
Income tax paid	(1,337)	(397)
Net Cash from Operating Activities	**30,952**	**20,626**
Cash Flows from Investing Activities		
Acquisition of subsidiaries, net of cash acquired	(9,147)	(3,869)
Purchases of tangible and intangible assets	(24,427)	(16,007)
Interest received	792	621
Net Cash used in Investing Activities	**(32,782)**	**(19,255)**
Cash Flows from Financing Activities		
Proceeds from issue of share capital	-	28,752
Share issue expenses	-	(1,502)
Proceeds from borrowings	30,036	24,500
Repayments of borrowings	(10,000)	(5,022)
Repayment of obligations under finance leases	23	(13)
Financing Fees of Senior Secured Term Loan	464	(3,066)
Dividends paid to non-controlling interest		
Net Cash from Financing Activities	**20,523**	**43,649**
Net Increase / (Decrease) in Cash and Cash Equivalents	**18,693**	**45,020**
Movement in Cash and Cash Equivalents		

Cash and cash equivalents at the beginning of the year	64,194	19,174
Exchange gain in cash and cash equivalents	(62)	-
Net increase / (decrease) in cash and cash equivalents	18,693	45,020
Cash and Cash Equivalents at the End of the Year	**82,825**	**64,194**

Source: 2014 Annual Report

Key Risk Factors

Globo operates in a high risk-high return environment with intense competition and rapid technological obsolescence. In this section we have provided a brief on the major risks and uncertainties faced by the business as well as the industry.

Intensity of competition

Globo operates in an intensely competitive environment, with competitors ranging from established players to several startups. The Company's success depends on its ability to retain existing customers and develop repeat business. Further, the industry also faces low barriers to entry, making it easy for new entrants to enter the market. High intensity of competition and threat from new entrants could result in price wars, subsequently leading to an overall decline in industry profitability. The Company could lose customers and market share if they fail to compete successfully.

Risk of obsolescence

The Company would have to continuously innovate and develop new product and service offerings to develop and maintain a competitive edge. The software development industry suffers from the risk of high obsolescence due to development of new and better product offerings by competitors. The Company could consider protecting their software offerings applying for intellectual property ("IP") and patents. However, Globo is exposed to the risk of delayed innovation, IP infringement and quick obsolescence.

Risk of non-renewals from existing clients

Globo's future success depends on its strategy to retain customers and reduce customer attrition. Sustained revenue generation and maintaining profitability depends on renewals and upsells to customers. The industry experiences low switching cost, thus increasing Globo's risk of losing customers and markets.

High business exposure to Europe and other economies

Globo's business is exposed to Europe (Greece) which is experiencing a slowdown. Revenue generated from Europe during the year 2014 was over 45%. Further downturn in the European economy can result in risk of shrinking revenues from the geography unless it further grows its footprint in existing geographies or new ones. However, the Company has also higher cost exposure (personnel) in Greece and currency devaluation should benefit Globo.

Currency fluctuation risk

Currently, Globo generates majority of its top line from Europe Followed by Asia, Latin America and North America. Global revenue streams are a key element of the Company's growth strategy. This strategy exposes the Company to currency fluctuations.

Major Shareholders

Exhibit 21 below shows the top eight Globo shareholders and Exhibit 22 shows the weighted average and diluted share count. Further, TD Direct investing, Hargreaves Lansdown Asset Management and Barclays Wealth are nominee holders, who facilitate investment and trading by private individuals.

Exhibit 21: Table showing major shareholders

Shareholder	% of holding
Konstantinos Papadimitrakopoulos	18.67%
Standard Life Investments	7.54%
Hargreaves Lansdown Asset Mgt	4.94%
TD Direct Investing	4.28%
Forum Family Office	3.96%
Royal London Asset Mgt	3.95%
Barclays Wealth	3.86%
Inflection Point Investments	3.09%

Source: Company website

Exhibit 22: Total number of shares

Particulars	Dec 31, 2014	Dec 31, 2013
Weighted average number of ordinary shares outstanding	373,689,061	344,532,666
Share options and warrants	27,362	4,951
Diluted weighted average number of ordinary shares outstanding	373,716,423	344,537,617

Source: 2014 Annual Report

Management & Board

Barry M. Ariko, Non-Executive Chairman

Mr. Ariko currently serves as the Chairman of Globo Plc. He has a distinguished career in the software sector. Prior to Globo, he held various senior leadership positions in technology companies such as Oracle Corporation, Netscape, America Online Inc., Mirapoint, Inc., Peregrine Systems Inc., Extricity. He holds a BS in Management from Golden Gate University in San Francisco and has completed an Advanced Executive Program from the Kellogg Graduate School of Management.

Konstantinos ("Costis") Papadimitrakopoulos, CEO

Mr. Papadimitrakopoulos founded Globo Plc in 1997 and has held the position of CEO since then. He has expertise in the working of Greece, the Balkans and Eastern Europe markets and is one of the key reasons for Globo's profitability. Prior to Globo, he worked for Sparti Hellas S.A., a family owned fruit processing business. Currently, he also serves as the Chairman of Hellenic Capital Plc, a UK PLUS Quoted investment company. He holds an electrical engineering degree from Technical University of Athens.

Gerasimos ("Makis") Bonanos, COO

Mr. Bonanos currently holds the position of COO. He is an expert in the field of document management solutions, and has been an important factor for Globo's success internationally. He has worked for KODAK and General Motors in senior management positions. Mr. Gerasimos holds a mechanical engineering degree from the University of Leeds and a BSc in Marketing from the American College of Greece.

Dimitrios Gryparis, Finance Director

Mr. Dimitrios has been the director of Finance since 2006. He is a former banked and has worked with EFG Eurobank's Corporate Banking division. He holds a degree in accounting and financial management from Essex University and masters in Banking and Finance from Adelphi University, New York.

Dr. Joseph Coughlin, Non-Executive Director

Dr. Coughlin enjoys extensive business consultancy experience. Currently, he is a professor at the Massachusetts Institute of Technology's School of Engineering and teaches subjects such as strategic management, health innovation and public policy. Additionally, he is a consultant specializing in strategy and product development. Some of his clients include Johnson & Johnson, Kohler, BMW, British Telecom, Deutsche Bank, Motorola, Nissan, Fidelity Investments, DaimlerChrysler, Merck JV, Proctor & Gamble, etc.

Gavin Burnell, Non-Executive Director

Mr. Burnell possesses more than a decade's expertise in advisory services to small capitalized companies. Further, he is experienced in handing and mainlining client relationships. Prior to Globo, he worked in a senior management position for Northland Capital Partners limited. He is also the founder and director of several listed companies such as Sula Iron & Gold Plc (AIM: SULA), Magnolia Petroleum Plc (AIM: MAGP), Hot Rocks Investments Plc (ISDX: HRIP) and Hellenic Capital Plc (ISDX: HECP). Further, he is also the founder or director of several gold, oil and gas exploration companies such as Stratex International Plc, Iceni Oil and Gas Limited (sold Bridge Resources Corp), Silvrex Limited (sold to Stratex International Plc).

Dimitris Protogirou, Chief Operating Officer, North America

Mr. Protogirou has held top executive roles throughout his career. He is an expert in executing strategies in new markets such as rapid expansion, turnarounds, merger integrations, etc. Further, he possesses experience in executing raising capital activities and concluding corporate transactions. He has worked around the world in diverse industries such as oil & gas, pharmaceutical, mining and telecommunications. He is a MBA from London Business School and holds a MS in Engineering from Berkeley.

Disclaimer

Some of the information in this report relates to future events or future business and financial performance. Such statements constitute forward-looking information within the meaning of the Private Securities Litigation Act of 1995. Such statements can be only estimations and the actual events or results may differ from those discussed due to, among other things, the risks described in Globo Plc reports. The content of this report with respect to Globo Plc has been compiled primarily from consultations and, information provided by Globo Plc and information available to the public released by Globo Plc through news releases and SEC (if applicable) or other actual government regulatory filings. Although RBMG may verify certain aspects of information provided to it, Globo Plc is solely responsible for the accuracy of that information. Information as to other companies has been prepared from publicly available information and has not been independently verified by Globo Plc or RBMG. Certain summaries of scientific or other activities and outcomes have been condensed to aid the reader in gaining a general understanding. For more complete information about Globo Plc, the reader is directed to the Company's website at www.globoplc.com RBMG is a corporate communications firm the operations of which seek to increase investor awareness to the small cap community. RBMG research analysts do not invest in or own shares of companies analyzed and reported on by them. RBMG is not responsible for any claims or losses sustained by an investor resulting from any of its reports, company profiles or in any other investor relations materials disseminated by them. This report is published solely for information purposes and is not to be construed as advice designed to meet the investment needs of any particular investor or as an offer to sell or the solicitation of an offer to buy any security in any state. Investing in the Stock Market is a high-risk endeavor, and past performance does not guarantee future performance. This report is not to be copied, transmitted, displayed, distributed (for compensation or otherwise), or altered in any way without RBMG's prior written consent. RBMG is not compensated for the analytical research and evaluation services that were performed in connection with the preparation of this report for Globo Plc; but RBMG has received cash compensation (fifty five thousand USD) in exchange for other segregated services.

We strongly urge all investors to conduct their own research before making any investment decision.

Sources

- Company website, Annual Report, Preliminary Results Report, and Presentations
- Statista.com
- IDC Market forecast
- Markets and Markets
- 451 Research
- Gartner, Inc.