U.S Software

# Raimo's Roundup: The Big Comeback Debate In Software

The last few days along with instances a few weeks ago, we had moments in which it felt like software could be back. There is clearly potential here from a valuation and positioning perspective, but the lack of catalysts and momentum in semis remain hurdles.

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POSITIVE

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### What Happened?

We published the 18th volume of our *Observability Industry Review,* which focused on Kubernetes (K8) monitoring and linked Datadog's strong performance to rapid K8 adoption over time (see our note here). Additionally, we published the 30th version of *Raimo's Trend Spotter*, where we took a deeper look into various web traffic trends across our sector (see the note here).

**Microsoft** reported better-than-expected 4Q26 earnings, led by Azure growth accelerating to 43% YoY in cc (vs. 39% last quarter). Management maintained its capital allocation discipline, reiterating its positive FCF target by the end of FY27 and an unchanged capex outlook, driving shares higher (see our recap here).

**Circle** (not covered) announced its acquisition of IBM's full blockchain patent portfolio for an undisclosed amount. Patents include worldwide protections in banking, insurance, supply chain verification, secure cloud operations, and more. The deal made Circle the leader in blockchain patent technology in the US.

**Snowflake** introduced Cortex AI Gateway along with several other AI security innovations. The launch helps establish the foundation for trusted agent interoperability, enabling organizations to securely scale their agentic enterprises.

### What's Next?

Today, July 31st, at 10am ET, software analysts Raimo Lenschow and Saket Kalia are hosting their biweekly software investor call (link).

Next Tuesday, August 4th, **DigitalOcean** will report earnings before the open. **Paylocity and Teradata** will report earnings after the close.

Next Wednesday, August 5th, **Dynatrace** will report earnings before the open. **ZoomInfo, Klaviyo, Paycom,** and **HubSpot** will report earnings after the close. Raimo Lenschow will be hosting an in-person roadshow in NYC with **Pegasystems**' CFO & COO, Ken Stillwell.


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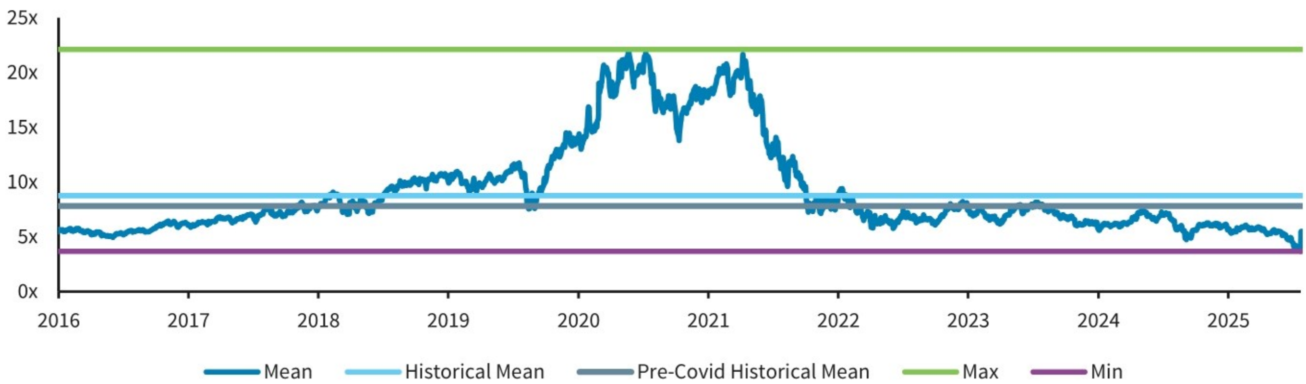
Next Thursday, August 6th, **Datadog, OpenText, Appian, and Commerce** will report earnings before the open. **Five9, Sprout Social, JFrog,** and **Atlassian** will report earnings after the close.

Next Friday, August 7th, Raimo Lenschow will be hosting a post-earnings discussion with **Datadog** CEO Olivier Pomel and CFO David Obstler (register here).

# The Big Software Comeback Debate

Earlier this week, we had a few days in which we saw significant positive moves in the software space. This triggered debate and renewed hope among investors that software could be coming back. From a valuation perspective, there is certainly potential for a meaningful move higher, as the graph below shows the depressed valuation levels in the space relative to historical averages. Seeing large strategic platform names like ServiceNow trade at 17x EV/FCF (CY27) is certainly generating positive interest among the investment community.

**FIGURE 1. Software EV/NTM Revenue Multiple Over Time**



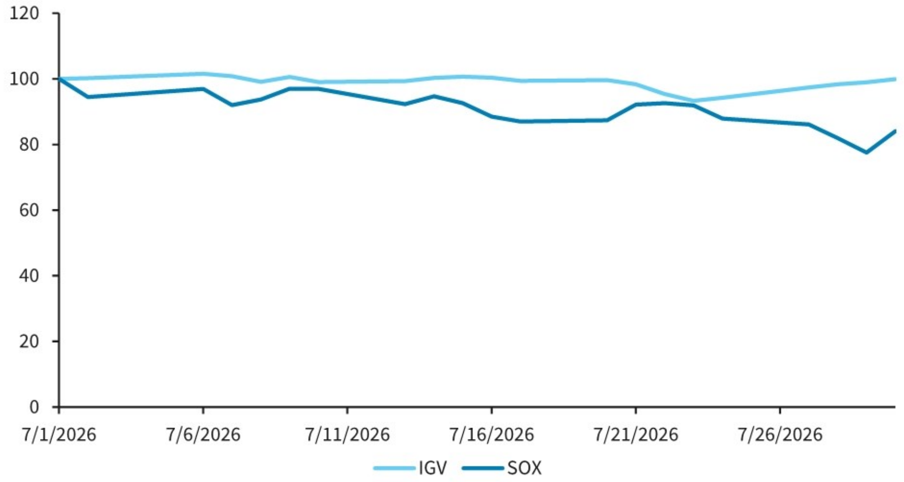

Source: Bloomberg, Barclays Research

As we argued a few weeks ago, there is also an interesting setup when looking at short interest in the space, with short-position levels meaningfully above historical levels (Raimo's Roundup: High Short Interest Mirrors Sentiment But Creates Risk of a Squeeze, 7/24/2026).

However, we believe there are two main things holding back a rally. The first is the lack of a catalyst. What we need to see is an acceleration in organic growth for our names, ideally driven by a growing contribution from AI-related revenue. Microsoft's earnings reaction this week, as well as Snowflake's share price reaction following its latest earnings report, provide good examples of what can happen when the numbers finally move. However, especially for the SaaS names, it still seems too early to expect this.

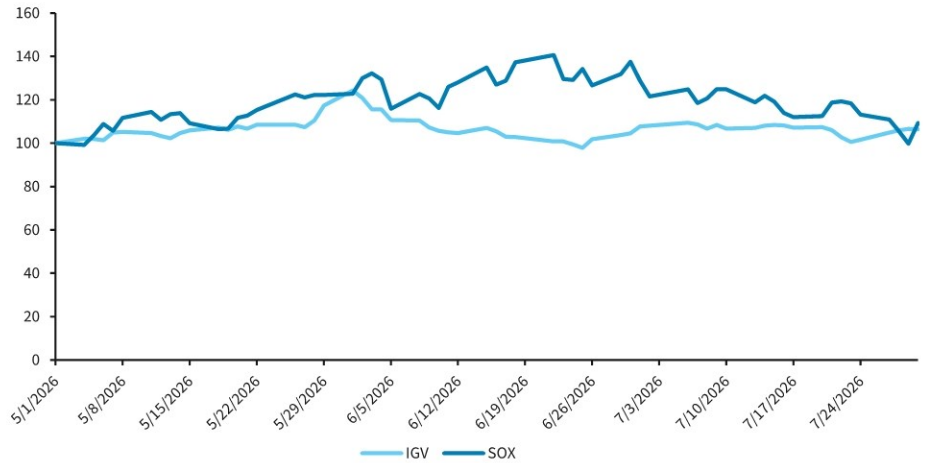
The second major obstacle is the strong momentum in the semiconductor space. The infrastructure buildout ("laying the train tracks") remains an important theme. While there have been recent moments of doubt, as shown in the two graphs below comparing the IGV and SOX over the past month and past three months, the overarching trend remains intact (see Figs 4, 5, and 6).

**FIGURE 2.** **IGV v. SOX Month-Date Performance**




Source: Bloomberg, Barclays Research

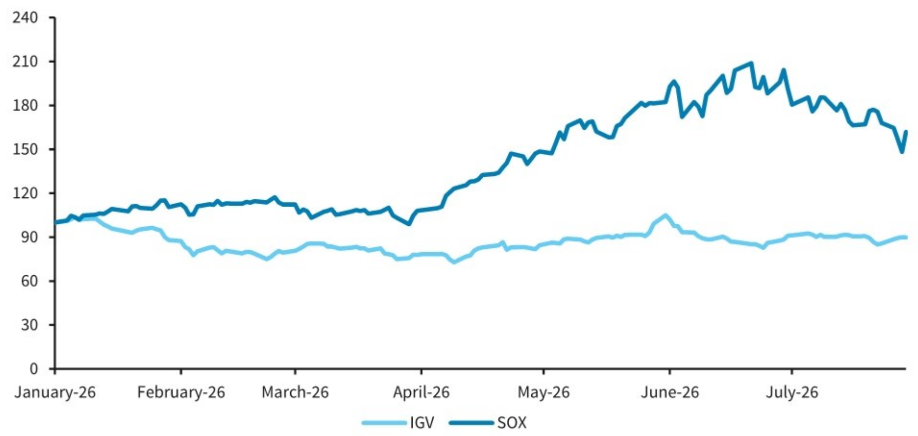
**FIGURE 3.** **IGV v. SOX Last Three Months Performance**




Source: Bloomberg, Barclays Research

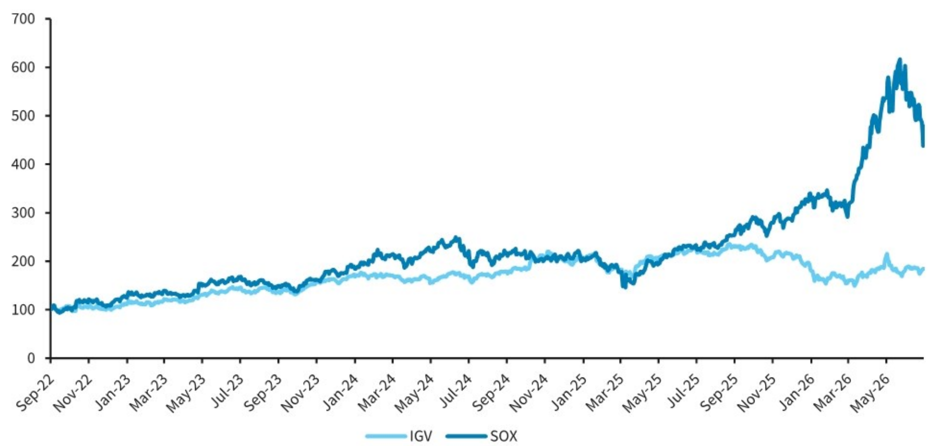
We can also see that the overall performance picture is still squarely in the SOX's favor when looking at ytd performance and performance since ChatGPT's launch. However, past performance is not necessarily an indicator of future returns, so we will continue monitoring the situation.

**FIGURE 4.** **IGV v. SOX Year-To-Date Performance**




Source: Bloomberg, Barclays Research

**FIGURE 5.** **IGV v. SOX Performance Since ChatGPT Release**




Source: Bloomberg, Barclays Research

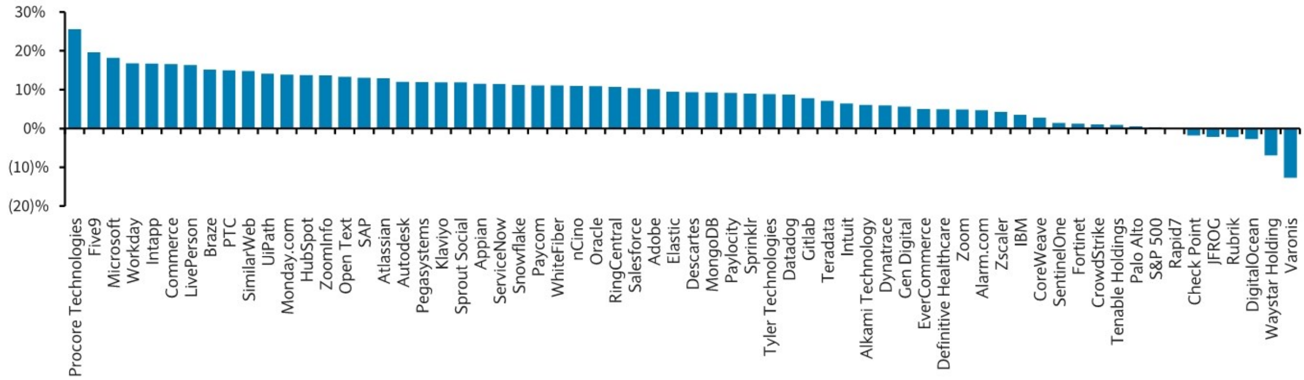
In the table below we compare the IGV and SOX performances over several time intervals.

**FIGURE 6.** **IGV v. SOX Performance Summary**

| Performance | IGV | SOX | Difference (IGV - SOX) |
|---|---|---|---|
| Month-To-Date | -0.1% | -15.9% | 15.8% |
| Last Three Months | 6.4% | 9.3% | -2.9% |
| Year-To-Date | -10.2% | 61.9% | -72.1% |
| Since Start of 2025 | -8.0% | 134.5% | -142.5% |
| Since One Month Prior to Launch of ChatGPT | 84.1% | 378.8% | -294.6% |
| 10 Years | 337.4% | 1535.5% | -1198.1% |

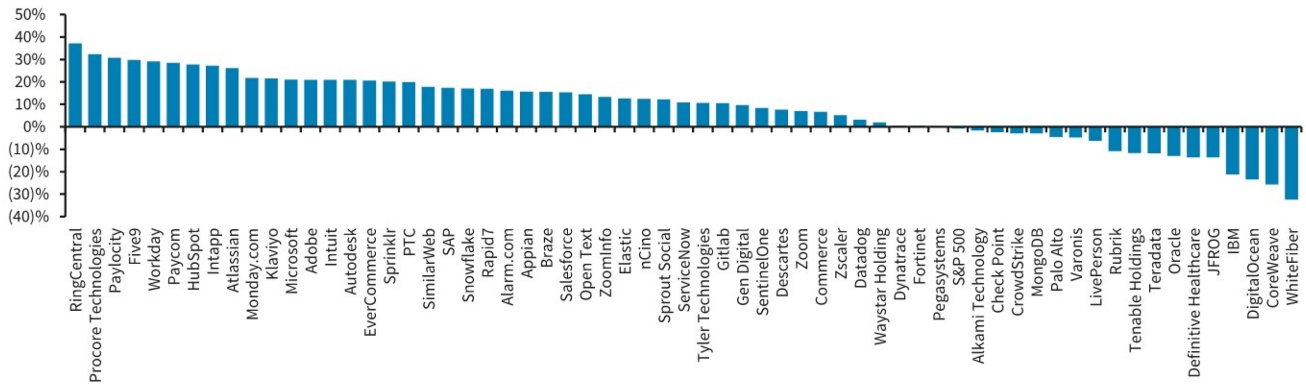
Source: Bloomberg, Barclays Research

**FIGURE 7. Price Performance Week to Date**



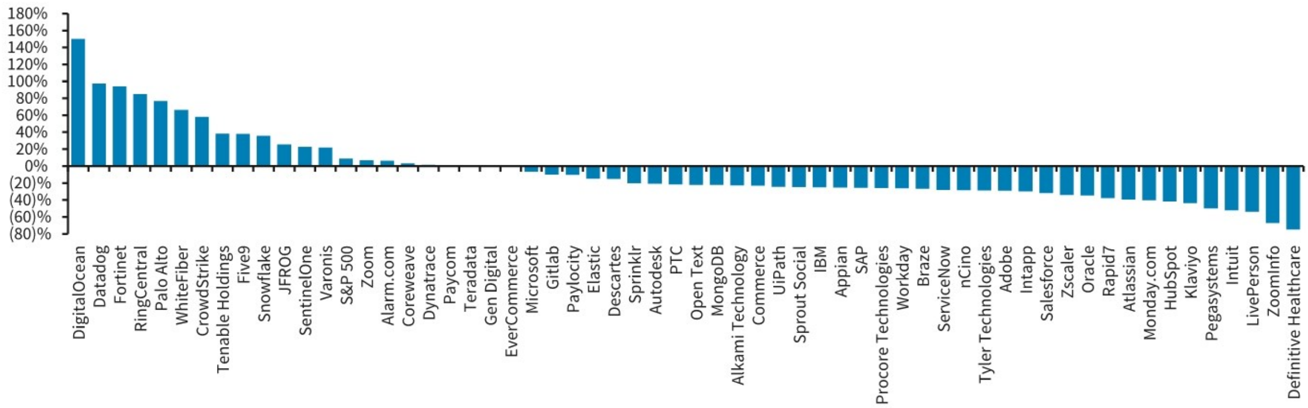

Source: Bloomberg. Prices as of 7/30/2026. Past performance is not necessarily indicative of future results.

**FIGURE 8. Price Performance Month to Date**




Source: Bloomberg. Prices as of 7/30/2026. Past performance is not necessarily indicative of future results.

**FIGURE 9. Price Performance Year to Date**




Source: Bloomberg. Prices as of 7/30/2026. Past performance is not necessarily indicative of future results.

# What Happened?

## Microsoft Corp. 4Q26 Recap: Azure and Office Acceleration Create Better Outlook

Expectations were relatively low going into MSFT's Q4 earnings. Some Azure growth acceleration was expected, but 43% YoY growth in Q4 FY26 and 45% guided growth for Q1 were much better (Q4 guidance was 39-40%). On top of this, we are also starting to see an acceleration of the M365 Commercial Office with 16% YoY underlying constant currency (cc) growth (vs. 15% in Q3, 14% in Q2). The main driver of growth is now Copilot (was E5 in past), which shows that MSFT is starting to get a second AI growth accelerator, and management guided for a growth acceleration in FY27, partly helped by the new consumption price model. Compared to some of the other hyperscalers, MSFT seems to have continued with its disciplined investment approach with CY26 capex unchanged at $190bn ($175bn reported after the accounting change) and an ongoing commitment to positive FCF for FY27. We think investors should like this set-up of better growth but ongoing investment discipline, especially considering the relative underperformance of the shares so far this year (MSFT -19% YTD, vs. S&P +7%).

## U.S Software Observability Industry Review: Volume 18 - Kubernetes Monitoring

We believe that Datadog's strong performance can potentially be linked to rapid Kubernetes adoption over time. When looking from an historical lens, Kubernetes can be viewed as the catalyst that shifted observability monitoring from infrastructure focused tools (e.g. SolarWinds) to cloud-native observability platforms. Kubernetes has become the primary control panel for modern AI infrastructure, with the Cloud Native Computing Foundation reporting that 66% of organizations now run generative AI workloads on Kubernetes (more below). As enterprises deploy LLM inference and MLOps pipelines across large Kubernetes clusters, they generate large volumes of telemetry driving growing demand for observability platforms. This has created a large opportunity for vendors such as Datadog, Dynatrace, Elastic, and Grafana/Prometheus (both private; not covered), each approaching Kubernetes observability differently.

## U.S. Software Raimo's Trend Spotter – 30th Edition of Tracking Web Traffic and PyPi Data in Software

Q2 web traffic growth moderated across much of software. Infrastructure growth generally decelerated on a q/q basis. In Observability, Dynatrace looked best. In Database, Databricks stood out favorably. In email marketing, Klaviyo continued to come ahead of Mailchimp total visits. In the 30th edition of our quarterly Raimo's Trend Spotter, we share trends and insights we have identified in the software world using web traffic data points, namely total visits and unique visits.

## U.S. Software: rAImo's AI Newsletter #120: A Deeper Look At AI Project Funding And Obstacles

This week, we take a closer look at Bain & Co's survey that discusses the return situation of AI projects. Among other things, we thought that the source of funds (No. 1 - self funded) and the obstacles (No. 1 - data) were most topical given the current debates in software. The recent Bain & Company survey (open in new tab) of 951 companies included several are
relevant to the current software investment narrative, and hence we are tak

### Recent Research

Please click on the title to link to the full note.

- Microsoft Corp. 4Q26 Recap: Azure and Office Acceleration Create Better Outlook (Published July 30th, 2026)
- U.S Software Observability Industry Review: Volume 18 - Kubernetes Monitoring (Published July 30th, 2026)
- U.S. Software Raimo's Trend Spotter – 30th Edition of Tracking Web Traffic and PyPi Data in Software (Published July 29th, 2026)
- U.S. Software rAImo's AI Newsletter #120: A Deeper Look At AI Project Funding And Obstacles (Published July 27th, 2026)
- ServiceNow, Inc.: 2Q26 Earnings Recap: Solid Print Looks Great in Context (Published July 23rd, 2026)
- IBM Corp.: 2Q26 Recap: Adjusting for Changing Customer Behavior (Published July 23rd, 2026)
- Pegasystems, Inc.: 2Q26 Recap: Execution and AI Noise Hurt Q2 - 2H Targets Now in Focus (Published July 22nd, 2026)
- monday.com Ltd: AI-Driven Restructuring Plan (Published July 22nd, 2026)
- DigitalOcean: Healthy GPU Pricing Increases Point to Continued Supply/Demand Imbalance (Published July 21st, 2026)
- U.S. Software: The Q2 On-Cycle Earnings Guide – Too Early to Get Excited (Published July 21st, 2026)
- U.S. Software: rAImo's AI Newsletter #119: Kimi K3 (Published July 20th, 2026)
- IBM Corp.: Negative Q2 Pre-Announcement Requires Second Look (Published July 14th, 2026)
- U.S. Software: rAImo's AI Newsletter #118: AI Observations From Our Recent China Trip (Published July 13th, 2026)
- GitLab Inc.: Adjusting CRR Calculation, Highlighting First Order Strength (Published July 8th, 2026)
- DigitalOcean: Positive Pre-Announcement Corroborates Capacity-Driven Acceleration Story (Published July 7th, 2026)
- U.S. Software: rAImo's AI Newsletter #117: Checking in on AI's Impact on Developer Productivity (Published July 6th, 2026)
- U.S. Software: Reported Meta Cloud Business Plans Risk Turning Major AI Infra Customer into Competitor (Published July 1st, 2026)
- U.S. Software: rAImo's AI Newsletter #116: AI Inference Trending Towards "The Right Tool for the Right Job" Mindset (Published June 29th, 2026)
- U.S. Software rAImo's AI Newsletter #115: Unpacking the AI-Driven Software Explosion (Published June 22nd, 2026)

- U.S. Software: Takeaways From On-Cycle Pre-Quiet Period Calls; 2Q26 Edition (Published June 18th, 2026)
- Positioning for AI Disruption: A Cross-Sector View on Returns and Risks – Replay & Key Takeaways (Published June 18th, 2026)
- U.S. Software: rAImo's AI Newsletter #114: Fin (Published June 15th, 2026)
- Similarweb Ltd.: Multi-Year ARR Commitments Highlight SMWB's Position in the AI Flywheel (Published June 15th, 2026)
- Salesforce.com Inc.: Acquisition Accelerates CRM's Service Capabilities, SMB Reach (Published June 15th, 2026)
- U.S. Software: The Software Metrics Handbook - 6th Edition (Published June 11th, 2026)
- Oracle Corp.: 4Q26 Recap: Controlling The Controllable (Published June 11th, 2026)
- JFROG LTD: Expanding Platform Reach w/ Claude Plugin (Published June 10th, 2026)
- Datadog, Inc.: Takeaways From DDOG Dash 2026 (Published June 10th, 2026)

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**FIGURE 10. Valuation Table**

| Category | Company | Ticker | Rating | Current price | Price target | Market Cap USD ($,mn) | P/E 2026E | P/E 2027E | EV/Sales 2026E | EV/Sales 2027E | EV/FCF 2026E | EV/FCF 2027E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Mega Cap | IBM | IBM | OW | 221.74 | 262 | 207,660 | 17.9x | 16.9x | 3.7x | 3.6x | 16.6x | 15.1x |
| | Intuit | INTU | OW | 315.50 | 443 | 90,091 | 12.4x | 10.9x | 4.0x | 3.6x | 10.9x | 9.8x |
| | Microsoft | MSFT | OW | 451.10 | 512 | 3,357,537 | 24.5x | 21.0x | 9.1x | 7.7x | 88.1x | nm |
| | Oracle | ORCL | OW | 127.56 | 250 | 371,837 | 16.2x | 13.4x | 5.8x | 4.2x | nm | nm |
| | Salesforce | CRM | OW | 180.71 | 236 | 161,685 | 12.9x | 11.0x | 4.1x | 3.8x | 12.6x | 11.4x |
| | SAP | SAP | OW | 180.88 | 242 | 209,209 | 21.8x | 18.7x | 5.1x | 4.6x | 20.2x | 18.4x |
| | ServiceNow | | OW | 110.07 | 134 | 118,466 | 26.4x | 21.9x | 7.4x | 6.2x | 21.1x | 17.2x |
| Front Office | Commerce | CMRC | UW | 3.16 | 3 | 303 | 6.7x | 6.2x | 1.1x | 1.1x | 19.7x | 16.5x |
| | Braze | BRZE | OW | 25.06 | 31 | 3,105 | 41.0x | 31.8x | 3.3x | 2.9x | 33.6x | 25.1x |
| | HubSpot | HUBS | OW | 233.10 | 270 | 12,556 | 17.8x | 14.4x | 3.1x | 2.7x | 15.5x | 12.9x |
| | Klaviyo | KVYO | OW | 18.35 | 25 | 5,388 | 21.1x | 16.7x | 3.0x | 2.5x | 18.5x | 14.4x |
| | Similarweb | SMWB | OW | 7.22 | 5 | 704 | 49.3x | 36.6x | 2.2x | 2.0x | 35.7x | 24.6x |
| | Sprinklr | CXM | UW | 6.20 | 6 | 1,627 | 12.8x | 12.2x | 1.4x | 1.3x | 8.0x | 7.7x |
| | Sprout Social | SPT | OW | 8.47 | 9 | 544 | 9.2x | 7.9x | 0.9x | 0.8x | 7.9x | 6.2x |
| | ZoomInfo | GTM | EW | 3.32 | 5 | 1,139 | 3.0x | 2.9x | 1.9x | 2.0x | 6.4x | 6.3x |
| Back-Office/Payroll | Descartes | DSGX | OW | 74.55 | 89 | 6,545 | 27.4x | 24.8x | 7.7x | 7.0x | 21.2x | 19.0x |
| | Paycom | PAYC | EW | 161.52 | 154 | 7,929 | 15.1x | 12.8x | 3.9x | 3.6x | 15.3x | 13.7x |
| | Paylocity | PCTY | EW | 136.71 | 128 | 7,576 | 16.1x | 14.3x | 4.2x | 3.9x | 17.5x | 16.4x |
| | Workday | WDAY | OW | 158.11 | 200 | 42,378 | 14.9x | 12.3x | 3.9x | 3.5x | 13.1x | 11.1x |
| DevOps/Product Management | Gitlab | GTLB | UW | 33.72 | 25 | 6,073 | 40.7x | 33.6x | 5.2x | 4.6x | 24.9x | 21.8x |
| | Atlassian | TEAM | OW | 98.12 | 112 | 27,987 | 16.5x | 13.8x | 4.0x | 3.5x | 17.9x | 14.1x |
| | Jfrog | FROG | OW | 78.42 | 88 | 8,096 | 82.6x | 75.6x | 11.6x | 10.4x | 49.3x | 42.5x |
| | Monday.com | MNDY | OW | 88.16 | 100 | 4,667 | 16.9x | 13.2x | 2.3x | 2.0x | 12.1x | 9.4x |
| Data Analytics | Elastic | ESTC | OW | 64.25 | 68 | 7,361 | 21.2x | 16.9x | 3.5x | 3.0x | 17.5x | 14.0x |
| | MongoDB | MDB | OW | 325.88 | 387 | 27,735 | 54.8x | 46.1x | 8.7x | 7.5x | 46.0x | 38.4x |
| | Snowflake | SNOW | EW | 298.10 | 285 | 115,050 | nm | nm | 18.9x | 15.1x | 85.8x | 62.7x |
| | Teradata | TDC | UW | 30.56 | 28 | 3,046 | 11.7x | 11.1x | 1.7x | 1.7x | 4.4x | 8.0x |
| Infrastructure Software | Appian | APPN | UW | 26.48 | 23 | 1,994 | 28.3x | 23.5x | 2.6x | 2.3x | 28.6x | 22.7x |
| | Coreweave | CRWV | EW | 73.90 | 90 | 43,792 | nm | nm | 5.3x | 2.8x | nm | nm |
| | Datadog | DDOG | OW | 268.56 | 290 | 97,727 | nm | 95.9x | 21.7x | 18.0x | 85.7x | 69.4x |
| | DigitalOcean | DOCN | OW | 120.23 | 160 | 16,513 | 83.5x | nm | 14.6x | 9.7x | nm | 75.5x |
| | Dynatrace | DT | OW | 44.10 | 48 | 13,637 | 23.4x | 20.5x | 5.6x | 4.8x | 22.0x | 18.7x |
| | Pegasystems | PEGA | OW | 30.03 | 39 | 4,974 | 11.8x | 10.4x | 2.4x | 2.2x | 8.5x | 7.6x |
| | OpenText | OTEX | EW | 25.36 | 27 | 6,577 | 5.9x | 5.6x | 2.2x | 2.1x | 10.3x | 9.6x |
| | UiPath | PATH | EW | 12.37 | 14 | 6,857 | 16.8x | 15.9x | 3.2x | 2.9x | 13.6x | 12.1x |
| | WhiteFiber | WYFI | EW | 26.25 | 29 | 1,023 | nm | nm | 9.2x | 5.2x | nm | nm |

For full disclosures on each covered company, including details of our company-specific valuation methodology and risks, please refer to https://publicresearch.barcap.com.

Source: Bloomberg, Barclays Research. Prices as of July 30th, 2026. OW = Overweight, EW = Equal Weight, UW = Underweight. Industry View: Positive

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**Materially Mentioned Stocks (Ticker, Date, Price)**
**Datadog, Inc.** (DDOG, 30-Jul-2026, USD 268.56), Overweight/Positive, CE/J

**Microsoft Corp.** (MSFT, 30-Jul-2026, USD 451.10), Overweight/Positive, CD/CE/D/E/FA/J/K/L/M/N

**Snowflake Computing** (SNOW, 30-Jul-2026, USD 298.10), Equal Weight/Positive, CE/J

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**Guide to the Barclays Fundamental Equity Research Rating System:**
Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

**Stock Rating**
**Overweight** - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Equal Weight** - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Underweight** - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Rating Suspended** - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a merger or strategic transaction involving the company.

**Industry View**
**Positive** - industry coverage universe fundamentals/valuations are improving.

**Neutral** - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

**Negative** - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

**U.S. Software**

| | | |
|---|---|---|
| Adobe Inc. (ADBE) | Alarm.com Holdings, Inc. (ALRM) | Alkami Technology, Inc. (ALKT) |

| | | |
|---|---|---|
| Appian Corporation (APPN) | Atlassian (TEAM) | Autodesk Inc. (ADSK) |
| Braze Inc. (BRZE) | CCC Intelligent Solutions (CCC) | Check Point Software Technologies Ltd. (CHKP) |
| Cloudflare, Inc. (NET) | Commerce (CMRC) | CoreWeave, Inc (CRWV) |
| CrowdStrike Holdings, Inc (CRWD) | Datadog, Inc. (DDOG) | Descartes Systems Group (DSGX) |
| DigitalOcean (DOCN) | Dynatrace, Inc. (DT) | Elastic N.V. (ESTC) |
| EverCommerce Inc. (EVCM) | Five9, Inc. (FIVN) | Fortinet, Inc. (FTNT) |
| Gen Digital Inc. (GEN) | GitLab Inc. (GTLB) | Hinge Health, Inc. (HNGE) |
| HubSpot, Inc. (HUBS) | IBM Corp. (IBM) | Intapp, Inc. (INTA) |
| Intuit Inc. (INTU) | JFROG LTD (FROG) | Klaviyo, Inc. (KVYO) |
| Microsoft Corp. (MSFT) | monday.com Ltd (MNDY) | MongoDB, Inc. (MDB) |
| nCino, Inc. (NCNO) | Okta, Inc. (OKTA) | Omada Health, Inc. (OMDA) |
| OpenText Corp. (OTEX) | Oracle Corp. (ORCL) | Palo Alto Networks (PANW) |
| Paycom (PAYC) | Paylocity Holding Corp (PCTY) | Pegasystems, Inc. (PEGA) |
| Procore Technologies, Inc. (PCOR) | PTC Inc. (PTC) | Rapid7 (RPD) |
| Rubrik, Inc. (RBRK) | SailPoint, Inc. (SAIL) | Salesforce.com Inc. (CRM) |
| SAP SE (SAP) | SentinelOne, Inc. (S) | ServiceNow, Inc. (NOW) |
| Similarweb Ltd. (SMWB) | Snowflake Computing (SNOW) | Sprinklr, Inc. (CXM) |
| Sprout Social, Inc. (SPT) | Tenable Holdings Inc (TENB) | Teradata Corp. (TDC) |
| Tyler Technologies, Inc. (TYL) | UiPath, Inc. (PATH) | Varonis Systems, Inc. (VRNS) |
| Veeva Systems Inc. (VEEV) | WhiteFiber, Inc. (WYFI) | Workday Inc. (WDAY) |
| ZoomInfo Technologies Inc. (GTM) | Zscaler, Inc. (ZS) | |

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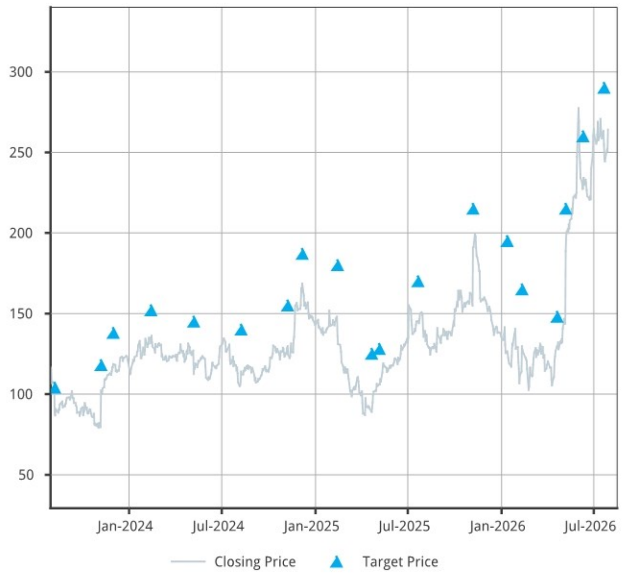
## Datadog, Inc. (DDOG / DDOG)

Stock Rating: **OVERWEIGHT**

Industry View: **POSITIVE**

Closing Price: **USD 268.56** (30-Jul-2026)

**Rating and Price Target Chart (as of 30-Jul-2026)**




Source: LSEG Data & Analytics, Bloomberg, Barclays Research

Link to Barclays Live for interactive charting

| Publication Date | Closing Price* | Rating | Adjusted Price Target | Currency |
|---|---|---|---|---|
| 21-Jul-2026 | 263.20 | | 290.00 | USD |
| 10-Jun-2026 | 227.34 | | 260.00 | USD |
| 07-May-2026 | 143.71 | | 215.00 | USD |
| 20-Apr-2026 | 126.61 | | 148.00 | USD |
| 10-Feb-2026 | 114.01 | | 165.00 | USD |
| 12-Jan-2026 | 125.49 | | 195.00 | USD |
| 06-Nov-2025 | 190.82 | | 215.00 | USD |
| 21-Jul-2025 | 145.02 | | 170.00 | USD |
| 06-May-2025 | 105.70 | | 128.00 | USD |
| 21-Apr-2025 | 91.18 | | 125.00 | USD |
| 13-Feb-2025 | 135.89 | | 180.00 | USD |
| 06-Dec-2024 | 163.35 | | 187.00 | USD |
| 07-Nov-2024 | 129.79 | | 155.00 | USD |
| 08-Aug-2024 | 105.47 | | 140.00 | USD |
| 07-May-2024 | 126.97 | | 145.00 | USD |
| 13-Feb-2024 | 134.85 | | 152.00 | USD |
| 01-Dec-2023 | 116.57 | | 138.00 | USD |
| 07-Nov-2023 | 79.55 | | 118.00 | USD |
| 08-Aug-2023 | 106.30 | | 104.00 | USD |

On 30-Jul-2023, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 134.00 USD.

Source: Bloomberg, Barclays Research

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**J:** Barclays Bank PLC and/or an affiliate is a liquidity provider and/or trades regularly in the securities by Datadog, Inc. and/or in any related derivatives.

**Valuation Methodology:** Our PT of $290 is based on ~75x CY27 FCF of ~$1.357bn.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** The competitive environment continues to evolve and may become tougher than expected with the observability, security, and CI/CD spaces increasingly coming together, which may pressure LT growth prospects. Weaker execution and a slowdown in product innovation can also result in lower-than-expected growth prospects for the company. A prolonged macro downtown could also impact Datadog, especially given its consumption-oriented model.

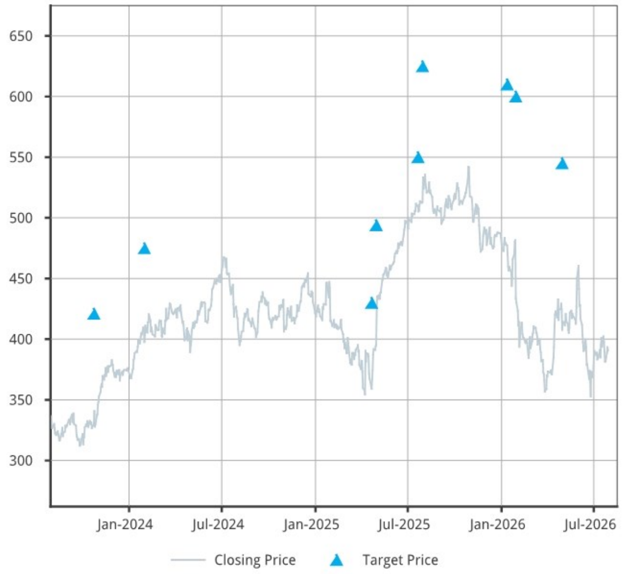
## Microsoft Corp. (MSFT / MSFT)

Stock Rating: **OVERWEIGHT**

Industry View: **POSITIVE**

Closing Price: **USD 451.10** (30-Jul-2026)

**Rating and Price Target Chart (as of 30-Jul-2026)**




Source: LSEG Data & Analytics, Bloomberg, Barclays Research

Link to Barclays Live for interactive charting

| Publication Date | Closing Price* | Rating | Adjusted Price Target | Currency |
|---|---|---|---|---|
| 30-Apr-2026 | 424.46 | | 545.00 | USD |
| 29-Jan-2026 | 481.63 | | 600.00 | USD |
| 12-Jan-2026 | 479.28 | | 610.00 | USD |
| 30-Jul-2025 | 513.24 | | 625.00 | USD |
| 21-Jul-2025 | 510.05 | | 550.00 | USD |
| 30-Apr-2025 | 391.16 | | 494.00 | USD |
| 21-Apr-2025 | 367.78 | | 430.00 | USD |
| 31-Jan-2024 | 408.59 | | 475.00 | USD |
| 24-Oct-2023 | 330.53 | | 421.00 | USD |

On 30-Jul-2023, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 425.00 USD.

Source: Bloomberg, Barclays Research

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**Valuation Methodology:** Our PT of $512 is based on P/E multiple of ~24x and CY27E EPS of $21.47.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** The emergence of cloud computing, virtualization and new non-PC form factors such as tablets and smart phones represent ongoing risks to Microsoft's business model and underlying profitability. Increased investment spend in long-term growth initiatives such as search and mobile could also cause margins to come under significant pressure.

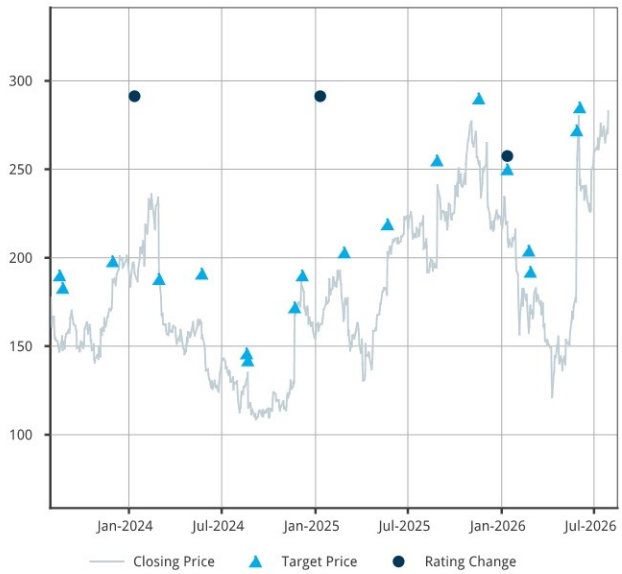
## Snowflake Computing (SNOW / SNOW)

Stock Rating: **EQUAL WEIGHT**

Industry View: **POSITIVE**

Closing Price: **USD 298.10** (30-Jul-2026)

**Rating and Price Target Chart (as of 30-Jul-2026)**




Source: LSEG Data & Analytics, Bloomberg, Barclays Research

Link to Barclays Live for interactive charting

| Publication Date | Closing Price* | Rating | Adjusted Price Target | Currency |
|---|---|---|---|---|
| 03-Jun-2026 | 261.14 | | 285.00 | USD |
| 28-May-2026 | 175.26 | | 272.00 | USD |
| 26-Feb-2026 | 169.21 | | 192.00 | USD |
| 23-Feb-2026 | 172.50 | | 204.00 | USD |
| 12-Jan-2026 | 219.09 | Equal Weight | 250.00 | USD |
| 17-Nov-2025 | 257.02 | | 290.00 | USD |
| 27-Aug-2025 | 200.39 | | 255.00 | USD |
| 22-May-2025 | 179.12 | | 219.00 | USD |
| 26-Feb-2025 | 166.19 | | 203.00 | USD |
| 10-Jan-2025 | 161.03 | Overweight | | USD |
| 06-Dec-2024 | 183.06 | | 190.00 | USD |
| 21-Nov-2024 | 130.24 | | 172.00 | USD |
| 21-Aug-2024 | 131.92 | | 142.00 | USD |
| 19-Aug-2024 | 128.04 | | 146.00 | USD |
| 23-May-2024 | 163.34 | | 191.00 | USD |
| 29-Feb-2024 | 234.03 | | 188.00 | USD |
| 12-Jan-2024 | 195.62 | Equal Weight | | USD |
| 30-Nov-2023 | 175.32 | | 198.00 | USD |
| 24-Aug-2023 | 155.70 | | 183.00 | USD |
| 18-Aug-2023 | 149.69 | | 190.00 | USD |

On 30-Jul-2023, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 203.00 USD.

Source: Bloomberg, Barclays Research

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**Valuation Methodology:** Our PT of $285 is based on an EV/CY27E FCF multiple of 60x and CY27E FCF of $1.80bn.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** 1) Unlike a subscription revenue model, Snowflake recognizes revenue as customers consume resources. This could create volatility in the P&L as Snowflake has limited visibility into the revenue it can recognize compared to traditional SaaS companies. 2) In addition to the legacy software companies competing with Snowflake, all the major public cloud vendors have competitive solutions. 3) Snowflake is dependent on cloud vendors to run its services and its cost of goods are based on the pricing it gets from AWS, Azure etc. 4) To the upside, faster than expected consumption and new product traction could lead to positive estimate revisions and upside to the current share price.

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