

Forecast to have C\$245 million of sales in 2021, DCM is proving that the “one-touch brand management” marketing formula works

The latest trend in marketing and communications involves tech-enabled software to achieve multi-level marketing and a compliant one-touch seamless approach. Today's company is Canada's leading marketing and communications provider with over 1,000 employees serving 250+ corporate customers. Their direction is towards a digital-first approach.

DATA Communications Management Corp. (TSX: DCM | OTC: DGPIF | STU:18DN) (“DCM”) call themselves “the brand behind your brand”. This is because DCM offers “**one-touch brand management**” with unlimited touchpoints across all areas of marketing and communication both online and offline. The key to this approach for enterprises/companies is to ensure a consistent brand and message goes out thereby both reducing risk to the enterprise and improving efficiency and consistency in their communications to outside the enterprise. The result is reduced compliance costs, a seamless brand experience, and much better workflow solutions.

DCM offers enterprises a one-touch brand management approach for marketing, communications, data management and workflow solutions



Source: DATA Communications Management Corp. (video)

About DCM's business and business model

DCM serves the cannabis, energy, financial, governmental, healthcare, insurance, lottery and gaming, not-for-profit, and retail industries. DCM services include custom loyalty programs, data and content management, location-specific marketing, labels and asset tracking, multimedia campaign management, and workflow management.

DCM earns 93% of revenue from their 250 enterprise customers where they have a very impressive 97% client retention rate. In total DCM has 2,500+ clients and 70%+ of revenue comes from long-term agreements.

DCM's customer base with 93% of revenues from 250 enterprise clients with a 97% retention rate

DEEPLY ENTRENCHED CLIENT RELATIONSHIPS

2,500+
DCM Clients

93%
of revenue from
250 enterprise
customers

97%
Enterprise client
retention
rate

+70%
of revenue from
long-term
agreements

FINANCIAL	RETAIL	HEALTHCARE	EMERGING MARKETS	CONSUMER HEALTH	ENERGY	NFP	SPECIALTY

DCM SERVES OVER 70 OF THE 100 LARGEST CORPORATIONS IN CANADA AND 3 OF THE TOP 5 GOVERNMENT AGENCIES

Source: Company presentation

DCM's revenue is forecast to reach C\$245 million in 2021, with an operating profit of C\$1 million. By 2023 this is forecast to grow to a revenue of C\$260 million and an operating profit of C\$20 million.

An August 16 eResearch Corp. report on DCM quoted: "Low Valuation Multiple when Compared to Peers. DCM is currently trading at 0.5x 2021 EV/Revenue compared with US printer comps trading at an average of 1.0x EV/Revenue or Canadian printer comps trading at an average of 1.5x EV/Revenue, and well below the DAM & Tech-Enabled Workflow providers in the range of 3.1x to 6.6x EV/Revenue."

eResearch rates DCM as a "buy" with a one-year price target of C\$3.60. DCM currently trades at C\$1.02 and on a PE of 6.89. 2021 debt is estimated at C\$72.8 million.

Apart from the low valuation, eResearch considers DCM has a significant growth opportunity in the sector, stating: "DCM is leveraging its existing DCM Flex and ASMBL platforms for direct-to-print applications, marketing and workflow

management, and Digital Asset Management (DAM) solutions. DCM believes it can garner increased revenue within the Tech-Enabled Marketing Workflow and DAM service offerings, as these sectors are forecasted to grow annually by 15% and 21%, respectively. The Company believes it is winning and retaining business due to the capabilities of its technology-enabled service model. In addition, DAM services generated only 1.3% of revenue in 2020 and, with the proliferation of video & digital content, the total DAM addressable market is forecasted to reach US\$6 billion by 2025, thus there is plenty of upside revenue potential.”

Closing remarks

DCM is already an established leading marketing and communications company in Canada. Their products and service are highly regarded with a 97% enterprise client retention rate. Their digital-first approach means they offer a one-touch approach for all a company's needs; including loyalty programs, data and content management, location-specific marketing, labels and asset tracking, multimedia campaign management, and workflow management.

DATA Communications Management Corp. is forecast to have 2021 sales of C\$245 million, yet has a market cap of only C\$44 million. The current PE is only 6.89 and the eResearch price target is more than 3.5x the current stock price. Investors would be wise to take a deeper look.

Chris Thompson on eResearch's

Initiation Equity Research Report on DATA Communications Management

In a recent InvestorIntel interview, Tracy Weslosky speaks with Chris Thompson, President of eResearch Corp. about his 41-page Initiation Equity Research Report on DATA Communications Management Corp. (TSX: DCM) (“DCM”).

In this InvestorIntel interview, which may also be viewed on YouTube (click here to subscribe to the InvestorIntel Channel), Chris went on to say that DCM is a Canadian-based communications and marketing solutions company providing online and offline print and communication solutions for some of the largest corporations in Canada. With over 2,500 clients which include over 70 of the 100 largest corporations in Canada, Chris explained how DCM has created a recurring revenue stream and “is headed in the right direction.” With 2021 estimated revenue at \$245 million, Chris provided an update on DCM’s digital service offerings “which could lead to much higher margin revenues” and believes the Company is undervalued compared to its peers.

To watch the full interview, click here

About eResearch Corporation

eResearch Corporation is a respected source for institutional-quality, equity research focused primarily on small- and mid-cap companies. The focus is on identifying companies that have interesting prospects, sound management, and significant potential for share price appreciation. The company complements its corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. The professional investment research and

analysis is provided directly to the subscriber network of discerning investors, and electronically through its website, www.eresearch.com

About DATA Communications Management Corp.

DCM is a communication solutions partner that adds value for large enterprises by creating more meaningful connections with their customers. Their technology-enabled content and workflow management capabilities solve the complex branding, communications, logistics and regulatory requirements of Canada's leading enterprises. They pair customer insights and thought leadership with cutting-edge products, modular enabling technology, and services to power their clients' go-to-market strategies. DCM helps their clients manage how their brands come to life, determine which channels are right for them, manage multimedia campaigns, deploy location-specific and 1:1 marketing, execute custom loyalty programs, and fulfill their commercial printing needs all in one place.

To learn more about DATA Communications Management Corp., [click here](#)

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If you have any questions surrounding the content of this interview, please email info@investorintel.com.