

# 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.