

US Software: Employment Listing Data Indicating Stronger Fundamentals for PANW

Sector: Information Technology
Sub-Sector: US Software

Key Takeaways

US Employment Listings Data Showing Potential Inflection for Palo Alto

Analysing a US employment listings dataset reveals fundamental insights across US software companies. The dataset is supplied by an Eagle Alpha data partner. The jobs listings data is unique as it indexes greater than 4m jobs directly from more than 30,000 employer websites globally on a daily basis.

Total unique job listing posted on **Palo Alto Networks (PANW)** website tracks closely to quarterly company revenue growth over the last several years (Fig 1). From FYQ1 2015 through to FYQ4 2017 YoY growth in quarterly listings has an 87% correlation to quarterly revenue growth rates. After being in a downtrend over 2016, total listings growth is slowly recovering so far in 2017. This positive trend is reinforced by newly created job listings returning to positive growth in the just completed July quarter.

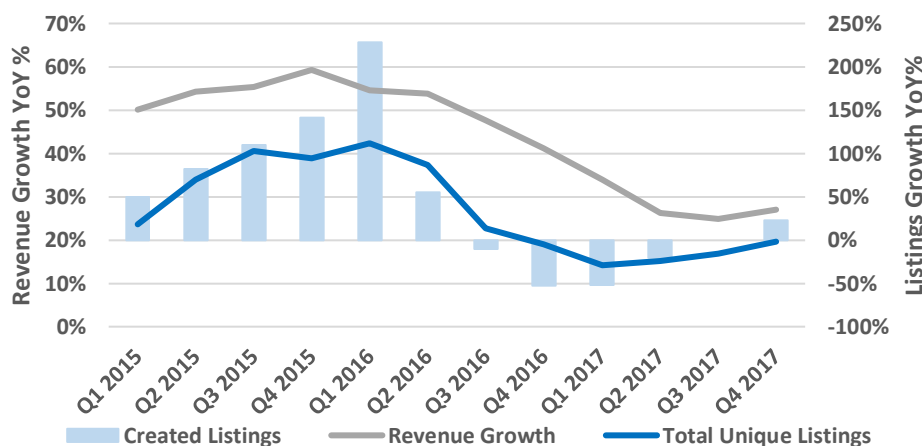
Search Signals Also Inflecting Upwards for Palo Alto

Eagle Alpha's Search Signal for PANW turned positive in early 2017 (Fig 2). Search Signals consists of a series of company revenue indicators constructed using Google search volumes for a company's product offering. The 6MMA of our index crossed above the 12MMA in January, which we view positively for longer term fundamentals.

Potential Implications

Newly created job listings and total job listings at PANW are showing positive momentum in 2017 and signals a return to revenue growth for the company. The trend in job listings growth is reinforced by our Search Signal indicator for PANW, which is also showing strong momentum. We view both signals as positive indicators for future revenue growth.

Fig 1: PANW: Job Listings Growth Inflecting Upwards



Source: Eagle Alpha Analysis, Job Listing Data ([click here](#) for underlying data)

Companies Mentioned

Palo Alto Networks – PANW US

Please [click here](#) to view the data underlying this report.

Methodology

See Appendix 1

About Eagle Alpha

See Appendix 2

Related Reports

[US Software: Search Signals Positive for Workday and Remain Negative for Palo Alto \(May 2017\)](#)

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Overview

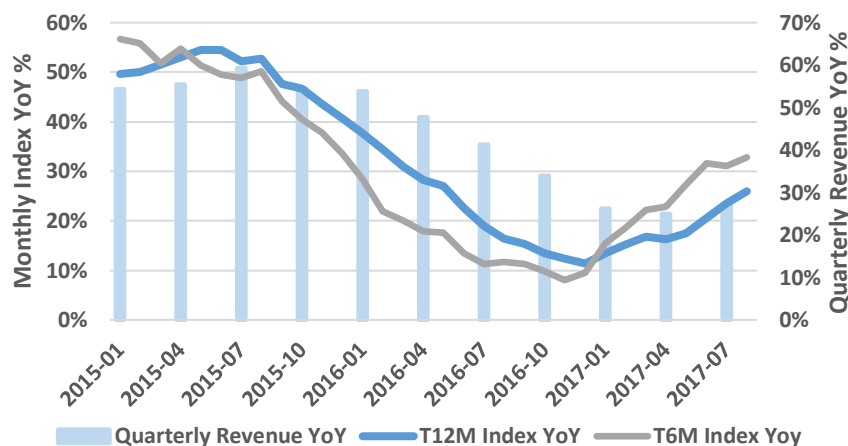
Two sets of alternative data are pointing to a fundamental improvement for Palo Alto Networks. Analysis of job listings, from an Eagle Alpha dataset partner, reveals an improving trend in job listings at PANW. In the past, job listings growth has given a strong indication of the underlying health of Palo Alto's business. Eagle Alpha's Search Signal index for PANW is also on a positive trajectory. Historically our Search Signal Index for PANW has been a good long term indicator for company revenue growth.

Total unique job listing posted on **Palo Alto Networks (PANW)** website track closely to quarterly company revenue growth over the last several years (Fig 1). From FYQ1 2015 through to FYQ4 2017 YoY growth in quarterly listings has an 87% correlation to quarterly revenue growth rates. After being in a down trend over 2016, total listings growth is slowly recovering so far in 2017. This positive trend is reinforced by newly created job listings, which grew 23% YoY in the just completed July quarter. The trend observed in quarterly listings is supported by looking at the trend in monthly listings growth (Fig 3). Monthly listings peaked in August of 2015, well before the company reported disappointing revenue growth in November of that year. In mid-2016, while the stock rallied over 30%, monthly unique listings were falling sharply. The company subsequently disappointed Street expectations. We see the return to growth in listings as a positive indicator of managements outlook for future revenue growth.

Eagle Alpha's Search Signal for PANW turned positive in early 2017 (Fig 2). Search Signals consists of a series of company revenue indicators constructed using Google search volumes for a company's product offering. The 6MMA of our index cross above the 12MMA in January, which we view positively for longer term fundamentals. Typically, there can be a long lead time to a crossing of index values to a change in revenue growth. The lead time can be anywhere from three to five quarters and is related to a company's business model and sales cycle. In general, if there is a sharp crossing of the 6M index over the 12M index it usually sends a stronger signal on the future direction of the index and future revenue growth rates.

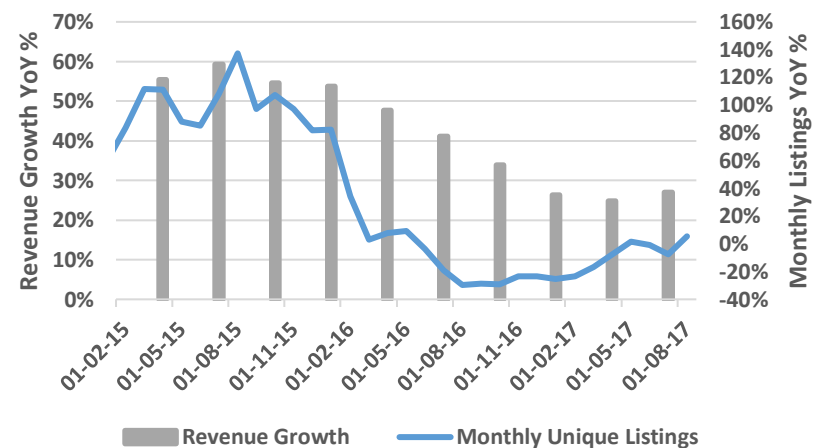
Our analysis, using both data sets, points to improving fundamentals for Palo Alto. We expect to see this reflected in the current quarter, or in company revenue guidance.

Fig. 2 PANW: Search Signals Inflecting Up



Source: Eagle Alpha Analysis, Google Trends ([click here](#) for underlying data)

Fig. 3 PANW: Monthly Listings Growth Turns Positive



Source: Eagle Alpha Analysis, Job Listing Data ([click here](#) for underlying data)

Appendix 1

Data Sources and Methodology

[Click here](#) for live charts

Google Trends Data

Google Trends is a public web facility based on Google Search that shows how often a particular search-term is entered relative to the total search-volume over time across various regions of the world.

The process for constructing indicators for each company using Google Trends includes:

- Research analyst spends time identify relevant terms specific to each company.
- Used third part tools to aid process.
- Examine significance of terms using Adwords.
- Research analyst refines terms for inclusion.
- Build Google Trends index with relevant terms.

Plot 12, 6, 3 or 1 month moving averages of the index. Chart YoY% move in index to sales or same store sales (SSS).

Examine chart to see if index leads future changes in revenue or SSS and observe the time lag from a change in the moving average indicator to any change in relevant metrics in future quarters.

Job Listings Data

Completely unique in the industry, the job listing dataset only indexes jobs directly from employer websites. Updated daily with over 4 million jobs from more than 30,000 employers, the platform eliminates duplicate and expired job listings, as well as job pollution. From the core platform, the company has developed an array of products and services and achieved significant market traction in two primary business units: Candidate Sourcing and Job Market Data and Analytics.

Appendix 2

About Eagle Alpha

Company Overview

Eagle Alpha is focused on solving the challenges that asset managers face when working with alternative data. The Eagle Alpha solution has six parts:

TEACH-IN

Teach-ins educate our clients to enable them to catch up with the innovators and early adopters in alternative data field.

BESPOKE PROJECTS

Bespoke Projects enable clients, who don't have the skillset and/or capacity to work with alternative data, to commission specific projects.

THOUGHT LEADERSHIP

Thought Leadership ensures that our clients do not fall behind the curve regarding how to obtain value from alternative data.

DATA INSIGHTS

Data Insights reports and indicators give clients actionable ideas and demonstrate, based on 4 years of experience, how different types of alternative datasets can be leveraged.

ANALYTICAL TOOLS

Analytical Tools enable clients to obtain proprietary analytics on 90 million data sources for research into items like product launches and elections. In addition, we have a proprietary algorithm that enables clients to build databases of experts.

DATA SOURCES

Data Sourcing keeps clients on top of the world's alternative datasets and ensures they do not miss out on the best datasets.

Appendix 3

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