



The Great Fuel Shortage of the 2020's:

How one UK listed stock saves the most precious fuel on earth

Sam Volkering, Editor



Dear reader,

I recently got a new phone. A Samsung Galaxy Note 10. A nifty, reasonably high-end device.

There were a number of reasons why I chose to get this phone. One being the stylus integrated within the phone.

Another was that it had a significant amount of inbuilt storage. 256GB of inbuilt storage. That's quite a lot and I would expect that it'll last a while.

But when I talk about storage I talk about it in terms of a 'fuel' source.

Storage on my phone is finite. There's a limited amount of it. Eventually I will use it all up and

have no storage left.

And when I have no storage left, my phone will start to cough and splutter like an engine with no fuel left.

My phone won't operate as it should. Without the 'fuel' of storage – my phone becomes useless.

That is until I 'refill' it. I can refill it one of two ways, I can add more storage to it, or I can delete some of the existing data and information to open up the storage I've already got.

This is a problem I'm sure you've experienced. Maybe with your phone, almost definitely with your computer.

The capacity for storage is such

that we always end up running out of room. This means we all end up at the same junction. We either add more storage or we delete what we've got to ensure we can fit more in.

This 'fuel' dilemma has led to a number of opportunities in technology. Storage manufacturers like Western Digital and Seagate are some of the most important and dominant companies in the world.

They provide us with more 'fuel' to enable us to save and store documents, applications, pictures, movies, all the things that's drain our storage 'fuel'. Even just looking at my office now I've got a Seagate backup drive with a few Terabytes of storage connected to my Mac Mini.



I've done this because my Mac Mini has inbuilt storage of 250GB too. That's right my PC at home has the same amount of storage as my phone does.

But again, this isn't uncommon. There's a trade off when it comes to modern devices, form factor vs. storage.

And if that's the case, then the trickledown effect will just play out on a bigger scale...

I'll run out of my storage 'fuel' in the cloud, then in my local backup drive in my computer, my phone...it'll all just start to cough and splutter again and I'll be left back at square one with the

can't add more storage, if there's a 'fuel shortage' and we've run out of storage what options will you have left?

Well, there is only one option left. And that's the very core idea behind your latest *Frontier Tech Investor* recommendation.

In a world where we're creating a tsunami of data and information *every day*, what happens when we create more data than we can store? What happens if the storage runs out?

What happens when we create more data than we can store? What happens if the storage runs out?

My Mac Mini isn't much bigger than my Seagate drive. We pack in so much processing power into computers and devices, but we also have to try and fit in storage wherever possible too.

This trade-off between power vs. storage vs. form factor is a delicate balance. And that's part and parcel of the extreme rise and explosion in cloud computing.

While 256GB in my phone and on my computer might not be a lot, I've not yet (quite) run out of my 'fuel'. That's because I have a large allocation of my documents, data and information stored in 'the cloud'.

Having said that, even when I log into my cloud providers, there's always that little bar in my user profile showing incrementally how much closer I'm getting each day to my storage limit.

Eventually, I'm going to fill up my cloud providers too, at least for the storage plan that I'm on.

option to get more 'fuel' or delete a bunch of stuff from my devices and cloud providers.

But let me ask you this...when was the last time you did a mass clean out and deletion of your drives and devices? When was the last time you took option B (deletion) as the choice when it was time to 'refuel'?

If you had to choose between deleting stuff and adding more storage what would you really choose?

My guess is you'd add more storage. Most people would, most people do.

However, there's a problem with that. A big problem. A problem that exists with real fuel (such as fossil fuels) and a problem that's going to exist with our digital storage 'fuel'.

We're going to run out.

Then what will you do? If you

What do we do about the great digital fuel shortage of the 21st century?

Simple. We delete stuff. But that's not as simple as it might sound either...

Deleted but not really deleted

There have been a few times over the years when I've done exactly that, delete stuff from my devices that's no longer unnecessary. It's annoying to do, difficult, painstaking and takes forever.

Furthermore, when you go to delete applications the problem that exists is you never really know if you've actually deleted the whole thing or if there are remnants of data lingering around in sub-drives and libraries and archived files lurking in your computer.

Application developers make it incredibly hard to truly delete anything from your computer.



And after some time you do find that even when deleting data your computer still gets clogged up with ‘data dust’ remnants of old files and applications. These all add up and add up so that eventually your ‘fuel lines’ are dirty too.

Now you have devices with dirty fuel lines, a finite supply of fuel that’s constantly running out, and you’re now fighting a seemingly endless battle to refuel, get more storage, delete what you can where you can while wanting to continue to function with all the latest and most up to date versions of the stuff you want to keep!

It’s *exhausting* thinking about it, doing it and trying to manage it.

And it’s a nightmare too for large corporations, for cloud providers, data centres, any company that creates, captures and stores hordes of data, they all run into this very same problem.

We *all* have this very same problem

The volume of data being created every minute of every day, every year is only increasing. And we’re reaching a point where we will simply create more data than we can store and eventually we will run out of fuel (storage).

In 2025 Seagate estimates that,

‘...worldwide data creation will grow to an enormous 163 zettabytes (ZB) by 2025. That’s ten times the amount of data produced in 2017.’

We’re reaching a point where we will simply create more data than we can store.

In their research paper titled *Data Age 2025* they noted:

- The number of embedded devices, such as those found in smart buildings, manufacturing floors, and driverless cars, will grow from less than one per person to more than four in the next 10 years.
- In just 8 years, the average person will interact with a connected device nearly 4,800 times a day.
- By 2025, 75 percent of the population will be connected, creating and interacting with data.
- Data must be immediately available whenever and wherever we need it. By 2025, over 25 percent of data created in the global datasphere will be real-time in nature, and IoT real-time data will make up more than 95 percent of this.
- Data from new sources will open up new risks to private and sensitive information. By 2025, almost 90 percent of all data created in the global datasphere requires some level of security, but less than half will be secured.

- And portentously – get this – twenty percent of the data in the global datasphere will have the potential to be critical to the continuity of our lives.

There’s no doubt that the volume of data and its importance to our lives will be essential. But with every byte we create, it *has* to go somewhere.

And if we make more data and there’s a storage crunch a ‘fuel shortage’ we have to ensure we have the tools and resources to effectively and efficiently delete for good, the data we don’t need to enable our connected, digital world to continue to function as it should.

Introducing your latest Frontier Tech Investor recommendation...

Blanco Technology Group Plc (LSE:BLTG) is a market leading data erasure and diagnostic company. When you need to wipe, delete, erase, eliminate data from storage, Blanco provides the tools and resources to do so.

Where I see the real opportunity for Blanco is their direct line through to cloud providers and data centres to help manage the influx of data they all receive in our connected world.



Blancco's business is broken down into three distinct areas: Mobile, Enterprise and ITAD (IT Asset Disposal).

Each division has an important role to play in not just the company's future but also how organisations manage their data requirements.

– whichever is higher.

But to confidently and completely achieve these sorts of processes isn't easy. And to do it with the level of certainty needed, you have to bring in experts in the field. Which is exactly why a company like Blancco has never been more important to how

In short if you're not providing this kind of erasure technology to AWS customers you may as well not be in business.

It's this direction to target the data centre and enterprise market for data erasure that I see being the real gravy train for Blancco.

Speaking about the AWS announcement, Anders Klemmer, Vice President of Business Development at Blancco specifically said, "*Blancco is ramping up our investment in enterprise and datacentre customers,*"

By 2025 cloud computing spending will shoot past \$830 billion dollars.

You see, the volume of data is one important factor in what make Blancco such an opportunity. But it's also increasing rules and regulations around data creation, ownership, access and consumer privacy.

Most countries now have data retention and management laws in place around how they collect, manage, store and ultimately archive and delete user data. In the UK and Europe you might commonly know the new laws as the GDPR (general data protection regulation) laws.

One of the most crucial factors of the GDPR is the 'right to erasure' or 'right to be forgotten'. This means that individuals have the right to request a company erases, disposes of, their data and information.

Failure to do so effectively (in serious cases) can lead to fines of up to 20 million Euros or 4% of the firms worldwide annual revenues from the preceding year

companies and services providers manage their data.

What also puts Blancco right in line for some explosive growth is an announcement from December 2019 with the largest clouds services provider in the world, Amazon Web Services.

Blancco announced they had, '*...achieved Advanced Technology Partner status with Amazon Web Services (AWS) Partner Network (APN). As an AWS Advanced Technology Partner, Blancco will offer its data sanitization technologies to AWS enterprise customers worldwide and the AWS channel supporting cloud migrations.*'

AWS holds a 31% market share of the cloud infrastructure market. Behind them is Microsoft's Azure with 20%, then Google Cloud with 6%, Alibaba Cloud with 5% and all the rest with small amounts that total up to the remaining 37% of the market.

The data centre is a big area of focus because of its importance to the operation of enterprise. The cloud is now mainstream with as much as 90% of businesses in 'the cloud' and cloud centres set to process as much as 94% of all workloads in 2021.

And by 2025 cloud computing spending will shoot past \$830 billion dollars. Before long I think that will balloon to beyond \$1 trillion. Spending on the cloud and services that help companies manage their data in the cloud I see as being one of the most crucial infrastructure areas of opportunity in the market.

Blancco's niche and their development of their erasure technology is such that they've already got a captive market, are already delivering their products and services to over 2,500 customers and have securely erased data from more than 190 million devices (and counting).



So how exactly does it work?
Well let's look at a company like Samsung.

You know Samsung, and you can imagine the kind of volume of data they have, collect and manage across the world across all their regional operations.

You can also imagine the volume of data that exists on employee allocated smartphones, laptops, tablets, PC's, smart devices and more.

A lot of these employee devices carry data that's sensitive, classified, trade secret and also customer data. Sometimes this data needs to be securely and completely erased.

According to a case study from Blancco,

The solution previously being used by Samsung Japan required disassembling the devices following the erasure process to record serial numbers for auditing purposes, which could often take significant amounts of time and resources to complete.

Using Blancco Drive Eraser, the company was able to quickly and effectively perform multiple SSD erasures, across a range of devices, without disturbing or damaging the operating system

Furthermore using Blancco's platform Samsung Japan could then 100% verify and audit all activities undertaken in this process.

This helped Samsung Japan increase the speed of these erasure

Some of their customers include the likes of Samsung, eBay, US Mobile Phones and the Australian Government.

processes, increase times available for the employees and reduce the hours spend on data erasure.

It's why some of their customers include the likes of Samsung, eBay, US Mobile Phones and the Australian Government (via Greenbox an government IT provider).

I expect that we will continue to see a growing demand for Blancco services and products and in turn, boost the stock price for investors.

And finally, one of the other upsides I see with Blancco is that in late 2019 they also were awarded the 'Green Economy Mark' accreditation from the London Stock Exchange.

This might not mean a lot on the face of it, but this mark means that any kind of investment fund that runs an environmentally and sustainable fund will be easily able to identify Blancco as a potential investment.

I see this as beneficial because of the rise in ESG funds and ESG as a critical decision making point for investors looking to build portfolios of companies that adhere to environmentally friendly and sustainable practices.

While there's a lot of other benefits that Blancco provides, this is just further affirmation

of the company and their future as a critical service provider to companies across the world.

Risks & Financials

The most recent results for Blancco are for the half year ended 31 December 2019. Compared to the corresponding period the year prior Blancco saw uptick in all the key areas of revenue (up 19%), Operating Profit (up 14%) and profit before tax (up 166%).

Importantly they saw increases in revenues across all three of their business divisions, mobile, enterprise and ITAD – 28%, 15% and 15% growth respectively.

The key risks that are involved here are three-fold.

One being technology risk, the other being financial risk, the third being overall market (macro) risk.

From a technology risk, the risk is that the services that Blancco provides, in some way fail to meet the expectations or requirements of the customers. As we're dealing in a very sensitive area of data, privacy and adhering to rules and regulations, inability to undertake complete data erasure as their services provide pose a significant risk.



This could lead to penalties and non-compliance of customers with regional rules and regulations, and blow back on the company, their ability to attract new customers and retain existing ones.

a growing company that has demonstrated the ability to generate profits in all market conditions.

Should there be a period where the company cannot continue to

We know that the need to be able to delete data is only becoming more important as we deal with ways in which we can store it and manage it in data centres (the cloud). And that even though we're creating new ways to store data and more of it in smaller form factors with greater capacity, there's still the likelihood that over time, there will be a storage crunch as the world starts to run out of storage 'fuel'.

Blancco has the potential to be somewhat 'crash-proof'.

The financial risk can be impacted by a number of factors, including competition. We all know how fast software and technology advances, and there's no way to forecast the kind of new entrants of competitors that may come to market with more advanced, effective or lower cost services and offerings.

Furthermore, whatever competition that may exist in the market, may look to undercut Blancco or deliver services to customers eroding their customer base. Blancco relies on the quality and comprehensive nature of their technology to ensure they deliver a standard of service that makes this risk negligible.

Nonetheless we always need to be cautious and aware of potential market competitors, and entrants that may pose a risk to the company and adversely impact the stock price.

Hence, a loss of customers, whether it be through competition or a fall in product quality would also adversely impact the bottom line. This is

deliver growth in the key areas around profitability, there may be a squeeze on the stock price and we may see falls in price.

This also leads us to the implications of wider market moves. The world's markets are in a precarious state in 2020 and the one thing that's certain about market is the uncertainty in markets. Wider crashes in market indices may also drag down on the stock.

Albeit as they tap into a very particular growing area of the world's technology progress, I believe that even in a falling wider market, Blancco has the potential to be somewhat 'crash-proof'.

That means that the demand for their services, doesn't necessarily just drop off a cliff if there's a market crunch.

We know there's unimaginable volumes of data being created every day. We know that all over the world new rules and regulations about how companies collect, store and manage data is being put into force.

This is why I think Blancco plays a vital role in the progress of our data addicted world and why it's your latest recommendation.

Buying Instructions

Blancco Technology Group (LSE:BLTG) trades on the London Stock Exchange, AIM sub-market. It carries a market cap of around £153 million with a stock price of £2.04.

Volume in the stock is pretty low for a company of this size.

Daily averages are only around 75,000 shares trading hands which is just £150,000 in value volume. And some days volumes can be in just the hundreds.

That does make the stock relatively illiquid based on those kinds of volumes. Hence I would anticipate again a pretty sizeable move in the stock once this recommendation is live.

I am setting a wide enough buy limit that I believe gives ample opportunity to buy the stock. If it spikes above the buy limit be patient, I would expect it to

provide another opportunity for entry in the subsequent days or weeks in absence of any market moving news.

BUY Blancco Technology Group Plc (LSE:BLTG) current price £2.04, buy-up-to £2.50.

Regards,

Sam Volkering
Editor, *Frontier Tech Investor*

Action to take:

Ticker:
Price as of 10.09.20:
Buy up to:
Market cap:
52-week high/low:

Buy Blancco Technology Group

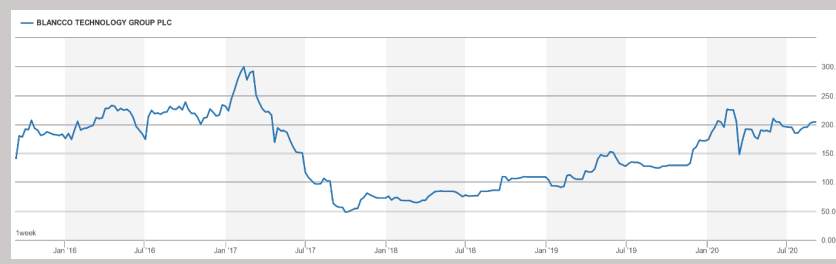
BLTG LN

204 GBp

250 GBp

£153.74 million

228p/124.50p



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