

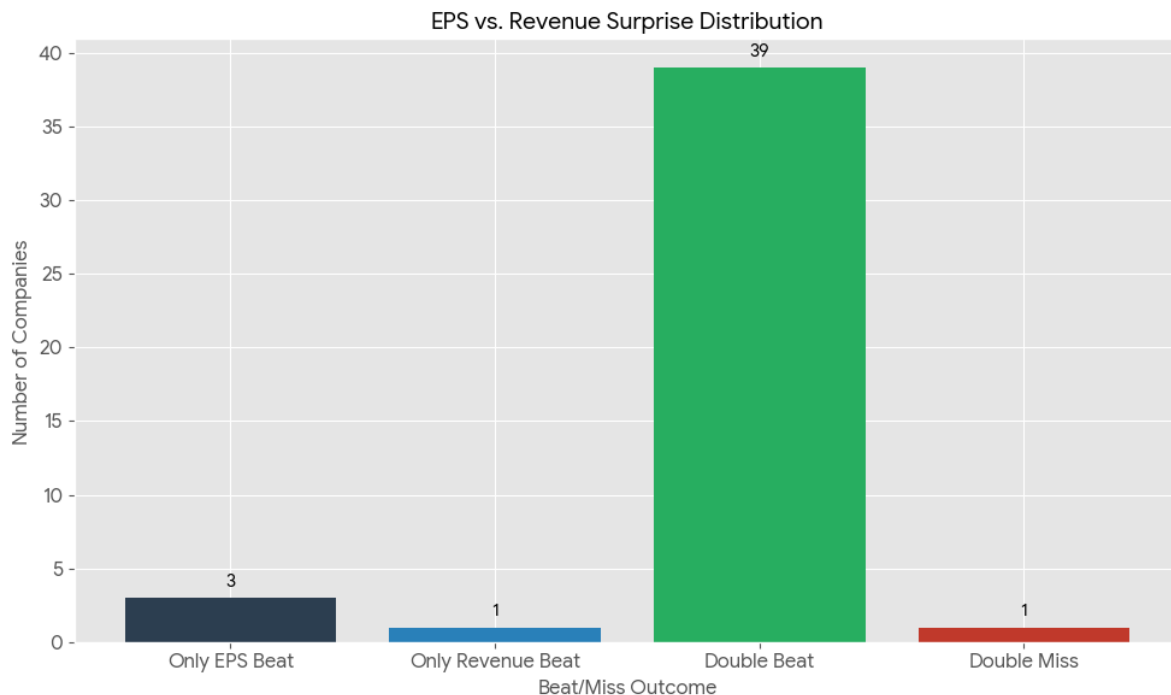
MARCH 4TH, 2026

Enterprise SaaS + Cybersecurity: Q4 Earnings Analysis

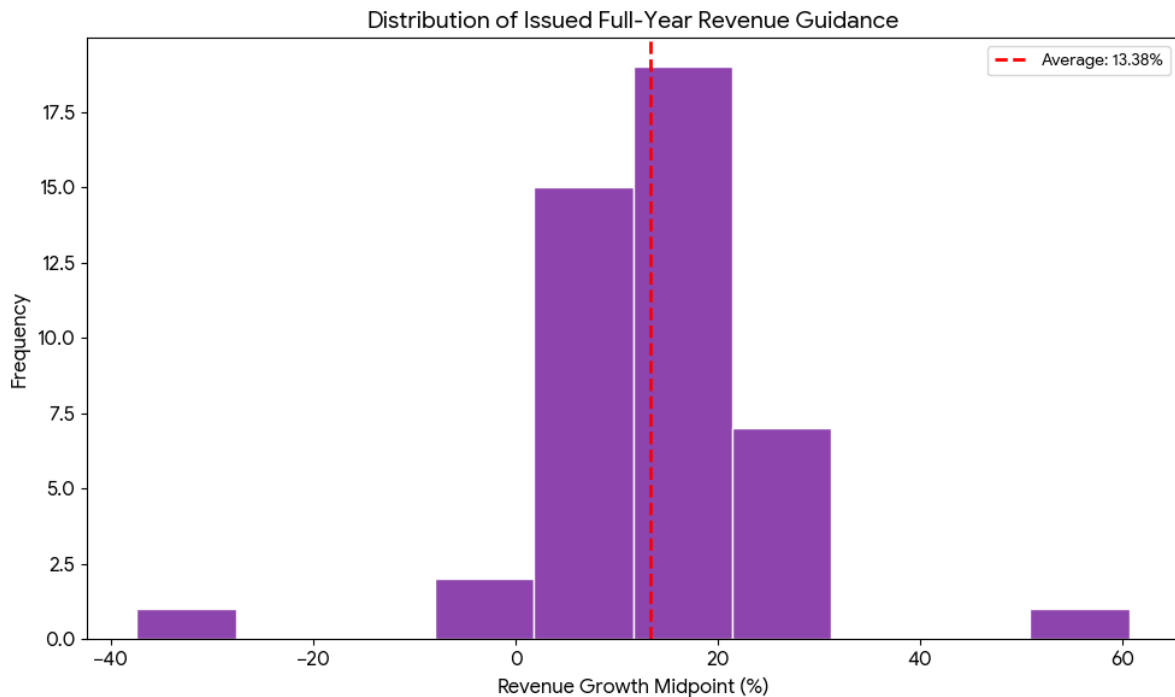
The following analysis is derived from Q4 2025 earnings data of the 45 US-listed enterprise software companies, with market capitalizations exceeding \$500M, that have reported as of March 2nd.

Let's Start with the Positives...

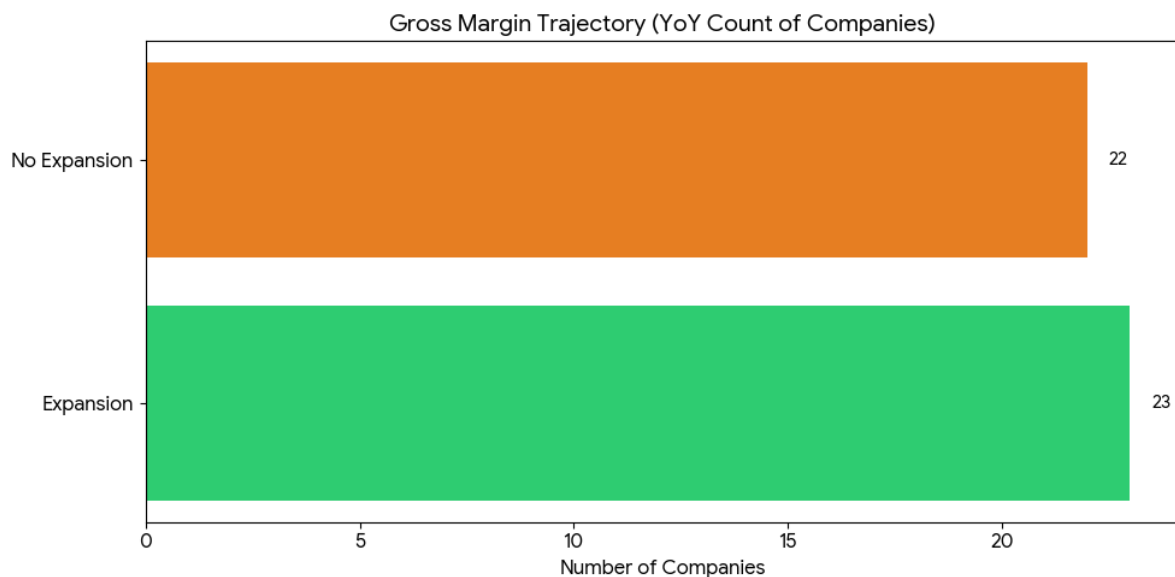
First and foremost, SaaS providers are overwhelmingly reporting both top and bottom-line beats during the Q4 cycle. Roughly 87% of companies (39 out of 45) delivered a "double beat," surpassing consensus for both EPS and Revenue. Only a single company (C3.AI) reported a "double miss," suggesting a combination of conservatism in Street projections and demand holding up better than expected amidst AI-disruption fears.



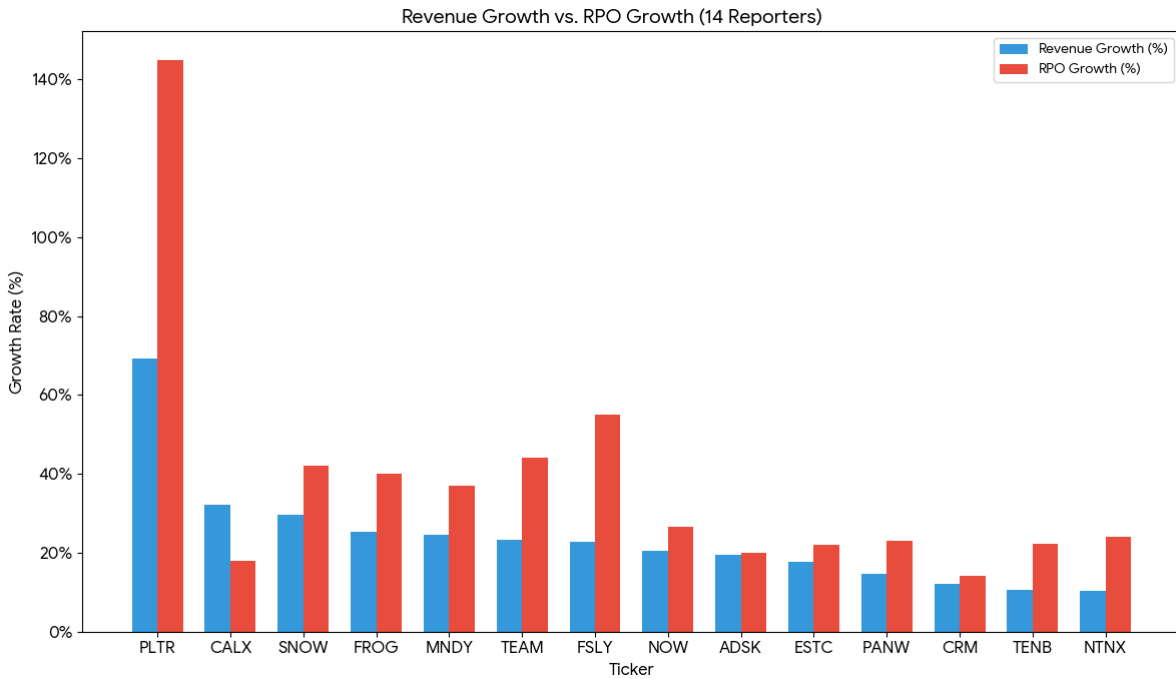
Charting the distribution of issued full-year revenue guidance midpoints indicates a majority of companies are forecasting growth within the 10% to 20% range, averaging 13.38%. If we filter away the negative outlier (C3.AI which projected a -37.5% contraction), the average improves to 14.50%. This suggests management teams are pencilling in a stable, albeit normalized, growth environment in 2026. This sector has also demonstrated high predictability in the past year, with only ~4% of the >\$500M market cap cohort missing their 2025 revenue targets set at the beginning of last year.



Meanwhile, profitability metrics remain largely stable. 23 companies (51% of total) have reported expansion in gross margins on a YoY basis, though the entire cohort saw a mean YoY margin contraction of 72 bps (to 74.5%), primarily driven by specific infrastructure-heavy transitions in a minority of players. For the majority, the high-margin nature of SaaS subscription renewals continues to support robust cash flow generation and profitability. That said, incremental margin expansion may become harder to achieve going forward as the pricing landscape becomes more competitive in the face of GenAI advancements.

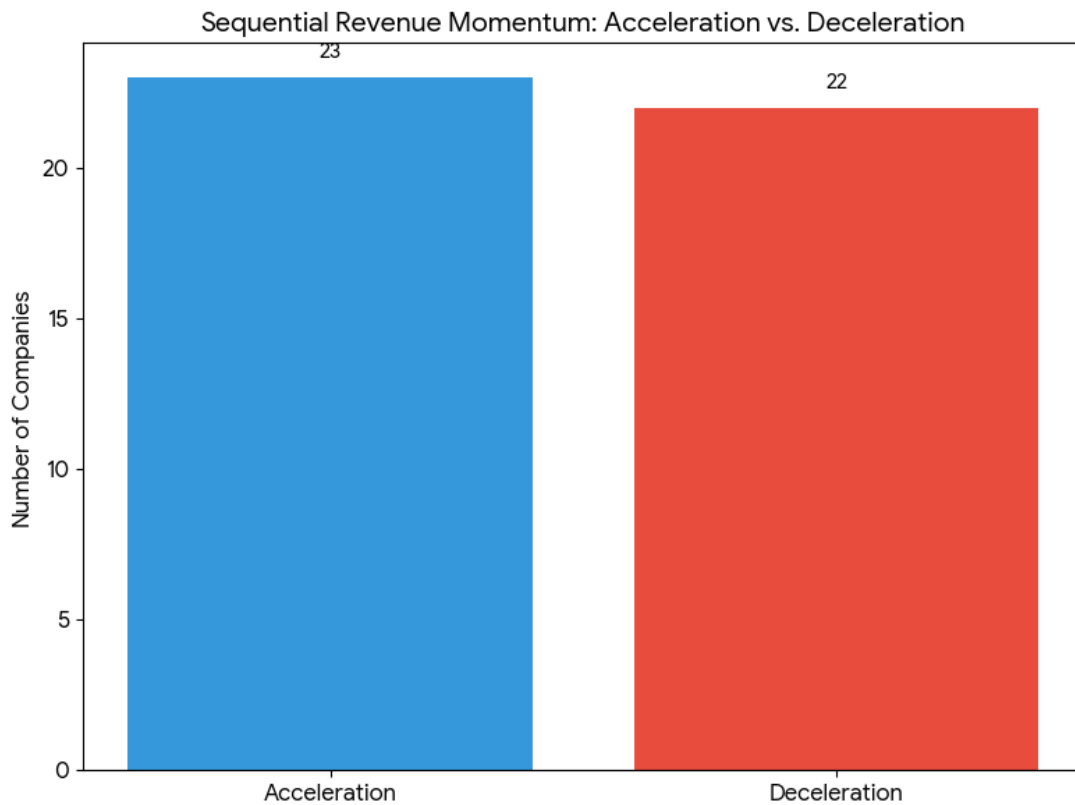


Lastly, across the 14 companies that reported Remaining Performance Obligations (RPO), a clear trend of forward-looking growth acceleration is becoming evident. RPO growth (a leading indicator for future revenues) is outpacing trailing YoY revenue growth for every single company except one (CALX). This indicates that "book-to-bill" ratios remain healthy, with both current and multi-year commitments scaling faster than current-period billings.

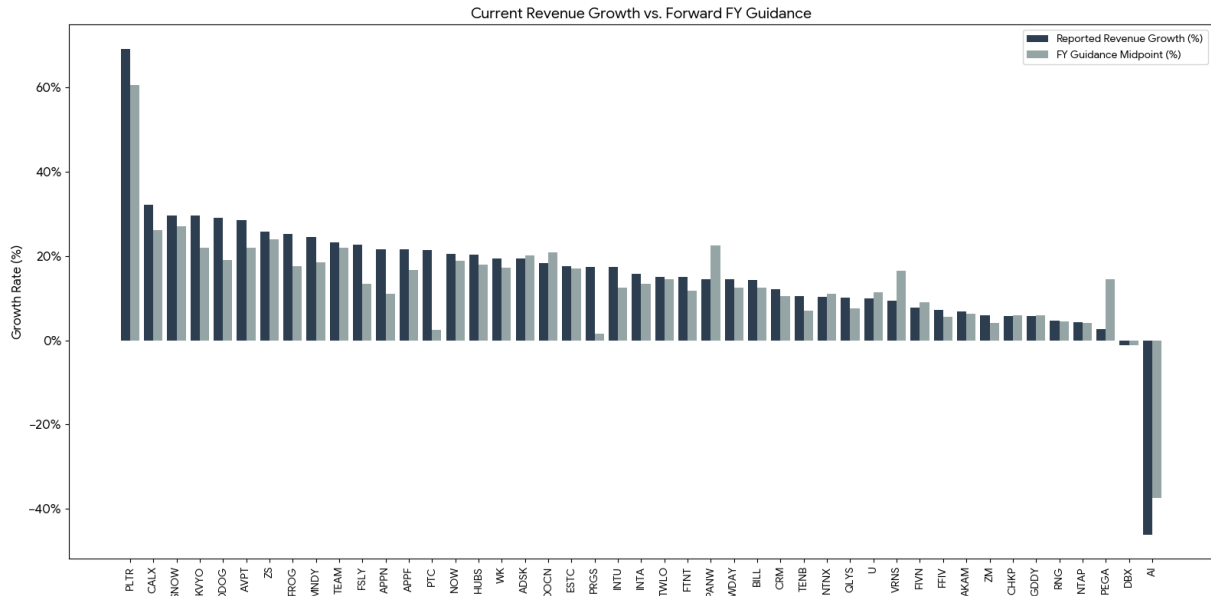


Moving on to the Negatives...

Despite the high beat rates vs the Street, it is difficult to ignore the fact that 22 out of 45 reporters (48.9%) reported a sequential deceleration in YoY revenue growth during the quarter. This resulted in a sequential 61 bps decrease in the average growth rate to 15.8%.

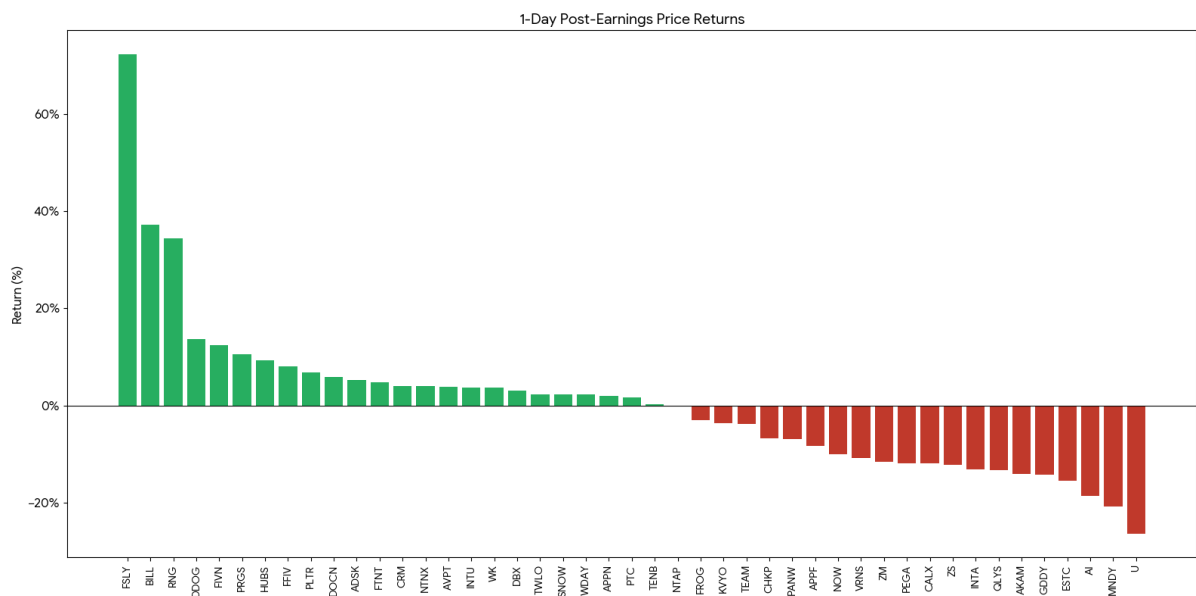


Additionally, there is also a prevailing trend of implied further deceleration in the full-year revenue guidances issued by a vast majority of managements. Specifically, **~82% of reporters have issued full-year growth guidance midpoints below the currently reported YoY revenue growth rate**. Whether this reflects some conservatism to start the year (as the aforementioned strong RPO growth rates suggest) or a genuine softening of the demand environment remains to be seen.

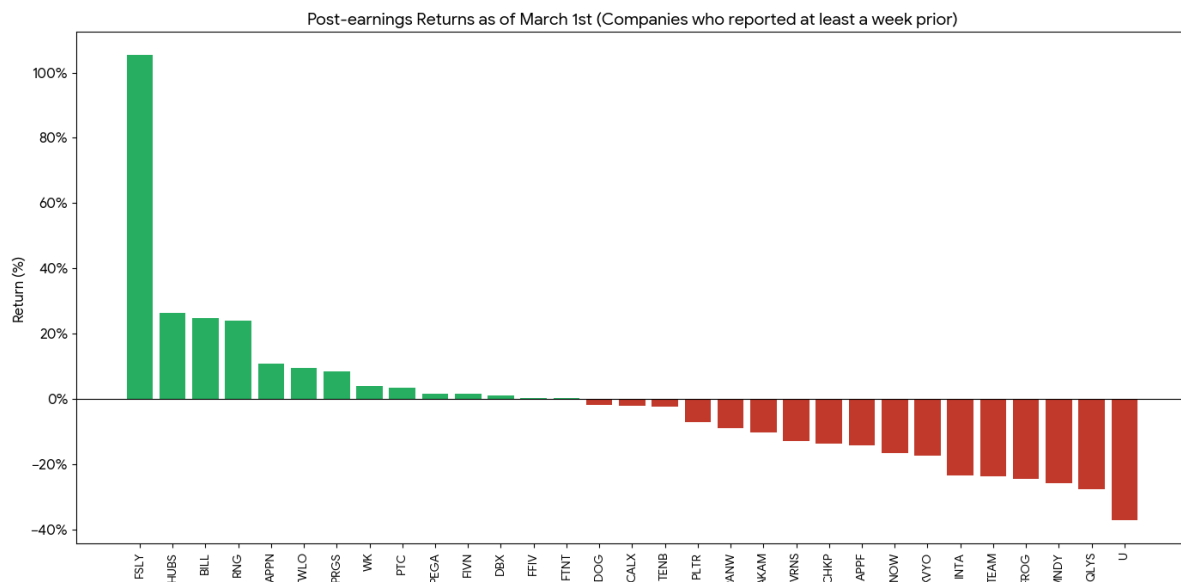


Post-earnings Price Action

The immediate 1-day market reaction to Q4 results has been net positive in terms of frequency, but asymmetric in terms of magnitude. Of the 45 companies that have reported, gainers slightly outnumbered decliners with 24 stocks finishing the next session higher. However, **the severity of post-earnings declines has generally outweighed gains**. If we discount the outlier **FSLY (which surged +72.3%)**, the average post-earnings gain works out to just **+7.9%** vs the average decline of **-11.3%**. This indicates a punitive environment where conservative guidances are being met with outsized selling.



Additionally, for the sub-cohort of 31 companies that have reported early enough to have established at least 1 week of trailing data (as of March 1st, i.e., before markets reacted to all hell breaking loose in the Middle East), the chart below shows returns have generally deteriorated or remained lackluster since the initial 1-day reaction. Specifically, 22 out of 31 companies (71%) are currently trading at levels lower than their 1-day post-earnings price.



Consistent with all of the above data, the table below shows that immediately buying the post-earnings dip in enterprise SaaS stocks has generally been a losing strategy this earnings season. This is perhaps due to the fact that as the earnings season progressed, (i) the "higher for longer" interest rate narrative and (ii) "AI-doomerism" narratives continued to gain traction, which in turn further pressured these stocks after their initial reporting window. The message is clear: Patience is a virtue for anyone looking to buy the dip in SaaS stocks.

Post-earnings Returns: SaaS Companies Who Reported At Least a Week Prior

Ticker	Company	1D Change (%)	5D Change (%)	Latest Post-earnings Return
NOW	ServiceNow, Inc.	-9.94%	-14.31%	-16.67%
DDOG	Datadog, Inc.	13.74%	7.50%	-1.80%
TEAM	Atlassian Corporation	-3.75%	-12.12%	-23.66%
PTC	PTC Inc.	1.72%	2.81%	3.47%
HUBS	HubSpot, Inc.	9.37%	14.35%	26.36%
U	Unity Software Inc.	-26.30%	-36.14%	-37.25%
PEGA	Pegasystems Inc.	-11.85%	3.83%	1.63%
APPF	AppFolio, Inc.	-8.31%	-14.36%	-14.17%
KVYO	Klaviyo, Inc.	-3.69%	-13.73%	-17.57%
FROG	IFrog Ltd.	-3.04%	-29.17%	-24.67%
BILL	BILL Holdings, Inc.	37.16%	29.96%	24.75%
MNDY	monday.com Ltd.	-20.79%	-26.14%	-25.88%
WK	Workiva Inc.	3.66%	4.10%	3.91%
RNG	RingCentral, Inc.	34.40%	26.37%	24.02%
FSLY	Fastly, Inc.	72.29%	94.09%	105.37%
INTA	Intapp, Inc.	-13.20%	-12.86%	-23.47%
PLTR	Palantir Technologies Inc.	6.85%	-3.28%	-7.15%
PANW	Palo Alto Networks, Inc.	-6.82%	-13.35%	-8.92%
FTNT	Fortinet, Inc.	4.85%	6.75%	0.13%
TWLO	Twilio Inc.	2.35%	2.47%	9.56%
CHKP	Check Point Software Technologies Ltd.	-6.80%	-9.87%	-13.83%
FS, Inc.	FS, Inc.	8.09%	1.55%	0.34%
AKAM	Akamai Technologies, Inc.	-14.07%	-8.84%	-10.22%
DBX	Dropbox, Inc.	3.03%	0.44%	1.05%
CALX	Calix, Inc.	-11.90%	-5.02%	-2.25%
QLYS	Qualys, Inc.	-13.31%	-18.01%	-27.65%
VRNS	Varonis Systems, Inc.	-10.78%	-1.02%	-12.93%
TENB	Tenable Holdings, Inc.	0.20%	14.35%	-2.48%
APPN	Applian Corporation	2.00%	9.43%	10.85%
PRGS	Progress Software Corporation	10.62%	7.93%	8.50%
FIVN	Five9, Inc.	12.46%	8.85%	1.51%

Buying the post-earnings dip has generally been a losing strategy in the current reporting season.

Earnings Call Insights

Based on a review of earnings call transcripts from the 45 companies that have reported, there are several under-the-radar themes worth mentioning:

1) Platform Consolidation

Multiple security and infrastructure companies noted that customers are moving away from managing dozens of platforms and are gravitating toward "all-in-one" solutions. For instance:

- **Palo Alto Networks (PANW)** highlighted their platform's ability to handle complex data scales that single-point solutions cannot. *"Security data is different... it is real-time threat activity generated at the control point where our platforms operate and continuously refine through more than 30 billion attacks blocked daily."*
- **Zscaler (ZS)** flagged "Zero Trust Everywhere" as a beneficiary. *"We are seeing 2x to 3x essentially move in the ARR when customers are moving to Zero Trust Everywhere".*

2) AI Engine Optimization is gradually replacing Search-engine Optimization (SEO)

While SEO has been the standard for decades, **HubSpot (HUBS)** highlighted a shift toward optimizing for Large Language Models, a trend that could create a new category of marketing/visibility spend. Management mentioned that customers like Docebo are shifting budgets as traditional traffic patterns change: *"Docebo... shifted towards AEO as organic traffic declined... they improved their visibility in LLMs and saw 13% of their leads come from new AI-driven sources"*

3) Resilience in Construction and Manufacturing offsetting Gen AI headwinds

Despite general AI-disruption fears, **Autodesk (ADSK)** reported a surprising acceleration in specific physical sectors. *"Construction revenue actually accelerated during the quarter. Some of the trend -- the underlying trends that we've seen earlier in the year by way of the strengthened demand, those continued."*

4) SD-WAN is going obsolete

Zscaler (ZS) stated that even their customers *"all want to replace SD-WAN for cost reasons and for security reasons. Remember, SD-WAN enables lateral threat movement. So, interest is very high in the Branch."*

5) Edge computing can facilitate agentic AI cybersecurity

Fastly (FSLY) stated that customers are no longer viewing them as just a content delivery network provider for edge devices, but as a *security layer specifically for AI agents. "Our infrastructure is designed to power the edge intelligence layer, optimizing authorized AI agents and blocking abuse. As one of the leading-edge cloud providers, Fastly is well positioned to capitalize on this transition."*

6) SMB Simplicity vs Hyperscaler Complexity

As AI agents become more complex, a gap is opening for providers who can simplify deployment for SMBs who cannot afford massive engineering teams. For example, **DigitalOcean (DOCN)** said it is focusing on "*OpenClaw agents*" and "*one-click GPU droplets*" to offer a path for customers who prioritize "*simplicity and speed*" over the "*operational complexity*" of larger cloud providers.

7) "Sovereign AI" and Public Sector Customization

Enterprises and government agencies are moving away from generic cloud solutions toward "sovereign" or highly localized implementations to manage sensitive operations. **ServiceNow (NOW)** disclosed a 7-figure deal with a large US county to replace a legacy platform for election operations. They consolidated "*manual, fragmented processes*" into an ex-cloud standalone AI platform for data management and custom app development. Separately, **NetApp (NTAP)** is positioning itself as a facilitator of massive real-time data events, such as Super Bowl LX where its technology transformed Levi's Stadium into a cloud-independent "*interactive data center*" managing billions of data points for security and inventory.

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