

**TSX DATA** Evolve Cloud Computing Index Fund

CYBR invests primarily in equity securities of companies located domestically or internationally that have business operations in the field of cloud computing.

**ETF TICKERS:** DATA (HEDGED); DATA.B (UNHEDGED)

**Investment Thesis:**

Cloud computing is revolutionizing every industry. Data is our most precious resource - the new oil.

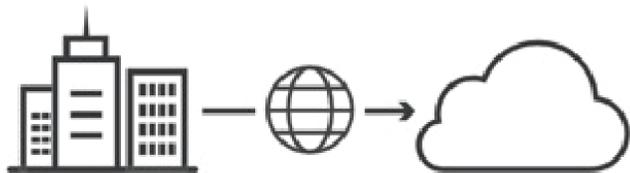
**Cloud Computing advantages** include:

- Cost reduction/time to market
- Global accessibility
- Easy to implement and upgrade
- Centralized security
- Save energy

**Cloud computing** services include:

- Infrastructure as a Service (IaaS)
- Software as a Service (SaaS)
- Platform as a Service (PaaS)
- Games as a Service (GaaS)

**GENERAL INDUSTRY UPDATE**



Migration of assets to the cloud has become one of the key business priorities globally during COVID-19. Despite rapid growth in spending (the **top three cloud service providers reached \$100 billion in combined revenue in 2020**), cloud infrastructure still represents a small fraction of the \$2.4 trillion global market for enterprise IT services.<sup>3</sup> McKinsey Digital forecasts more than \$1 trillion across Fortune 500 companies in 2030 will come from rejuvenating existing operations and processes which include cloud migrations.<sup>4</sup>

This month, Forbes published an article putting into perspective just how many companies are leveraging the cloud in their business. While it's obvious the pandemic accelerated the shift to the cloud, there is also no sign of it slowing down. According to IDC, **92% of an organizations IT environment is at least partially in the cloud**. A recent PWC study with C-suite executives in the US listed various benefits of moving to the cloud.

On the top of their list was improved agility and resilience, better decision making and product innovation. There is still a long way to go before organizations will be able to migrate all workloads to the cloud. The largest barrier for deeper cloud adoption continues to be older, incredibly complex legacy systems that require very careful transitions. As an example, Capital One started its migration to AWS cloud in 2012 and closed its last on-premises data center in November 2020. Smaller companies that can scale business on cloud infrastructure cost-efficiently have been taking away market share from slower moving incumbents.<sup>1</sup>

As concerns around climate change continue to grow, many organizations are leveraging the cloud for **sustainability** reasons. Data centers consume significant amounts of electricity not only for computing power, but also to cool the heat generated from the equipment. According to a forecast from IDC in March 2021, "Continued adoption of cloud computing could prevent the emission of more than 1 billion metric tons of carbon dioxide (CO2) from 2021 through 2024".<sup>2</sup>

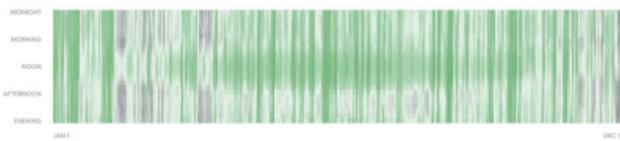
## COMPANY SPECIFIC UPDATES



**Google** announced it will **invest \$1.2 billion by 2030** to expand its cloud computing infrastructure in Germany and it will also increase its use of renewable energy. **Google aims to use 100% renewable energy in Germany by 2030.**<sup>5</sup>

Google's electricity use in Germany

**2022** Without the ENGIE agreement, Google's CFE mirrors the German electricity grid



62% Carbon-free energy Existing carbon-free energy

Google's electricity use in Germany

**2030** Google is aiming to operate on 24/7 CFE everywhere we operate



100% Carbon-free energy + Wind + Solar + Next-generation technologies Existing carbon-free energy



**AWS** plans to launch its first data center in New Zealand by 2024. The **investment of around USD \$5.3 billion** will stretch over the next 15 years. The new Auckland-based center will join the existing 81 centers AWS offers in 25 regions. This is **AWS's largest investment in New Zealand** yet and will help the country position itself at the forefront of digital commerce.<sup>7</sup>



**Verizon** launched its private mobile edge cloud computing for enterprises in partnership with **Microsoft Azure**. Verizon 5G Edge with Microsoft Azure Stack Edge is a cloud computing program that provides increased efficiencies and security, low lag and high bandwidth, augmented/virtual reality, and machine learning. With the program, retailers can process information in real time with the help of the computer vision assisted product. They can use these data driven insights for various things, including increasing inventory accuracy and on-site quality assurance.<sup>8</sup>



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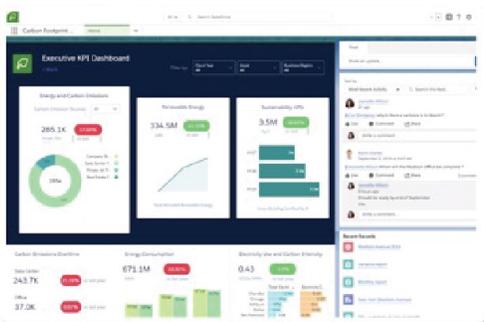
Through **Microsoft's AI** for Earth program, the company implements cloud computing to help in reshaping natural disaster modeling. AI for Earth will offer grants to scientists to use Azure for their research and modelling.<sup>9</sup>



**Salesforce** is entering into streaming media with Salesforce+, a digital media network with a focus on video chat. Think about your LinkedIn feed brought to life, but in video form.<sup>13</sup> Salesforce would like to do what brands like Disney, Netflix and Peloton have done with streaming services but for business professionals.<sup>14</sup>



**Mastercard** announced it will be working with **Accenture** and **Salesforce** to enhance their visibility on carbon emission data. Mastercard is one of the first global companies to use Salesforce Sustainability Cloud to track and analyze the carbon emissions of its value chain. The company believes this is a critical step to decarbonizing their partner network and meeting border net zero targets.<sup>10</sup>



**IBM** and **Atos** have partnered with the goal to accelerate cloud migration in the finance sector. 'Atos Cloud Centre of Excellence' will increase security and regulatory compliance for banks and insurance companies that are moving their workloads to the cloud.<sup>11</sup>



## PERFORMANCE ATTRIBUTION

For the month, Salesforce Inc. made the biggest contribution to the Fund, followed by MongoDB Inc and Datadog Inc.

## SOURCES:

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