



Manchester United Partnership: Management Conference Call

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Transcript

Speakers:

Oliver Steil

Stefan Gaiser

Oliver Steil

Welcome, everybody. Good afternoon. Thank you for dialling in and thank you for spending time with us to listen to an update regarding our partnership deal with Manchester United, which we have announced today.

I think before we get into Q&A, I think it makes sense obviously to give some perspectives around this. Why it happened, why we did it and how we think about the business. I think after that we will of course open up for Q&A. I think we have a decent amount of time for your questions and I think there are quite some participants, so I'm happy to take your questions.

But maybe from a general view on the business, how we see it. So, the business is performing very well, in line with what we had guided towards. We're very pleased with what we see in the business.

Obviously, we could not talk about Q1 results yet and will not be able to do so for some time. So, from a timing perspective, that's probably not perfect, but these partnership deals, they are negotiated under a relatively short timeframe with high competition. So, there is a requirement to pull through on these things and get them done when they can get done.

Especially for a number one media sports asset like Manchester United, you can imagine that there is significant competition. So, everything has to happen relatively quickly when it can happen. Therefore, the timing of the communications, the signing and the communications, is probably not perfect. I completely acknowledge that.

We had to then also come up with the ad hoc message once it was signed in the middle of the day, also not perfect. But again, these deals in this environment are contentious and therefore we did what we could to secure this deal, which we believe is a very, very attractive deal for us over a five-year period.

Generally speaking, how do we look at the business? I think you know the business has been operating and is operating at margins around 56% or 57%. We've given a target of 1 billion billings by 2023. So, 30% year over year goal for the next years.

This is the plan we are working towards. It's based on the fact that we do have very good customer reach across all segments. In the single-user segment, the SMB segment and also increasing traction in the enterprise segment as you know. We do have a very nice solutions portfolio now. We have our core products, we have collaboration and

access products, we have the augmented reality operations technology, we just completed the Upskill acquisition, which is a double down on AR, which was very well received. A strong player, a good brand in the US market. First acquisition in the US.

So, we are sitting here now with a very strong solution portfolio. We have a global footprint with offices everywhere. So, we strongly believe that it's a good time to come back to the discussion that we had with many of you, which is, is there an opportunity to grow stronger for longer by investing more into marketing and sales, and not running at 56% or 57% margin?

We were thinking about this for quite a while. We felt that the guidance that we've given for the 1 billion in 2023 is very realistic and is the near-term goal that we're working towards. But we also felt that we have significant addressable markets ahead of us, that we have a good portfolio and that there is an opportunity to secure even longer-term growth rates beyond 25% to 30% after 2023, if we do the right things and invest into R&D of course, which we do, but also invest into our sales promotion, partnership motion, so distribution and retailing partnerships, and not the least the brand. Because the brand has been built over the years with the free user ecosystem, it is still positioned a lot in the free user and remote access world.

We are working very actively to position it for more use cases and enterprise and OT. But we clearly saw that from the brand studies we did that there is significant upside potential in various fields. One is better awareness in the APAC growth countries, doubling down in the Americas with the brand, positioning the brand more for OT enterprise use cases, creating some even higher loyalty in pricing power with a stronger brand umbrella.

So, we have felt this is something where there is room to invest. Clearly upside potential. We looked at what other tech companies are doing, how much they invest into brands, over a longer period of time. Consistent funding allocations and how much they are able to grow from there. We felt that also a model for us, now that we have the right to do so with all the solutions we have and the technology advantage, and also on the back of the mega trends that we're seeing.

So, that was the decision process. To go out and see whether there is an opportunity to strengthen our brand very significantly. Then there is the opportunity angle to it. Due to COVID and due to the difficult situation in sports over the

last year, there are a few opportunities that opened up, which are normally not available.

One of the very, very prominent ones being Manchester United as the number one sports club, with a big global franchise across the globe. Lots of followership. A significant, very high amount of jerseys sold with the logo on it. I think it's one of the biggest, if not the biggest, STU for somebody like Adidas. So, they are investing significantly in this, because it's a big business driver for them.

We were approached by them and they presented us with a very interesting vision, which is on the one hand the classic media assets, with significant reach on the jersey, on the digital boards in the stadium, social media, online, using the players as testimonials. It's a very long list of media assets that we'll have access to, which if you isolate each and any of them already is a significant amount.

Putting that altogether in big media rights basket that we can use felt very attractive. So, really hitting many, many of the channels that we want to hit in one go. The second element is that the marketing organisation of Manchester United, 200 people, 100 alone in digital marketing, is a fantastic multiplier to take what we have and drive it into the different channels and use their capabilities and their expertise to propel us in this field.

Thirdly, they came with a very concrete list of project ideas. How we as TeamViewer would digitalise them. So, the processes around bringing people back to the stadium after COVID. The processes of how they work in the office. The processes around approaching data gathering and analytics in the players operation and the matches operation. So, a very long list of projects that we will embark on together.

We both felt that this partnership of the biggest media platform that we can use for our brand, but also our innovation and capabilities that they could use to modernise their business and digitalise their processes, is a win-win situation.

So, they were presenting us this opportunity. Clearly high competition around it. Probably somebody like TeamViewer, a smaller company, good growth, high profitability maybe not the number one on the list. But we had a chance to transact if we were fast and decisive in this, and that's what we did.

We then communicated what we do here with the guidance. I think one thing is important when you look at the communication. We have clearly said that the margin

reduction down to 50% is due to this deal and also other partnerships that we are planning to entertain. We get quite some questions already around the SMB SOHO consumer-ish nature maybe more of this partnership, which is certainly true, but it reaches all the way into decision makers of course.

We will also do things which focus more on the upper end, the enterprise end, and the OT end. Unfortunately, this is not done yet, so we can't talk about it and cannot communicate it. But it should be clear that we will not put all our marketing spend into one basket. We will diversify and also focus a lot on enterprise, IoT operations, technology and on those use cases even more directly, sometimes to go.

But it's already based into the new guidance so that we have the room to do so. So, from here on, expect more news about interesting partnerships going forwards, but don't expect any additional change to the guidance. So, we have catered for what we think makes sense over a longer-term period, and we believe the upside that we will see will come from additional growth beyond 2023, or maybe in 2023 higher loyalty of customers, better position of cross sale. So, there will be many good, positive effects in the business from these investments.

So, that's how we see it in the whole picture end to end. I think one of the points that was raised by investors clearly is, could you have educated us more to get there, so that we are not that surprised in a Friday? Absolutely, we take that. We would've loved to do so. But this is a very transactional piece that we concluded now.

We have a good roadmap ahead of what else we will do and we will of course try to communicate better on those ones. Also, inviting you to a roundtable where we can walk you through the positive impacts on our mid-term and long-term plan, and how we see this played out. We have not been able to conclude that today for this message, but let's certainly come and we will invite you to get more information on this.

So, maybe I'll stop here. Stefan, if you want to add anything, it's maybe best you do it now, and then we'll go to Q&A.

Stefan Gaiser

Just to add onto what you said, I think many people or investors asked about, how does Manchester United fit into your strong emphasis towards the enterprise space? I think we need to bear in mind... I think one of the strengths of our business model is that we have a very strong heritage in the SMB business, with ticket sizes usually in the €1,000 to

maybe €5,000 area, then obviously a strong growth in the enterprise segment.

But I think the Man United platform actually will clearly help us addressing this SMB space very successfully. Because it is still 80% of our business, it's also fast-growing and it has very high and attractive returns for us. I think that sometimes tends to be forgotten that we also have a very successful SMB business and I think that is very effective for us in that perspective.

Oliver Steil

Then of course with a focus on such a powerful brand globally with its followers and penetration in the key market. This is also providing for significant downside protection against competition on the low end, because that creates a loyalty to the brand and the positioning presence of the brand. Which is completely dominating compared to any other player that would be in the low end of the market.

So, maybe with this then, operator, I think it makes sense to open it up for questions, because I'm sure there will be many.

Operator

Thank you. Ladies and gentlemen, at this time, we will begin the question and answer session. Anyone who wishes to ask a question, may press star followed by one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star followed by two.

Anyone who has a question may press star followed by one at this time. One moment for the first question please. The first question comes from the line of George Webb with Morgan Stanley. Please go ahead.

George Webb

Thanks, Oliver and Stefan. I have a few questions please. Firstly, just going back to your comments around the top line benefits from the partnership deal, it sounds as if it's more about growing strongly beyond 2023, rather than beforehand. Which is why the mid-term billings target is unchanged.

But on the flipside, this is clearly a very significant deal, doubling your marketing spend. Naturally, you'd think there should be some top line benefits coming from that. Is your decision so far not to change your billings target out of conservatism, or some other factor? That's the first question.

The second question is, can you just talk a bit more about your different sales and marketing avenues? Clearly, partnerships are one avenue you can use, but so are hiring more sales people on the enterprise side, or more traditional and potentially more targeted paid marketing. How did you

trade-off between those different options?

Then just thirdly, on the total cost of the deal, if I take the midpoints of the new versus old EBITDA guidance, the implied cost, and I appreciate there might be some other partnerships included within this, the implied cost was about €35 million. I presume that's not on a run rate basis, but potentially only reflects part of the footballing seasons falling into your FY21. Would that interpretation be correct? Therefore, should we expect related costs of this partnership to increase in 2022? Those are my questions. Thank you.

Stefan Gaiser

Maybe I'll go ahead and start with the total cost of the deal. Your maths is correct in terms of the financial impact for the second half. However, the other potential partnership which Oliver explained is fully baked into that financial guidance as well and that is a significant piece.

Clearly, going forward, there will be a full ramp up, from the 35 million to roughly 60 or 70 million. But again, including two partnerships. As we grow the business, obviously that also means that we have a significant headroom to invest into additional marketing spend, but it's for both of those deals is as you described it.

With the short-term billings, the answer to your point, clearly, to me those deals take a while to materialise in additional billings. Do we expect additional billings already a bit earlier? Absolutely. Can we quantify as of today? I think that's tough. Also, the season with Man United starts in the summer timeframe of 2021. So, it will take a while for those to bear fruit frankly. But clearly, we should expect some increased billings maybe in the second half of 2022, then maybe more so in 2023. Can we quantify that yet and put it into the financial envelope? I think that's a bit too early frankly.

Oliver Steil

Yes, and I think also we want to get the full picture of other things we might do. Because when they come together then this gives us better visibility. We really wanted to do that in one go once we have everything in place that we want. Again, from a cost perspective, it is in place now. It's catered for, but we really want to execute on this first.

On the marketing, the sales, how do we think about it? I think that's a very good question, because that is something we are always very conscious of in how we work. I think we have a very efficient go to market model, in the sense that we have a brand and we enjoy a brand that has been built from the free user ecosystem. So, that of course is very efficient and we can convert some of them into paying

customers. That's also efficient.

We have been putting sales people to work where there were opportunities. So, we opened the offices in APAC, we hired enterprise people, channel sales people. So, there has always been over the last two years, since we were running the business, a significant investment in sales people and that's going to continue.

What we've also planned or have planned already in the current envelope, so before this communication, is a step-up in marketing spend, in the traditional way of doing it for us. The traditional way for us is digital performance marketing. So, it is a very closely linked relationship between spending more and getting more billings, almost like same day or next day, because of lead generation and conversion either on the website or then in inside sales or with the mid-market enterprise people.

So, that has been our marketing model. We've stepped up the budget for that for this year. We will work more with content producers and exclusive placements. Like, for example, the Financial Times and others like this. Where we really will penetrate the success stories of what we do. We will put budget to work where content is being created around the use cases, with reference cases, we will be on conferences, there will be content hubs that we create for the main European business newspapers, so to say, for their digital assets of course.

This will then be distributed across Europe, so that we are more present, more opinion-leaders on the new way of working. That is happening and that has been part of the budget, and we're ramping up the digital spend to sell more products, to defend against the lower end and to capture new opportunities in APAC. So, this has been the current way of doing it.

Now we believe there is this opportunity to invest significantly more in the brand and then I think there are two ways to do it. One is market by market. So, a country by country, segment by segment spending approach, which in our case is multiple products, multiple markets, countries, and then driving different go to market and different processes. That is a relatively big matrix or cube of decisions and spending that you need to monitor, and then also track and see how it works.

I think what can be learnt in certain cases from other companies is there is the other strategy which is go for a platform that has all of this. A platform like Manchester United or other big sports franchises. They do have reach in

every country. They dominate social media channels. They have TV presence. They have print advertising, or print visibility not advertising. So, you are from one day to the other, you are in all these channels in a very, very significant way. Much more than you could ever achieve on your own.

You also don't have to produce the content to talk about, because the content is produced from the sport itself, and you have the organisation on the other side, which has the best interest to push the content everywhere. So, we don't need to worry about Manchester United driving the great messages of what they do and how they work into the world across all their channels. They will do that, because that's their core business.

We will always come with it. So, if you really do then the calculation of the spend that is needed and the way to do it, and ask yourself, okay, what is the likelihood of success by betting a bigger amount, and it's a big amount, a bigger amount on one clear winner that has done it and proved it in the past, verses we build a big branding marketing machine, then I think the learning is that domination helps.

If you pick one thing that works for you, dominate and go, and I think that's also something which we see in US players more and more, and not so much in European players. We believe now is the right time to do that and that's why we've chosen that approach.

George Webb

That's very helpful. If I can have one clarification just on the margin side of things. When you refer to the mid-term and the 50% expectation, is that aligned with your 2023 billings target? Or is it slightly longer than that?

Stefan Gaiser

It's aligned with the 2023 billings target exactly. I think then we need to see to which extent that partnership bears fruits, how billings dynamics evolve, and then we can talk about potential margin upside. But I think that's just a bit too early. So, the margin guidance we gave is clearly for the period up until 2023.

George Webb

Great. Thanks very much.

Operator

Your next question comes from the line of Stacey Pollard with JP Morgan. Please go ahead.

Stacey Pollard

Thank you very much. A few from me as well. Do you think this is really targeting SMEs, or is it more about getting the free users to target for the upsell later? Just when I think about exactly where the push is there...

Secondly, I just want a clarification. Were you saying that Manchester United was actually becoming a large

customers of TeamViewer too? Let me just explain that again. I just want to make sure I got that right.

The third one is, was this a board-level decision? So, basically, did the board need to approve it given the size of the partnership, or was this considered within the scope of not needing that?

Oliver Steil

First of all, is it SME and consumer from a focus and is there an enterprise part to it? It's all of that. But the way we think about it, if we look at our strategy, what we do, we have products for every segment. We have the free version for occasional users, and then we have the lower end of our product range for SOHO, SMEs, professional users. Then we have the full SMB tech, enterprise tech and so forth.

Where we will... Probably launched something which will get significant traction, or should get significant traction... We want to use the augmented reality capabilities that we have for a much broader audience base. So, that's not necessarily consumer, but say SOHO, prosumer type things. So, we will have some additional products there at some point in time.

Of course, if you take the branding platform of Manchester United, everything from large enterprise projects, credibility of customers seeing us being on that branding level, all the way down to free users, it caters for that. There are young football stars that can communicate with young users on the free version or on a meeting product or collaboration product.

But there is also management at Man U, talking about their business and their digitalisation use cases to the wider world of sport and businesses beyond. So, I think the menu of options that you have with a partnership like this is just enormous and we will use it in all different ways.

For your second question, will Man U become a customer? Man U is a customer, but we will put significant R&D effort into it to build solutions and use cases in the world of sport with them, which they will consume as part of that deal. So, it's covered in the deal. But we will then be able to take that IP and carry it into other pieces.

Some of the solutions they will use are just what we have today, because they want to modernise and digitalise their processes. But we will also build new things together and that will be interesting, because we will have the marketing platform to drive that and communicate it at the very same time. So, that's very interesting for us.

The last question, supervisory board. Yes, of course it was

the supervisory board's decision. A decision that got unanimous support from the board for the long-term outlook of the company. You know that we have private equity still represented in the board. They were very supportive of this move, because we all are convinced that the time to do this invest and really leverage the fact after the acquisition that we have a broad portfolio now, and can play across all verticals and across all segments globally.

So, it was very much supported also to that amount and with the consequence that we create margin in the shorter-term for mid-term, long-term growth upside. Of course, not the least, Stefan and myself, also investors in this business and significant investors, we share that long-term conviction that it makes sense to deploy money here.

Stacey Pollard Just one quick follow-up. Just to make sure that I understand, you're talking about 50% margins next year as well, right, and through 2023 more or less?

Stefan Gaiser Yes, that's correct.

Stacey Pollard Okay. Thank you very much.

Operator As a reminder, please press star followed by one to ask a question. The next question on the line is Ben Castillo-Bernaus with Exane. Please go ahead.

Ben Castillo-Bernaus Thanks for taking my question. The question I have really is around the opportunity cost of this scale of spend. You've done well with building up the enterprise team over the last two years. You've been acquiring some bolt-on M&A. It has all been quite consistent with the strategy you've been talking through.

This deal with Man United, with a consumer-focused entity, seems like quite a change of direction from that strategy. I'm just curious, why do you feel the need to act in this way right now and how do you justify the incremental ROI over the short-term of the next one or two years?

Oliver Steil We cover all segments. Our business I think if you look at where we grow strongly, we grow strongly in enterprise and mid-market. But we do have a large SMB base. We have small customers, so our growth... And there's also significant subscriber growth every quarter. So, it's the full segment coverage. That was one of the big paradigms when we came in, Stefan and I felt two years ago was to say, we need to cover all these segments.

We were when we came mostly active in the smaller customer segment and we were step by step progressing in the enterprise world and that worked extremely well. But

what we want to do is we want to fuel all segments. We want to market towards all segments. as I said before, this is not the only thing we will do within the envelope that we have given us now. We will also do significant enterprise, but that gives us full segment coverage and in that sense, from my perspective, there is no opportunity cost on marketing.

I think for what we can do in marketing and building the brand, I think the things that we have on the plate, and this is one of them, is exactly what we should do. We are not cutting down on hiring sales people or hiring R&D people. This has been in our envelope, so it's really a marketing on top, which I don't see... I think it's the wrong way to look at this opportunity, because we have got that great opportunity now to hire even more sales people now in the short-term and believe they all will have lots of leads coming in.

It's always a mix of push and pull. We have invested a lot into people and pushed sort of thing. Now we take the pull piece and add it to that. I think that is then a good mix across the whole funnel, from branding to demand generation to then actually sales. So, it improves our business mix for the long-run.

Stefan Gaiser

Yes, I think it's important we did not cut back on any other investment areas, otherwise obviously the margin impact would've been less potentially. But we clearly continue to expand into sales, I think more sales across the globe, especially in enterprise and mid-market team, and also continue to add a significant amount of engineers for this year and next year absolutely.

Oliver Steil

I think that's an important point. This is the mix in our business system. It would have been straightforward as Stefan said to swallow it more easily, smaller tickets, smaller change, but just cutting back on other things and just trying to hide it in other things in the business, which then bite us later. That's not the point. We want to run and drive the business on the initiatives that we have. We want to accelerate by putting even more on top of it.

I think in terms of long-term ROI or short-term ROI, one to two years, these things are big. We have to activate all these channels. We have to throw the messaging in. There is a lot of work. The Man U partnership only starts in summer, then there's the jerseys. They will replace older jerseys in all the retail channels. There will be masses of jerseys sold with our logo on it and there will be television broadcasting with our messaging.

So, it builds up over time. This doesn't happen in the short-term. Everybody who does branding knows that is requires

consistent repeated spending to build brand equity. But once you have it, you have it. Nobody can take it away quickly. So, it's built up and therefore we consider it will take time and we'll see how much time. Maybe it's faster and maybe we are too conservative in putting that out now and to draw the number which is already next year it should increase X. But I think you know that we typically are more cautious on these things.

Operator

We'll move onto the next question from Mohammed Moawalla from Goldman Sachs. Please go ahead.

Mohammed Moawalla

Great, thank you. Hi, Oliver. Hi, Stefan. A couple from my end as well. First of all, I know that with some of these marketing sponsorships it's a little harder to tangibly quantify the returns verses adding sales capacity and allowing for productivity improvement. I think you can get to some sort of math on that. Can you perhaps help us understand how you thought about that from a quantification standpoint?

Then can I just confirm that you said that in terms of adding sales capacity this does not constrain you in any way going forward. So, my question here is, if enterprise starts to show the momentum you expect or even accelerates faster, you would not be constrained in any way by these investments to add more in sales capacity to drive enterprise?

Then the last question is I know that you're also doing more and more of these bolt-on acquisitions, which are margin dilutive or can be slightly margin dilutive. Does this updated guidance for both '21 and your messaging on '22 and '23, build in some of that dilution risk, such that there's no further incremental downside risk to the margin? Thank you.

Stefan Gaiser

Let me begin and then Oliver chime in. First of all, on the enterprise investments. Absolutely. As Oliver explained and I mentioned as well, we have not cut back on the investment areas. The business, we set ourselves the target to grow to 1 billion and the sales give us significant headroom to grow. We are a fast-growing business, at north of 90% GP margins.

So, therefore by just growing our OPEX in line with billings growth, it already gives us significant headroom to invest into sales and into R&D. But obviously this step-up in marketing spend, we could've actually cut back on other investment areas to flatten the impact. But that's not what we wanted to do. Clearly, we also had discussions in our senior team, the management board and the supervisory board, and that's not what we want to do.

Because we actually invest into that marketing to continue

to broaden our customer base, so that we can serve it throughout all go to market channels, enterprise, inside sales and so forth. Obviously, we are a highly innovative company and continue to invest into future R&D and other product innovations. So, by all means, it will not result in a cut-back of any investment areas. Not at all.

Marginalise, absolutely, I think that has all been baked in. That's the explanation why we take this margin dip here, because we don't want to cut back on those other investment areas and we haven't done so in the past. So, from our perspective, that's all baked into the current margin outlook for the next couple of years. Then in terms of quantitative...

Oliver Steil

No, bolt-on. I think, Stefan, you should comment on bolt-on acquisitions.

Stefan Gaiser

Sorry, yes. Bolt-on acquisitions, like the ones which we have done so far, they have been all fairly small in terms of billings contribution compared to TeamViewer overall. Typically, those companies we've acquired at a break-even level give or take, most of them. Despite those acquisitions, we've actually been able to keep our margins at the current level. I think that's clearly also our plan going forward.

So, if we buy something, technologies or smaller teams, the clear goal is to scale those technologies through the team basically. Clearly, here also the Man United partnership will help us to scale any potential acquisitions even better. I think we've done that successfully in the past with Ubimax. I haven't seen any dilutive impact, despite the fact that they have been break-even more or less. But we've been able to scale that business and I think that's a good proof point for future smaller tuck-in acquisitions.

Oliver Steil

Yes, and on the quantification, I think it's a great question, because that shows a little bit... I think sometimes then often also the dilemma which a company in a certain stage of their life-cycle, maybe also European versus US companies are quite frankly...

Of course, there is a lot of marketing activity you can do in today's digital world. It's really, really easily trackable. So, any search you do, any keyword advertising, any banner ad, you can track it down and you can measure the efficiency. What these bring you is you can carefully deploy money. You can measure ROI and you can generate impact, lead gen and billing.

What it doesn't do for you is create a brand umbrella and brand equity in a very systematic big wave, so that you can

distance your competition significantly by doing that. I think that's the tricky part. In an organisation like TeamViewer, in all honesty, very much used to the former type of marketing. Because you can always hold the rail and it's always safe. Because if you have spent something and it doesn't work, it's not too much. You can also even track it quite nicely.

I think at the moment... When you're growing then a company, at some point you have to take a decision on whether you continue to do that. Which is efficient, very efficient, but it limits your upside. It really does limit your upside. I think what you have to do with management at some point is say, can I live with the limitation of the upside, and also will there be dangers of people who have bigger brands and move into your space maybe at some point?

So, is it wise to not build brand equity against these other players? I think although it's hard to measure the ROI, I think of course models that look at the funnel of brand awareness considerations, so you can really work through this and see what it does to your brand. Of course, we will do that. But it still takes time. It takes more periods, more quarters until things happen and you have to be steady on it.

That's the difficulty with it. But if you turn it around and say, what are successful high-growth tech players doing, most of them have at some point in their life decided to position the brand much bigger. Of course, the easy one is to say, I grow first and then I can fit something into the margin and spend more on brand. The more current decision is to say, okay, we now want an upfront investment. We tell our investors we do so. I think some of our US peers are incredibly good at that. Incredibly aggressive and success shows that they've done the right thing.

We are at this point now. We try to balance it out. But we go big, because what we do believe is if you spend on brand, as I said at the beginning, you'd better spend it with the absolute leading assets. Because even if it's a bit more expensive, it is a much, much higher certainly, and much lower execution risk, because Manchester United know what they do in branding and other people we might want to work with know what they do in branding and how they play in different channels. That's what we're trying to leverage here.

Stefan Gaiser

Maybe one more comment on that. Do we believe and are you pretty confident that we actually get additional billings out of that? Absolutely. If you consider our low churn and actually then take the lifetime value of any additional billings we get, I think it's a very worthwhile investment.

So, from my perspective, the downside is very limited frankly. Because the ability, significant incremental billings at one point in time, and if you compare that then with lifetime value of those customers, it's very attractive and it limits the downside very significantly. But we have created significant upside in the long-run.

Mohammed Moawalla

Okay, can I just clarify then? So, essentially from here, any revenue upside you get, whether it's in the core business or from some of these partnerships, that should all be accreted to the margin from here. In the absence of a big investment plan.

Oliver Steil

Exactly. We look at it in the following way. We talk about bolt-on acquisitions which are covered in what we have. They are margin dilutive but from a size perspective, they don't move the needle really. We've just done two this year, so there is no pressure to do the next one. We have a nice portfolio now, so if there's opportunity, we will go for opportunity. But it is not priority number one for us. So, this is one thing.

Then we have room for more partnerships given us now in this communication. We have good ideas of what to do with it and I think they are very compelling ideas. If you could talk about it, you would probably all agree it's very compelling, or hopefully agree, but it's too early to talk about it as we try to move forward on this one. So, this is what we have catered for now.

If these things work out as planned or better than planned, call it in the short-term, so 2023, and there's an extra 50 million in billings that would be created because it just works better, that would be very concrete. Because we have now really given you what we need to build brand, to grow sales, to build the product, to have our local offices. We have not given you quantified upside for 2023, so naturally, if there is something good happening then it will fall through to margin.

Of course, you can make all kinds of cases why it should happen over a two year period of time, but please allow us also to get these things all in place, the full picture, do the modelling, show to you the scenarios and then go through.

Mohammed Moawalla

Okay, thanks, Oliver. Thanks, Stefan.

Operator

The next question comes from the line of Gustav Froberg with Berenberg. Please go ahead.

Gustav Froberg

Hello, everyone. Thank you for taking mine as well. I have a couple, but I'll try to keep it short. Firstly, just on contract value and spending, this is more of a clarification question, could you just quantify for me again how much you plan on

spending for this deal in 2021 and then also in '22 and '23? Was it 35 million this year and then 60 million next year?

Stefan Gaiser

Yes, correct. That's roughly the maths, but that includes, as we mentioned, both of those deals among the future and one which has not been announced yet.

Oliver Steil

Yes, one has not been announced yet, correct.

Stefan Gaiser

The other one. Exactly.

Gustav Froberg

I've got it. So, 60 million accounts for two deals, one of which you have not yet announced.

Oliver Steil

Correct.

Gustav Froberg

Then just about other investments as well. We've talked a lot about P&L investments and you mentioned just now you have no rush to do more M&A. Is it fair to assume then that there will be no more M&A from TeamViewer this year and maybe also not next year? Or would you still pounce on the opportunity if you are given a chance?

Oliver Steil

We would if there was a good opportunity, in the same logic as we've done with Ubimax, Upskill and Xaleon. If there is an opportunity like this, which really fits and makes a lot of sense, we look at it, we're diligent. If it would make sense, we have a board discussion and we will do it if it's a great opportunity. But we don't need to and we would do it based on the management of the portfolio.

I think now, quite frankly, if you look at it from an operations perspective, now we have this partnership which starts in summer. Assume we do something for enterprise then as well at some point. There are also a lot of things we should operationally do to leverage this first. Maybe it's wise to do that first and then increase the basket of offerings. Again, if needed or if there's an attractive opportunity. So, that would be the order in which I would think about it at the moment.

Gustav Froberg

Super. That's very helpful. Then just a final question on ROI. I know we talked a lot about it on the call, but you said you've not yet done the calculation on the ROI. Is it so that you feel so confident that there will be a positive and attractive ROI, that it will be fine? What happens if you run the numbers and it turns out it's not attractive for you? Is there any back-out clause on this, or are you just going for five years anyway?

Oliver Steil

Okay, so that is a misunderstanding. It is five years. So, I think the question on ROI is more linked to if I take, for example, one month of spend and compare that to digital marketing, then the ROI is harder to quantify. So, what is the immediate benefit of a month of spend in such a deal? You see it on brand awareness, but even on brand awareness,

within four weeks, there's not that much happening. It's very different from ROI calculation on digital performance marketing, which is easy.

So, that was the comment. Of course, we have run scenarios and quantified how we see the long-term growth happening. You all have your assumptions on the model of growth longer-term and what that could look like after 2023. Of course, we have an understanding of what that could be. But if you think about the data in valuation for this business, whether we grow 20% after 2023, or 25, or 27, or 30, from a valuation perspective, profitability is anyway great.

That growth profile and then the related multiple to a business which is growing maybe 28% versus something which is growing 20%, that's huge. The change is huge. That's also the other element when already our current plan is significantly more attractive and more ambitious than our IPO, for example.

So, if there would be competition and there's a little bit of downside and we can protect the downside here, I think that's also quite good. I think the range of outcomes varies so much, they're such big numbers, that relative to that the spend per year on a partnership like this is actually very, very moderate. So, that's why the big picture ROI on this one is very strong. Measuring it every single month is more difficult. You have to stick to it and let it build-up and work in partnership to adjust and optimise if you feel something is not working perfectly.

But the good thing is, a company in that sense, a business like Manchester United is super-experienced in these things. That gives me lots of comfort that we will do the right thing and get the benefit that others get. If you look at... There are statistics on share price performance on companies that have been in these games and how important brand is, and how that all trickled through and the recall rate if you are on very high-quality assets.

There are these anecdotes... Not anecdotes. This lead indication KPI, which then ultimately leads to a very good result. But in the middle of it, it's a bit more difficult than performance marketing.

Gustav Froberg

Yes, fine. That makes a lot of sense. Thank you so much for your answers.

Operator

Your next question comes from the line of Andreas Wolf with Warburg Research. Please go ahead.

Andreas Wolf

Hi, thank you for taking my question. Two if I may. The first one is, would you be able to reach 30% billings growth over

the next couple of years without this campaign? So, I guess the answer is, yes.

The second question is on general brand awareness marketing spending. So, if we look five years ahead, would you reconsider similar spending? Or let me ask the question differently. What is the billings growth-rate that you would like to see then in order to go for an extension of the deal, or of a similar deal? Thank you.

Stefan Gaiser

The first question, the answer is, yes, absolutely. We're very confident with our target here. The second question is, how will we assess this deal for five years from today?

Andreas Wolf

No, what would you think is not so good?

Stefan Gaiser

Clearly, if we achieve a 28% growth or a high 20 growth in year four and five, I think everybody is very pleased. How much can you then contribute of that growth to this marketing initiative? I think that's going to be tough. But I think at the end of the day, everybody would be happy that we actually placed the company for stronger growth for longer. So, I'd be very happy with the outcome. Maybe that's more. I think it's just tough to say right now.

Oliver Steil

But I think the other way to look at it, and maybe that was where the question was going also, do we need to step up even more later? Or what is the percentage of marketing spend that we should have four or five years down the road? Should we prolong the deal or not prolong the deal at that point in time?

The way I look at it is now if P&L hit very clearly, we're exchanging short-term profitability for a longer-term prospect. Absolutely clear and people can take different views on it. I personally believe as a shareholder, that's exactly the right thing to do, but it is a painful exercise. There's no question about that.

If you go four or five years, if you look four or five years ahead, and you look at the billings number, if we get to 25% plus growth, 27 or whatever the number is, and you take the billing then maybe in 2024/2025, we would sit there and I would tell you we have a partnership... We have a grand spend of X amount. Well above 100 million. Just because percentage-wise of our billing, that's what the market shows.

Our marketing mix is I have people, I have digital performance marketing, I do a bit of digital placement and some import media, and I have a super partnership with Manchester United that drives awareness and consideration globally in all my strategic markets, maybe towards SMB and towards the consumer segment, and I have another one

that does the same in the enterprise OT operation segment. That's all part of the budget and that's the marketing mix we have. I think in five years' time, we would all sit here and say that's a super-normal marketing mix for a company of that size, billings of whatever, one point something billion. This is the marketing spend and this is what they do with it. We all would feel, yes, absolutely.

The difficulty at the moment is you have to upfront that and that's what we do now. It will be absorbed. It will be part of our normal marketing budget some years down the road, but it is not now. That's why we have to carve it out and say, we want to spend more now to start building that motion.

Andreas Wolf

Great. Thank you.

Operator

The next question comes from the line of Gianmarco from Deutsche Bank. Please go ahead.

Gianmarco

Hi. Thank you very much for taking my questions. I think most other people have asked mine. I might have just one last one. So, actually two maybe. The first one is, last year, if you're looking at what Chevrolet spent from Manchester United sponsorships, it was roughly about 64 million. That was approximately on a yearly run rate.

So, you're saying that this approximate amount of 35 million for half of the year, potentially 60 million for next year, that also includes an extra partnership. Was this a good deal then? I think you mentioned they approached you guys. Did you manage to negotiate a good deal in that sense? Because it's looking like it's lower than what Chevrolet has spent in that year, but you also are baking in another deal, another marketing expense for the enterprise segment. That's the first question.

The second one is... You've kind of answered this, but I just want to double clarify this. You don't have a specific plan to track how this money is spent, right? I'm guess it's quite hard to quantify it. Do you have some rough KPIs that you're using to track how well this money is well-spent on marketing? Or is it something that's more, as you've explained, a brand awareness exercise for the long-term? That will be very helpful. Thank you.

Oliver Steil

Yes, thank you. Good questions. Maybe let me start with the last one. I think how you do these things is you track the brand indicators first. If you really work yourself through the funnel, so you really understand the brand awareness in the different markets, but don't forget, if you track brand awareness, you can do it very rough cut. What is the brand awareness globally?

But what we really need to do and what we will do of course is to look at it on a country by country perspective. We have done it. We have the studies available from last year and from IPO. So, brand awareness by country and by segment, of course. Then you start working on it. As we know, for example, Japan is an interesting growth market. We want to do something in Japan. China is important. We want to do something in China. So, really market by market.

If you have the awareness, the next step is, okay, do I have the right brand values? Are people putting me in the right box? Of course, very different from a free user consumer. They should put us in the box of great product, great brand, lively community, we want to be part of it and super-secure. Enterprise is very different. So, high security functionality, IoT and so on. So, we need to position the brand values as well and that you can also measure.

So, you can also then see how that brand progresses. Then of course only then you start to measure the billings, which we will also do. So, what you can measure well is how you work yourself through the funnel and how it converts in billings, then also in loyalty. So, churn, loyalty, price potential. That we will be able to manage.

Then we have the assets that we get from Manchester United and that's harder. Because we will have of course the jerseys. The jersey will be on television and there is media values to all of this. How often is the jersey broadcast? How is it augmented in print, on digital, social media, all kinds of great numbers, which you can also put together and see what scores how much.

What you can't do is the good combination of those things. Okay, it is the jersey that drives actually the considerations from business customers in Japan. That's impossible. That's where it gets harder to measure and that was the point on this one. But the good thing is we have all the assets. We have the shirt, we have the digi board whilst the game is running and transmissions, we have player testimonials, we have the workshop, we have social media, we have all those channels, we get all the print.

The nice thing with European soccer, football, sorry, it's not a complex rights situation. Other than NBA, NFL, NHL in the US, for example, where players separate from leagues, leagues separate from teams. Very hard. It's very contained in European football. So, if we think that one of the players should position a new consumer proposition on his social media channel, that's possible. It's all possible. So, we can drive really across very, very different media assets to drive

the messaging, and that will be a lot of opportunity.

Thereby, we can target different markets. Based on the broadcasting, we see where the broadcast happened, where there is print coverage. It's an enormous opportunity. I think the issue with those deals is on first sight they look expensive. Because there are also football teams that you can sponsor for 8 million a year and that also sounds quite well-known, and you feel maybe that's good.

Then you have to really look at the assets. The number of broadcast minutes, the number of sold shirts, the players, where the travel, digital and social media. It's an enormous context and we will use those.

Which leads me to your first question. Thank you for that one actually on the deal. What you say is right. There was communication on how much they paid Chevrolet. If you do the mark of what we communicated and if I tell you that the other partnership we're discussing would be also significant, I think we actually did get a pretty good deal at that point in time.

There are 5,000 reasons for that. One is of course COVID, timing, there has to be an opportunity. I think we're an attractive brand. They approached us because we are an attractive company. We bring something which is good for them as well. Technology. You can also put a consumer or whatever product on the shirt and it has no value for you. It's just a piece of, it's milk or whatever, it doesn't matter really.

We bring something. There are more and more examples where technology companies partner with sports companies, because there is something in there. There is the whole esports, there is the data analytics. It's a little bit what happens in motor racing for years already. It's coming into other places.

We also sponsor, in a very small amount, handball, as you know, locally. Same thing. Player movement, ball movement, big data analytics. It's coming more and more and therefore we bring something. We also bring the brand appeal. We are nicely growing.

I think therefore we got in the relevant stack. They approached us and then it's all a matter of, can you transact and can you get the support within a short time window at the right price? All of that happens. Therefore, that was also one of the reasons that I actually believe that deal is very good for us.

Gianmarco

[Sound slip] actually explore the individual social media channel of every single Manchester United football player if

you wanted to sponsor specific products? Is that a correct understanding?

Oliver Steil

Yes, there's a very good influence of the team on what players are doing. It's a broad business-based partnership. So, if we feel or if there's a conviction that a certain player could position something, that is entirely possible. You can of course not do it everywhere. All players, all the products. But we will have projects and situations where we say, here's something which we want to drive forward, can this player do that? Then we discuss it. That's all covered in the rights, which doesn't mean we own the player.

It's the other way around. In the US, you would not own the player. You would start an individual negotiation with the player to acquire players rights and pay for it to get that done. That's not the case in European football.

Gianmarco

So, the actual club has a certain amount of influence over the player on what they can advertise on your behalf.

Oliver Steil

Correct.

Stefan Gaisen

There's a commitment from the club to engage with us with the players, around product launches and so forth, so we can actually use their social media instruments to actually position our product launches, for example.

Oliver Steil

Yes. It's very different than in America.

Gianmarco

Right, okay. Thank you very much. That was very helpful.

Operator

As a reminder, please press star followed by one to ask a question. The next question comes from the line of Victor Cheng with Bank of America. Please go head.

Victor Cheng

Thanks for taking my question. Just two from my side. Are you able to comment on any changes on the competitive environment? You see that in the lower end market it seems like there is some competition that is probably growing with a lower marketing spend. Given you historically track and retain users mostly based on your free and best in class solution, how much do you think the increased brand awareness will help you compete? And then secondly, on the United deal, is there a variable component in there, and if so, how big is it? I'm just thinking is it tied to any of their performance on the pitch, which, obviously, in turn, will impact their social presence. Thank you.

Stefan Gaiser

Maybe on the latter first, predominantly, it's a fixed fee. For a variety of reasons, I think it's a very good deal for us, but it's predominantly fixed with a very small variable portion, but that depends more on which assets, when we book, do we want to use in addition and so forth? So it's

predominantly a fixed fee. And then on the competitive environment, I would say nothing has really changed there, frankly.

Clearly, there is always a healthy competition on the lower end, depending on the markets, different players in certain geographies. But I do think what we're actually doing here might help us to distance ourselves from those low-end players quite substantially. So, it's one of the additional benefits, but the competitive environment hasn't really changed.

Victor Chen

That's clear. Thank you.

Oliver Steil

Maybe I can add one comment, because it's hitting the inbox. If you look at the industry participant that know us, and also, the world of sport and the partner feedback we've been getting, it's enormously positive for the deal. I know we have to explain it to you in a better way, and it's not perfect, but I feel very, very confident that we absolutely did the right thing.

I've just got an email from somebody who is, potentially, another interesting new partner. And just the notion of us being now together with Manchester United, and the outlook of being part a three-way whatever partnership combination, is enormously attractive for people.

Operator

the next question comes from the line of Sherri Malek of RBC Capital Markets. Please go ahead.

Sherri Malek

Hi. Thank you for squeezing me in. I have two, hopefully, quick questions. The first one is I'm curious to know what has changed in your thinking and what are you seeing now that perhaps was not so clear one year or six months ago, which gives you the confidence in investing incrementally now, or believing that's the right course, compared to how you were previously managing the trade-off between top line growth and margin?

And then the second question was just a quick clarification on a previous question that was asked. Should we understand that any upside to billings from these fields will drop through to the margin? Or do you think that there could be more opportunities to reinvest that operating leverage? So, should we be thinking that the margin will be around 50% or is that more like the floor? Thanks.

Oliver Steil

On the first one, what changed our thinking? Number one, we have executed on many growth initiatives and we are very successful at this, and we always look for more, quite frankly, and we've got investor feedback from many investors saying, could you sacrifice margins to grow faster

and do more, and develop the company even further? That was a consistent input, from my perspective, since the IPO, which was not by everybody, but we've heard it from many.

Also, peer group comparisons. There is appetite for longer-term growth and the willingness to back management teams that take entrepreneurial decisions to drive that and invest in. I think that's one thing. That's probably gradually developing. We have a broader solution portfolio. We have more to offer. Much more to offer. And we will have more, as I said before, there is a product launch around the corner. So, we will have a broader portfolio.

And if you have a broad portfolio and a nice brand, it makes a lot of sense to put this together and just communicate much more and position it much more. I think that's another one. We had already increased the budget and we were just working through the allocation and the first plans on where to spend money on publishers, like I said before. But I think the COVID times have dislocated some of the sports events.

And the first small thing we did, very small, and don't take it the wrong way, was the local handball club, which needed a helping hand to keep going, and we did that. So, we learnt quite a bit around that. And then with the continuation of the COVID crisis, suddenly, there were a few opportunities available, which came to us, because people got to know us and what we do and how we drive the business. It's an attractive story, as I said.

And if you put this together, like the evolution of our thinking, the opportunity to do something and the product portfolio that we have, that was the moment where, at least from my side, as a shareholder, I thought, okay, now we have to do it, we really have to do it. We should not continue to just run the business as we had to, there is a next horizon here that we should go for.

Stefan Gaiser

I can only say that I think the speed, at which we innovated our solutions portfolio was certainly quite significant over the last six to nine months. If you add all of this together, that's how we arrived at the situation. And in terms of margin, margin bottom and so forth, and would incremental billings, on top of the communicated guidance, fall through to the bottom line? Absolutely.

I think there is, then, clearly the possibility that additional billings, on top of what we've communicated, would clearly improve our margins again. And then the question is what do we do there? Do we want to optimise our margins again? Are there other investment opportunities? I think that's a bit too early to say, but frankly, the margin profile, which we

have now announced, should be seen as the bottom.

Sherri Malek

Very clear. Thank you very much.

Operator

As a reminder, please press star, followed by one, to ask the question. The next question comes from the line of Hannes Leitner from UBS. Please go ahead.

Hannes Leitner

Thank you. Just two short questions. One side, given your marketing spend, excluding this large deal, maybe you can talk a little bit about the bucket. Are you holding for example, a user convention where you talk through about the use cases and get the users together and developers?

And then the second question is Manchester United, it's football, it's consumer-driven, it is European. Yes, they have global reach in certain pockets, but one of your growth markets was the US. Why did you think this was a better opportunity than doing some brand awareness in the US and tried there to build up the brand compared to competition, and explain the use cases?

Oliver Steil

Quite an interesting question on the latter one. We have compared a larger number of assets, and there are also opportunities, there were opportunities, interesting, very exciting opportunities, of big names, interesting names, in the US. If you compare the right situation, if you compare what you really can do, and then also, the target audiences and the reach that someone like Manchester United, out of Europe, with a small portion of that fanbase in the Americas, can achieve, even compared to the US based players, it's quite significant.

Because it's the media rights, which you can really use very significantly, and there are a significant amount of fans from people with a European heritage that are linked to the Premier League a lot. We were talking, we have three people in our senior leadership team who are based in the United States, and their excitement for a US based asset was, by no means, higher than for Manchester United. On the contrary. It's okay, we can do this, that all sounds interesting and reasonable, or we can do Manchester United. Wow, I guess that's the game changer.

APAC is enormously well covered. Enormously well covered. It's a big, big market, and Europe, we don't have to talk about. So, if you redo the comparison of the media, it's enormously strong from a rights perspective. Next to it is Formula One, which has the same local global approach, lots of media coverage, and regular viewership. So, the difference in these assets is very significant, and that's also reflected, quite frankly, in pricing of those assets.

And while in the first place, honestly, you think, maybe we should spend less, because there is this asset here. If you really do the maths, it doesn't make any sense.

Stefan Gaiser

On your first question about marketing mix. So far, marketing spend, a big part of that was going into search engine optimisation and keywords search. So, let's say, more driving the velocity business, frankly. That was a big part of our marketing spend overall. Then clearly, augmented over the last one or two years, in terms of longer term enterprise marketing, solution marketing, also, more biased towards resellers and so forth.

And yes, we have planned global end user events already in 2020, but then, obviously, the pandemic changed the plans quite significantly, but we will continue and we'll launch such an event, if the environment allows for that in 2021. So, we'll clearly continue with our focus on the enterprise marketing going forward as well.

Hannes Leitner

Good luck with that.

Operator

The next question comes from the line of Giuseppe Galoppo from Fidelity. Please go ahead.

Giuseppe Galoppo

Good afternoon. Can you hear me?

Stefan Gaiser

Yes.

Giuseppe Galoppo

Some of the question that I had have already been asked, but I have one or two left, if I may. You said that you were contacted by Manchester United. Did they provide any hard examples of what Chevrolet and AIG, for example, before them achieved from their partnership with Manchester United? Did they share any hard data that gave you even more confidence of going for this? Or did they not share anything from previous partnership agreements?

Stefan Gaiser

They shared, overall, a huge amount of data with us across customer cohorts, user bases, global reach, the various assets and so forth, and clearly, we've also done our own research to understand the validity of those data around the sponsors you've mentioned. And putting all of that together, we are very excited about the potential benefit we get from this partnership.

Oliver Steil

I may also share case studies data from the branding impact and revenue impact that we'll also get from additional stock market performance, that is a resulting factor of that. Actually, one of the things that comes if you talk to the top notch sports franchises with Manchester, and we've talked to quite a few others, they are very serious about what they do. They understand the partnership model.

They understand that the value is in renewals, that they need to make partners happy and deliver the economic value to their partners. So, whenever you talk to one of these players, they come with good reference cases of the past, what others have achieved. Also, the US assets we talked to are very clear. It is really available. Of course, as I said, you cannot link it down to the very single measure, but on a rough cut, it is available, as case studies, for all these franchises that we looked at.

So, various franchises in various regions for the strong players. And what it shows you is that you can argue whether franchise one, franchise A, what you paid, what you like more, what is a better fit., what stands out? I think, for all of them, it's the media value you get because of the concentration of media on the winner. So, there's so much of a winner takes it all in the media. That's a winner in a certain category is capturing a lot of media volume.

If you quantify that, and even if you discount it significantly, it's still a very, very good case, in terms of the pay. And they have shown how that translates into long-term business. But what is clear, and that's also the reason why we're a bit cautious, is these partnerships are five years, and at the end or half-way in, everybody would say it was one of the best things I did, really. It really, really brought us up.

We know lots of case studies on soccer, we even know people who buy the right sports typical for stadiums. I think there's a quote out there of one company that did a very expensive deal in Germany, and they are saying it's one of the best deals ever, because it has a significant halo effect that comes through, and you see that in data that they provide.

Giuseppe Galoppo

Fantastic. Another question I wanted to ask, and a couple of other people have also remarked on this. You mentioned, a couple of times, that you wanted to defend the lower end a little bit better. Are there increased worries that you might be experiencing higher churn with your competitive part of the market? Or is it just an improvement from current levels?

Oliver Steil

Good question. We operate in many markets and I think it's fair to say that there's low-end competition in various regions and in various countries. And some markets, that's a total non-issue. And in some more price sensitive markets, it is something, which we deal with on a daily basis, where we need to see whether our remote access pricing is aggressive enough to compete.

And I'm only talking really that is the remote access piece on the low end. Anything, which has to do with mid-market

enterprise, OT use cases, that's absolutely a non-issue. But in the lower end, different countries have different situations. And now we can go after each country and try to fight back with CR spend, Google spend and do something here and something there? And then start to become pretty fragmented in what you do. And also, it comes with some opportunity costs, where you want to spend money on other things.

Maybe if you are in a country that you want to grow. So, do you defend the low end or do you go for enterprise? And I think we want to go for mid-market and enterprise and SMB, and don't want to spend money to defend the low end in certain markets. I think the beauty of a partnership like this is with all the forward looking topics, all the digitalisation, all the SMB focus, and everything we do in the middle segment, the umbrella segment, the brand, globally, in every market, will be very significant.

And I think it will help us a lot without us doing much on top of it. Of course, we pay for it, but without us doing much on top of it really. If you have a competitor, say, in Korea, and now one of the most favourite European soccer clubs with a fanbase in Korea, is our sponsor and it's presenting us there, that puts us on a different level and that will help.

Giuseppe Galoppo

Very, very clear. And a very, very last one from me. I know you've said, many times, it's difficult to quantify, so if we invert the question, what would be a disappointing result out of this? If you had to describe a disappointing result out of this partnership, what would that be?

Oliver Steil

Good question. I think the way we think about it, if we were to make our 30% growth over the next three years and get to the one billion in 2023, and from there on, all things being equal, the competitive landscape, ceteris paribus without shocks left, right, and centre, but I take a view of the business now, then I would say after that, we continue to grow 20%. Then I would say, well, maybe that would have been possible without it, an investment, then I would say, okay fine, then maybe we protected the downside, but we haven't created the upside that we wanted to. That's how I would look at it.

Giuseppe Galoppo

Very clear.

Operator

The next question comes from the line of Tim Keevil from Fukoku Life. Please go ahead.

Tim Keevil

Thank you. Thanks for the long presentation and the explanations. Just a question, I work on the buy side, obviously, the stock market didn't particularly enjoy the

announcement today. What reassurance can you give us that the lower end of your sales guidance won't be withdrawn in Q3 this year?

Stefan Gaiser

Because we are tracking, so far, in line with our guidance, which we provided, we have very good visibility in the enterprise segment, good visibility into our high velocity business, and therefore, we feel confident with the guidance we gave out there.

Oliver Steil

And I think, if anything, we have increased our stamina, put it this way. And I'm not saying that we'll create any upside this year, as we've said multiple times now. But I think that fundamentally, being on television every weekend, and somewhere else, maybe, on these efforts, I would be surprised if that doesn't help us as well. So, I think, if anything, I would be super confident.

Tim Keevil

Clearly, some investors didn't like the announcement today, so I think we should probably acknowledge that. The targets you'd set, previous to today, they're ambitious, obviously, to double revenue over three years with 30% each year. So, were you stretching yourselves to the point where you now need to go and buy some revenue or buy a bit more sales at the expense of margin? Is that too harsh an assessment of this deal?

Oliver Steil

We put it out, because we knew how the business was going, and we already see, again, this year how it is going. So, we know our business quite well now and we put the target out. We always give ourselves ambitious goals, clearly, so we are not begging when we go out there. It's ambitious and achievable, and I think that's what you've seen in the past. We were absolutely, and still are, pretty convinced that we could go there.

In the discussion with the board, we fundamentally believe that we're doing the right thing here. I, as an investor, believe that we're doing the right thing, and as an entrepreneur. Was I aware that this will not be easy? I was. But I have been going into this, together with Stefan, and the management team, and the advisory board, with eyes open. Is the reaction very harsh today? Yes. There are probably certain factors and things we could have done better, I fully acknowledge that.

And I also acknowledge that some investors really don't like it, because they had expected a different profile, and they liked the profile a lot of 56%, 57% margins with now 30% goals for the next two years or so. But there may be other investors who like the profile of a bit more spend on marketing for the long-term upside. So, that's something we

need to go through.

What is absolutely clear is that we need to explain this, and that it will be questions and tough questions. I'm 100% convinced, and that's why we've decided to go that way, and I'm very happy to take any questions and spend the next week in another one and a half hours to explain where we're heading and clarifying the plan, because I fundamentally believe it's the right thing for the company and it has significant upside, if we execute on this. And therefore, we went for it.

Stefan Gaiser

I couldn't agree more. Are there things we could have done better around this announcement? Absolutely. The timing of the deal and so forth. But obviously, you need to make those deals when we have a chance to close them, as Oliver explained at the beginning. But I'm absolutely convinced this is the right thing to do for this company long-term. And clearly, Oliver and I, plus a significant amount of the board members, are very substantial shareholders here, so we share the same pain.

Tim Keevil

I guess the proof of the pudding will be in the results. We look forward to your next set of results eagerly and the half-year, then obviously, the full year after. But making this work, clearly, is of high importance now, having committed so much capital towards it. Thank you for taking my questions.

Operator

The next question is from the line of Drew Buckley from William Blair Investment Management. Please go ahead.

Drew Buckley

Hi, guys. Thanks for taking my question. Just one really quick one. I wonder if you, along the lines of the gentlemen from Fidelity, did you guys talk to anyone outside the company or did you use any industry expert to evaluate this partnership to say whether or not it was going to be fruitful? Of course, there's marketing expertise outside of the company and, I'm sure, within the company. Did you use any of that? Or is there anyone internally that you thought could really help evaluate this type of deal?

Myself, I don't really know how to begin to evaluate it. We can do it on the financial metrics, which you've heard a lot of the questions about, but more on the side of whether or not would be good, I think that the marketing experts probably call it. I'm wondering how you guys talked through that or if you had any outside counsel to help you with that.

Oliver Steil

We had outside counsel on communication in general, and also in branding. We have a significant amount of comparable data from different media assets, so we looked

into various data rooms, under confidentiality, to various data rooms to compare and contrast what is available where and how that works. We had, of course, experts, lawyers, on these types of sports deals, to understand what is possible and what's not possible.

And we had, of course, the internal expertise that we have, our CMO, myself, and others who have done parts like this or shut down deals like this. I was one who shut down deals like this in the past, because you can easily spend sponsoring money on video production, which don't get you anywhere. So, that's what we did.

We also did brand studies, brand analysis studies before at IPO and also, recently with McKinsey, to understand last year for the board strategy, to understand where we are in the brand, what the brand stands for, and where the upside potential is. So, a good collection of external advice, I would say, and a lot of comparison between different options and cases.

Drew Buckley

Great, thanks. I'll just throw one thing in there, which is the more detail you guys can share on that. I know, as you said earlier, it came up quick and you weren't able to get all the ducks in a row, as it relates to presentation. But as we go into the future, any more detail you can share on that, the results, and the presentations you guys do, would always be helpful to us.

Oliver Steil

Yes. I appreciate that. And I think one other point, which is if you work with the very professional mega players, they are a profession and they track, carry, and have the data that they're living. And therefore, the closer we get to this now, of course, all NDA is gone and everything under the agreement now, the more we will have available and can share, and can help you navigate through this.

Drew Buckley.

That sounds great. Thanks, guys. I appreciate it.

Operator

There are no further questions registered at this time. I would like to hand back to Oliver Steil, CEO, for closing comments.

Oliver Steil

Thank you very much, thank you for your time. Obviously, we've spent quite some time now, which I think is very good. Thanks for coming. Thanks for asking the questions. As I said before, I understand it's something, which needs thinking navigation and we need to do more of that. And as I said, it's not always possible in this short period of time. The feedback we get from the market, the business market, the commercial market, and customers, is very good.

So, we will continue to work with you and communicate our

long-term ambitions, quantify it, and show you want we do there, to win your trust on this. We strongly believe we're doing the right thing for the business, as I said before, and I hope we can convince you to come along. Thanks for coming and thank you for the questions.

Stefan Gaiser

Indeed. Thank you.