

# ATTRAQT Group plc

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## ATTRAQT Group hopping to it

If you buy clothes online it is increasingly likely you will do so through a web site in some way facilitated by ATTRAQT Group plc (LON:ATQT).

The AIM-listed group has 230 "logos", as it calls them, in its growing client base, including some of the best known names in the world of couture and, importantly, an increasing amount of US firms.

The likelihood of finding yourself shopping for clothes on a web site powered by ATTRAQT is even more pronounced now it has taken over much bigger competitor, Fredhopper.

Fredhopper, which ATTRAQT bought from SDL Plc (LON:SDL), is a cloud-based provider of onsite search, navigation, recommendation and visual merchandising solutions through a global software-as-a-service (SaaS) platform.

Fredhopper has a large recurring revenue base that accounted for 90% of total revenues in fiscal 2016.

It has a considerable number of long-standing key customer relationships, the best known of which is probably online clothing operator ASOS.

In September, the company said the planned cost savings from the integration of Fredhopper have been delivered.

Financial discipline tightened after appointment of finance chief Eric Dodd Sales in the first half of 2017 ostensibly soared to £5.45mIn from £1.68mIn the year before, while recurring revenue practically doubled to £4.7mIn from £1.6mIn.

Annualised monthly revenue in June shot up 380% to £16.4mIn from £3.4mIn the year before, while the average value of new contracts improved to £54k from £38k in the first half of 2016.

It would be unusual, however, if an acquisition of that size did not cause some teething problems, and management time spent on the integration may have led to the company taking its eye off the ball in other areas; in October, the company was obliged to lower full-year revenue guidance by about 10% after a review, sanctioned after the appointment of new finance chief Eric Dodd, uncovered inaccuracies in forecasting the timing of certain contracts and client "go-live" dates.

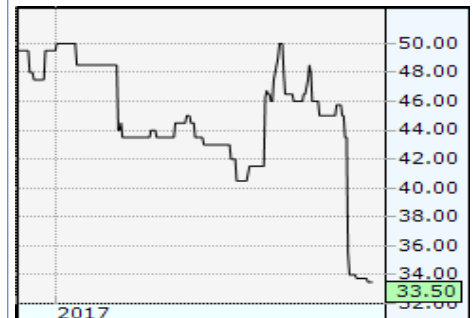
On the bright side, ATTRAQT said its sales pipeline remained strong, with it continuing to win new client logos and sell upgrades to its existing clients.

It is confident that the forecasting around the timing of contract wins has now been resolved, it said.

**Price:** 33.5p

**Market Cap:** £35.63M

### 1 Year Share Price Graph



### Share Information

**Code:** ATQT

**Listing:** AIM

52 week	High	Low
	52p	31p

**Sector:** Technology Hardware & Equipment

**Website:** attraq.com

### Company Synopsis:

ATTRAQT provides cloud-based and server-to-server SaaS tools that maximize onsite search, online merchandising and eCommerce personalization for eCommerce retailers.

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Like a lot of technology companies in the land-grab stage, ATTRAQT current makes a loss.

Adjusted underlying losses (LBITDA) narrowed to £0.5mIn at the halfway point of 2017 from a loss of £0.8mIn the year before, though the loss before tax widened to £3.1mIn from £0.9mIn the previous year, as administrative expenses increased to £7.1mIn from £2.4mIn.

### It's a land grab

The standard model for tech companies is to get the top line growing rapidly and worry about the profits later, and ATTRAQT is no different.

The group's business model is based on a recurring monthly service fee plus a one-off set-up fee and additional follow-on project fees. Clients contract up for a minimum of 12 months, with some larger clients signing up for a longer period of two years.

ATTRAQT's platform plugs into a retailer's e-commerce sites and enhances the site search, category pages and new product recommendations.

To give merchandisers greater control of what goes out online is the aim and this applies to devices such as in-store tablet computers as well as traditional e-commerce.

ATTRAQT's Freestyle Merchandising platform allows merchandisers to mix and match product lines in the most effective way to maximise sales.

For example, the buyer of a new raincoat might be prompted to also consider acquiring a new pair of boots and a bag to match.

Tesco, Boohoo and Screwfix were among the early adopters, but were quickly followed by Bonmarché, Brown Thomas, ESPA and World Duty Free in the UK and Ben Sherman, Vix Swimwear and TUMI in North America.

Recent contract wins include Fraser Hart & Fields, Volcom, Matches Fashion, Moss Bros., Russell & Bromley, JoJo Maman Bebe, Eddie Bauer, LK Bennett, The North Face, OKA Direct, Timberland, Vans (Europe) and Victoria Beckham.

The Freestyle Merchandising platform streamlines and optimises the display, search and recommendation functions. During 2017, it saw seven new core code releases, ensuring it remains cutting edge and state of the art.

ATTRAQT also offers three technologies in one (search, display and control over what is recommended), so the customer doesn't have to go to multiple suppliers, giving a saving in time and cost.

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