# MR MONEY MAKER: Smartspace is a small software firm with some big long-term backers

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# What's happening?

Not another small technology stock which isn't profitable, was my first reaction when looking at Smartspace Software.

It has been around for a while on the AIM and I remember it as being a collection of sub-businesses involved in the telecom and IT services sectors.

It looked as though it had some interesting parts, but felt like a small compendium of businesses without a clear and comprehensible strategy, although I am sure they would have disagreed.

However, it seems to have changed and is very much more focused as a software business and, in the current fashionable jargon that seems to be so loved by analysts trying to show off, appears now to be seen as a SaaS business, which in English is 'Software as a Service'.

**'Focused': The shares have recovered from last year's market dip but are not back to their all-time high of 185p back in September 2016**

## Why Does It Matter?

Now the business is different and, as the company says on its website, it is 'focused on digital workspace technologies that make real estate more efficient and organisations more effective'.

That is to say, using software to make your businesses more efficient by better use of property, people and products. It all sounds worthy but put that against the backdrop of companies redesigning their operations, especially around their premises post-

Covid, and anything that can improve productivity while controlling costs is going to be very appealing.

All businesses I have known need an element of luck as well as sound management, and here Smartspace Software finds itself very well positioned for businesses taking advantage of the new economic landscape as well as those trying to change their stripes to blend into the new savannah.

Although not profitable as yet, next year's figures may well change that.

## What Should I Do?

What I also found interesting was the quite high percentage of institutional investment, at nearly 70 per cent if you include some of the hedge funds. Apart from the much smaller proportion of unreliable hedgies, the institutional holdings would imply a greater proportion of longer-term large shareholders, something I think vital for growing companies, and encouraging for private investors.

## Any Suggestions?

The shares have recovered from last year's market dip but are not back to their all-time high of 185p back in September 2016. They are now around 171p.

A direct investment in such a small company is a higher risk, and the AIM listings are notoriously illiquid, which means that trading out of the stock is not always easy.

However, as a medium-term investment I like it. For a less risky approach then there is a US-based fund (SPDR S&P Software & Services ETF) covering this area but it has already seen some spectacular rises and maybe it would be better to wait a little and let some of the steam come off the sector.

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