



Why Redknee Solutions Kicked Up

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of communication software technologist **Redknee Solutions** (TSX: RKN) popped 10% today after its quarterly results topped Bay Street expectations.

So what: The stock has skyrocketed over the past year on signs of strong recurring revenue growth, and today's Q3 results — top-line soared 295% with recurring revenue representing 54% of total revenue vs. 48% in the year-ago period — only confirm that bullishness. Additionally, the company's recent acquisition of Business Support System helped boost its backlog to a record \$163.1 million, giving analysts some decent visibility into upcoming quarters as well.

Now what: Don't expect the momentum to slow anytime soon. "Our combined solution portfolio presents new cross-selling and upselling opportunities, and we are committed to providing the highest level of service to our customers," [said](#) CEO Lucas Skoczowski. "We remain focused on successfully integrating the acquisition and look to expand sales both with new customers, as well as increasing the share of wallet with our existing customers." So while Redknee is still too small and unproven for conservative Fools, its exposure to the rapidly growing wireless industry might be something for more aggressive growth investors to look at.

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Fool contributor Brian Pacampara does not own shares in any of the companies mentioned at this time. The Motley Fool does not own shares in any of the companies mentioned at this time.

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