



## A Sure-Fire Way to Get High-Tech Growth

### Description

As defined by techopedia.com, Artificial Intelligence (AI) “is an area of computer science that emphasizes the creation of intelligent machines that work and react like humans.”

Essentially, with AI, computer systems are able to perform tasks that previously required human intelligence to do. Some areas of AI usage include speech recognition, visual perception, and automation.

AI is huge because when programmed to learn to do certain tasks, computer systems can learn better and much faster than humans because of their immense processing powers. These computer systems can “read” a whole lot of data and spot trends that humans would miss or take a much longer time to see.

At Motley Fool, we believe [the next master trend is AI](#). Here’s why you should consider **Open Text Corp.** ([TSX:OTEX](#))([NASDAQ:OTEX](#)) for your diversified portfolio.



### A business overview

Open Text is a leading enterprise information management software and cloud services company with

global operations. This year, it expects to generate ~41% of sales outside the Americas.

### **Strong track record of success**

From fiscal 2008 to fiscal 2017 which ended in June, Open Text has compounded its revenue and operating cash flow at an annual rate of ~13.6% and ~11.4%, respectively. Its operating cash flow growth also translated to free cash flow growth that averaged 9.5% per year in the period.

Moreover, Open Text has consistently generated high returns of equity of at least 11% since fiscal 2010. So, management knows where to allocate capital to generate value for shareholders.

### **Outperformance**

It's not surprising that the stock has outperformed the market in the long run. For instance, since July 2007, the stock has delivered an annualized rate of return of ~19.6% compared to the U.S. market (using **S&P 500** as a proxy) and the Canadian market (using **iShares S&P/TSX 60 Index Fund** as a proxy), which only had annualized rates of return of ~6.1% and ~3%.

### **New AI platform**

In July, Open Text launched a new AI platform, OpenText Magellan, which can handle large amounts of structured and unstructured data.

In the press release, Mark J. Barrenechea, OpenText CEO and CTO, said, "Enterprises have created vast data lakes of information over the last decade, and OpenText Magellan helps to organize that information and unlock its value. As automation advances at incredible rates, and enterprise data grows larger, OpenText Magellan brings the power of analytics, algorithms and statistical models to organizations around the world for advanced decision making and better business insight."

### **Investor takeaway**

As companies have collected (and continue to collect) large amounts of data, they want to make sense of it and generate value from it. That's where Open Text's new AI platform comes in as it has "capabilities to acquire, merge, manage and analyze big data and big content" that are offered at an affordable price.

Now is a great time to buy Open Text as the stock has dipped meaningfully from its recent high and trades at a reasonable multiple of ~15.1. Any further dips should be seen as a gift from the market for the opportunity to buy more shares at a cheaper price.

### **CATEGORY**

1. Dividend Stocks
2. Investing
3. Tech Stocks

### **POST TAG**

1. Editor's Choice

## TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. TSX:OTEX (Open Text Corporation)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Dividend Stocks
2. Investing
3. Tech Stocks

## Tags

1. Editor's Choice

## Date

2025/09/19

## Date Created

2017/08/30

## Author

kayng

default watermark

default watermark