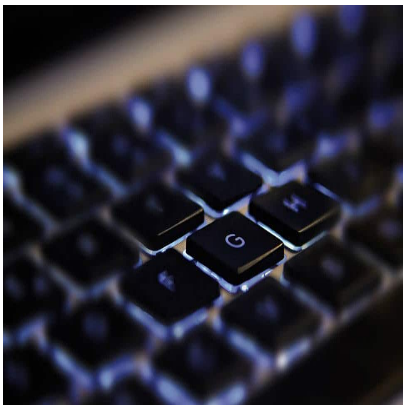

1 High-Growth Technology Stock That's Set for Take Off

Description

When most investors hear of tech stocks, they automatically think of complex companies with intricate business models and an uncertain market that may be just emerging. For many value investors, tech stocks are a step into the unknown. A value investor's primary objective is to find stocks of wonderful businesses that are trading at significant discounts to their intrinsic value. With a tech stock, however, a lot of the times, the valuations may seem absurd, and it can be difficult to justify whether or not a stock is worth a price-to-earnings multiple north of 30, 50, or even one that's undefined!

There's no question that tech stocks can be difficult to understand. You really need to do your market research to determine if such a company has the ability to thrive over the long term. Many high-tech businesses can be confusing for the average investor without a tech background to understand, and that's why many investors choose to shun the tech industry as a whole.

Warren Buffett isn't a fan of the tech industry either, but he has done just fine avoiding the industry, which is outside his circle of competence. More recently, Buffett made a huge bet on a tech stock **Apple Inc.** (NASDAQ:AAPL), because, unlike many of its high-flying peers, the stock was cheap based on many traditional valuation metrics. Around the time of his initial purchase, shares of AAPL traded at a price-to-earnings multiple of just ~12. That's cheap, even for a slow-growth, non-tech stock!

This goes to show that not all tech stocks have valuations in the clouds. There are a lot of tech stocks that are somewhat easier to understand and have down-to-Earth valuations like Apple. If you're a follower of Buffett, you may wish to consider easier-to-understand tech stocks with durable competitive advantages and reasonable valuations.

Consider **Open Text Corp.** (TSX:OTEX)(NASDAQ:OTEX), a tech play that I believe has value hiding in plain sight. The stock currently trades at a mere 7.87 price-to-earnings multiple, and no, that's not a typo!

The company develops and sells Enterprise Information Management (EIM) software, which is an industry with a very promising growth runway. The amount of data that corporations and institutions use around the world is growing at a ridiculous rate, such that it's becoming quite a tough task for everyday users to query and access all of this data in an efficient manner. The goal of EIM is to make it easier for everyone to access this data through intuitive user interfaces.

Open Text's Magellan AI makes it possible to digest huge amounts of structured and unstructured data that would be extremely time consuming or nearly impossible for a human to do. Magellan is able to acquire, merge, manage, and analyze big data, and that would be an incredible asset to nearly every organization, especially for larger enterprises, where data essentially becomes nearly unmanageable.

Bottom line

As AI and IoT start to play a bigger role in our lives, the amount of data will grow to uncontrollable levels. The EIM industry is extremely fragmented, and there are a tonne of potential acquisitions that Open Text could make over the next few years. The company is also progressing with its Documentum integration plan, which will send margins higher over the long term.

At current levels, OTEX shares are dirt-cheap and would be a fine addition to the portfolios of value and growth investors alike.

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