



This Tech Stock Is Showcasing the Power of Outsourcing

Description

Investors were fired up with the fiscal 2019 first-quarter revenue of **CGI Group** ([TSX:GIB.A](#))([NYSE:GIB](#)), which was reported on January 30. It was as if a springboard was constructed. In a little over a week on February 8, the price hit a record high \$89.18. Canada's largest technology outsourcing firm stock did it again!

A showcase of strength

Figures don't lie, and clearly, the cursors are all pointing up. Revenue grew 5.2% compared to the same period a year ago. The net earnings, diluted EPS, book-to-bill, backlog, and all else that counted the most increased. CGI's Q1 2019 results were not only impressive; they were encouraging and very reassuring.

CGI is pressing on this year without any sign of a humongous pullback in the near term. Those who bought the shares in October and held on to it are lucky. The price then was below \$80 — a perfect entry point. Today, CGI.A is trading at \$88.28. It will be the ["red-hot" tech stock in 2019](#).

Profitable growth strategy

George D. Schindler, CGI's president and CEO, summed it up well: "We are off to a good start in fiscal 2019, as our profitable growth strategy delivered strong first-quarter results," he said. "I am encouraged by the broad-based growth we are experiencing across all regions, accelerated by our recent metro market mergers."

CGI's consulting business is consistently growing, and the vertical markets will soon contribute a bigger chunk, as more businesses become internet based. Cybersecurity, for one, will be a major focus. CGI would be tapped to provide the interface in the digital process.

Many companies are adopting digital strategies. The amount of investments in technology and budgets for outsourcing is expected to increase over the next couple of years. As conversion to digital

processes intensifies, CGI will be swamped with IT projects.

Partner in digital transformation

The market environment is rapidly evolving. You are seeing many organizations finally embracing digital technologies. There is an urgent need to change the way things are done from business operations to customer service. The mad scramble for digital transformation will make CGI a tech stock heavyweight.

CEO Schindler has this to say: "We continue to see a market climate conducive to achieving our strategic aspirations of doubling CGI over the next five to seven years." That is a statement of fact because revenue from the outsourcing business is recurring. Most of the contracts are long term and therefore profit is 100% certain.

Companies need to partner with an IT and consulting firm that possess the expertise, scale, reach, and complete end-to-end services in their digital journey. CGI belongs to a select few in the world that has the digital DNA.

CGI is showing to the world the power of outsourcing. You might want to [add this stock to your portfolio](#). It doesn't matter if there's no dividend. Its power can make you rich.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:GIB (CGI Group Inc.)
2. TSX:GIB.A (CGI)

PARTNER-FEEDS

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

Category

1. Investing
2. Tech Stocks

Date

2025/07/22

Date Created

2019/02/16

Author

cliew

default watermark