



These Tech Companies Are Positioned for Explosive Growth

Description

In the not-too-distant future, will home automation in every household be the norm? Will appliances, garage doors, thermostats, lights, and blinds be controlled by a single platform on a widespread scale? Could smart devices improve efficiency and provide clarity on how to attain a more sustainable way of living and therefore decrease our per capita carbon footprint?

Will families have access to AI personal assistants similar to Mark Zuckerberg's "Jarvis"? Could self-driving cars increase individual productivity and lead to higher results in the workplace or classroom? What role will big data play in decision-making on the global stage, and will society benefit from this newfound insight?

The short and skinny answer is yes – technology is at the forefront of economic growth and many of the items outlined above will be future common goods.

That said, the IoT industry has seen explosive growth in market size, reaching nearly US\$235 billion in 2017. In fact, Bain & Company estimates that the industry will grow to \$520 billion by 2021. Needless to say, it's an exciting time to be an investor, and early market participants with positions in innovative companies will be rewarded with excellent returns.

But how close are we to this economic utopia?

Experts believe that the IoT industry is in its infancy, with expectations that data centers and analytics companies will be the initial growth drivers. There are already concrete examples of IoT and artificial intelligence being used by large businesses to improve operations. Take for example, Amazon Robotics (formerly Kiva Systems), which leverages automated storage and retrieval systems used for fulfilment purposes.

In terms of Canadian capital markets, investors can gain exposure to this up-and-coming industry in a number of ways. For example, tech darling **Constellation Software** ([TSX:CSU](#)), which is known for its growth by acquisition strategy, has diversified into IoT through various subsidiaries. The vertically integrated software company boasts data analytics assets like Smartworks through N. Harris Computer

Corporation, and Sicap through the Volaris Group.

Constellation's stock has performed well over the last 10 years, and the business has a strong balance sheet. If the company can continue to capitalize on successful acquisitions, Constellation could be due for further gains and be a key force in Canadian big data.

Another notable Canadian name [making splashes in the AI industry](#) is **OpenText** ([TSX:OTEX](#))([NASDAQ:OTEX](#)). The company's Magellan platform seeks to compete with **IBM's** Watson – which OpenText CTO labelled a “junk” product. Magellan is an open platform that combines machine learning with advanced analytics to leverage big data in business decision-making. Similar to Constellation, OpenText has been successful growing its business through strategic acquisitions.

Staying on the theme of Waterloo-based businesses, **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) presents [an intriguing opportunity](#) at a favourable valuation to gain exposure to self-driving vehicles. The company's QNX technology is in more than 120 million cars and could be the OS of choice for autonomous vehicles. With the recent closing of a 1.4-billion-dollar acquisition of Cylance, BlackBerry's shift away from the smartphone business and into cybersecurity and AI, positions the company as a global technology leader.

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