



3 Reasons Data Security Is the Biggest Tech Trend of 2019

Description

Investors with a keen eye for technology trends have been able to extract immense value in recent decades. The spread of the internet, proliferation of smartphones, and the rise of social media have created billions (and sometimes trillions) of dollars in investor value since the turn of the century.

Tech investors are rewarded for being early and taking high-conviction bets on companies leading a seismic shift in an important industry. In my opinion, such a seismic shift is hitting the core infrastructure of digital world this year: data. Here are three reasons why investors need to take a closer look at the data protection and cyber security industry in 2019.

Data is the new oil

From search engines to smartphone apps, every critical digital technology is built on a treasure trove of data. User location, credit card details, health records, and purchase habits are being used to inform advertising platforms and e-commerce strategies, which makes data the fuel of the digital world.

Growing number of cyber attacks

As data grows more valuable, more people try to extract it nefariously. Cyber crime has been a concern for a while, but the attacks have intensified in recent years. According to research from Cybersecurity Ventures, cyber crime could cost the global economy over \$6 trillion by 2021.

The internet of things

Finally, the growing number of internet-connected devices that track every move and record every user action has magnified the vulnerability of the average user or business. Now hackers can use smart speakers to eavesdrop and hack into electric cars to misdirect them remotely.

Despite the magnitude of the problem, there are only a handful of companies providing security and protection to the average user. One such firm is Vancouver-based **Absolute Software** (TSX:ABT).

Absolute is focused on providing security tools for enterprise users. Its proprietary software defends the endpoint devices like laptops and smartphones that are most vulnerable to attack. Over 10 years, the company has managed to enlist [12,000 corporate clients](#) to its platform, creating a base of robust and recurring revenue.

The company has managed to beat growth expectations in all four of its most recent quarters. Sales rose 5%, while earnings before interest, taxes, depreciation, and amortization (EBITDA) expanded 88% in the over the past three months. In fact, the company swung from a \$0.01-per-share EBITDA loss to a gain of \$0.04 per share.

Management now expects the firm to turn cash flow positive in 2019, while maintaining its track record of 95% recurring revenue and 85% gross margins.

In fact, management is so confident of success that it pays out an annual dividend that amounts to a [3.58% dividend yield](#) on the current market price.

Foolish takeaway

The demand for cyber security and data protection is extremely likely to expand over the next few years. As more devices get connected to the internet and data breaches become more common, businesses and average users will eventually invest in better security tools to protect themselves.

With its robust network of corporate clients and considerable financial strength, Absolute Software may stand to benefit from this ongoing tech trend.

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