What'sApp Hack: Cyber Security Is the Next Millionaire-Maker

Description

Over the past few decades, the world's largest technology companies have built humongous empires through one critical commodity: data. Collecting, analyzing, and selling data is now a global business worth trillions of dollars and the value of each data point seems to be rising exponentially.

Not surprisingly, this increasingly valuable data is being stolen by bad actors. Of course, the prime target is still credit card details that can be used to siphon off cash from your bank account and ruin your credit, but attackers have been getting more sinister in recent years.

Now, a person's entire identity (government identity numbers, birth certificates) could be compromised for human trafficking, business secrets can be stolen and sold to a competitor, special software can lock critical documents on a hard drive till the user pays a ransom, or private moments can be secretly recorded and used for blackmail.

Last week, What'sApp, one of the most popular social messaging apps in the world, detected a vulnerability on the platform that left users' messages, call logs, emails, and photos exposed to attackers. It's the latest in a long line of high-profile attacks on personal data.

All individuals and businesses connected to the internet are vulnerable to these attacks. According to Cybersecurity Ventures, damages from these cyber attacks could cost the global economy as much as $6 trillion by 2021 — an alarming situation has led to an uptick in demand for data security tools and platforms.

Given the costs of damages and the persistent need for security, it's not hard to imagine how big the opportunity is for professional data security firms like **Absolute Software** (TSX:ABT).

Specialist enterprise-grade security software provider Absolute is headquartered in Vancouver, Canada and Austin, Texas, with regional offices in Reading, UK; and Ho Chi Minh City, Vietnam. The company's solutions help safeguard the devices used by over 12,000 corporate clients from across the world.

Not only is Absolute one of the only pure-play data security stocks listed in Canada, but it's also one of the country's highest dividend-paying stocks. At the time of writing, the dividend yield is 3.6% — a dividend backed by a robust and lucrative business model with [95% recurring revenue](#) and 85% gross

margins.

Over the past three years, the stock is up nearly 45%. At its current market price, the company is worth $370 million, a far cry from the hundreds of billions that its total addressable market is worth. Considering its potential as a millionaire-maker, it's a pity this is one of the only cyber security stocks listed in Toronto.

However, Canadian investors have another option for wider exposure to this sector. The **Evolve Cybersecurity Index Exchange-Traded Fund** ([TSX:CYBR](#)) has put together 37 leading security firms in one convenient basket.

The ETF's top holdings include industry leaders such as cloud-based internet security provider **Zscaler**, information technology consulting firm **Booz Allen Hamilton Holding**, and specialist firewall security provider **Palo Alto Networks**. The ETF's portfolio is both regionally and technically diverse, which makes it an ideal point of exposure to this niche market.

CYBR is up nearly 34% since inception in 2017, currently offers a 0.36% yield and extracts a 0.40% management fee annually.

Bottom line

Given the gap between its current market value and total addressable market size, Absolute Software has the potential to be a real millionaire-maker. However, combining the stock with Evolve's cybersecurity ETF is a balanced way to bet on the rapid growth in demand for online security over the next decade.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:CYBR (Evolve Cyber Security Index Fund)

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