



Will Bruce Linton Take This Tech Stock to the Moon?

Description

Bruce Linton's unexpected dismissal from the cannabis company he helped create was one of the biggest stories in the nascent legal marijuana industry this year. While serving as CEO, Linton took **Canopy Growth Corp** from a niche player to the world's largest legal pot producer in less than six years.

However, key shareholder **Constellation Brands, Inc.** wasn't pleased with the company progress and lack of profitability, taking the decision to oust the founder last week in search of new management. The announcement sent shock waves across the industry, knocking nearly four percentage points of market value off within a few days.

In his first public appearance since the ousting, Bruce Linton wasn't focused on the departure but rather on another unrelated small company – **Martello Technologies Inc** ([TSXV:MTLO](#)).

Based in headquartered in Ottawa, the [Martello is a software-as-a-service \(SaaS\) startup](#) that provides unified communications (UC) performance management software, info-tech systems visualization software and SD-WAN technology. According to its website, these software solutions are used by 5,000 networks spread across 150 countries.

Linton serves as co-chairman of the tech firm and actually helped take the company public in 2018. He's also worn a Martello-branded T-shirt to most of his recent media interviews. The company's CEO, John Proctor, told BNN Bloomberg that Linton now had "a little bit more time for us – and that brings an enormous value to our team."

Linton confirmed that he was going to be helping the company, although he didn't provide any details. While it's too early to say whether he's going to be taking a more active role at Martello, his non-compete agreement with Canopy's shareholders prevents him from working in the cannabis sector in Canada, which could make a move to technology more likely.

Even if Linton isn't joining the company full-time, his efforts to bring attention to the brand may have already helped Martello, which could leverage the attention from the investment community to raise more capital or push through more acquisition deals to enhance growth.

However, the recent spurt has pushed the stock to an unreasonable level. Martello has only generated \$7 million in revenue over the course of the past nine months. While the rate of recurring revenue and gross margin remain high, at 76% and 93.7% respectively, the company's losses expanded to \$2.9 million over the same period.

Meanwhile, the stock trades at 10 times annual revenue and nearly six times book value. The market seems to have priced in Linton's involvement at the tech company even though the former CEO has mentioned he may get involved in the cannabis sector in the United States, which means his role at Martello isn't likely to be hands-on.

Bottom line

Bruce Linton has earned his reputation as a high performing business leader with an eye for innovation, but Martello's stock is already trading as if Linton is joining the company full-time and is about to change its fortune. In other words, the best-case scenario is priced in, and investors should be cautious.

For growth investors in the tech and cannabis sector, there are much better options at the moment.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSXV:MTLO (Martello Technologies Group Inc.)

PARTNER-FEEDS

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

Category

1. Investing
2. Tech Stocks

Date

2025/08/25

Date Created

2019/07/11

Author

vraisinghani

default watermark

default watermark