



TFSA Investors: 2 Top Cloud Computing Stocks

Description

Cloud computing and 5G are transforming the telecommunications industry. In response, frequent traders have been causing serious movement in trading volume in the telecommunications technology sector.

5G will increase data capacity, allowing for high-tech smart cities, increased connectivity, and substantial improvements in the way Canadian residents commute to work. Meanwhile, cloud computing and data storage innovations will allow for more advanced data storage, transmission, and analysis capabilities.

Telus ([TSX:T](#))([NYSE:TU](#)) and **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)) are two of the top telecommunications companies on the Toronto Stock Exchange. Savvy TFSA investors should follow their lead.

As an incumbent player in the telecommunications space, Rogers offers TFSA investors more established value than Telus. Nevertheless, although Rogers is in a better position to distribute strong returns on technological progress, investors should be careful not to overlook Telus. Through cloud computing demand, Telus is in a [good position](#) to overcome non-competitive barriers to growth.

Telus

Founded in 1993, Telus is a new player in Canada's booming telecom industry. The company provides wireless telecommunications products and services to Canadian residents with a wide range of plans and a broad service area. Moreover, Telus is a diversified investment, generating revenue in healthcare and smart-home security.

In addition to these services, the company operates internet protocol, television, and cloud enterprises. Savvy investors should observe the company's cloud-based businesses going into 2020, as this segment is in a high-growth market. In fact, analysts expect cloud computing growth to reach \$215 billion in 2019.

At the current share price, Telus issues a competitive, risk-adjusted dividend yield of 4.46%. Furthermore, shareholders saw relatively stable price performance over the past 12 months, indicating the investment may be liquid enough for a TFSA. Rogers communications will struggle to offer the same returns as Telus in the market next year.

Rogers Communications

Founded in 1960, Rogers Communications is a diversified communications and media company with revenue enterprises in wireless, cable, and media production. The company's wireless communication brands include Rogers, Fido, and Chatr.

Since the birth of the smart home, Rogers has provided next-generation security monitoring services to consumers, businesses, and governments. Given the data storage requirements in the television and radio broadcasting sector, the company's cloud computing segment and digital media presence are an ideal combination. This combination increases the overall scalability, value, and performance of the company.

Rogers gives shareholders a dividend of 0.50 per share at a yearly yield of almost 3%. The company is expensive at over \$70 per share and a price-to-book (P/B) ratio of 4.37. Nevertheless, the company offers substantially less risk than smaller competitors and may be worth the cost.

Foolish takeaway

The telecom industry is smoking hot right now, as cloud computing and 5G innovations transform data processing.

It also may be the ticket to expanding competition in an oligopolistic market. An oligopoly is a non-competitive market structure characterized by imperfect competition. Telecommunications is a difficult industry for new companies to break into given the enormous power of the current telecommunications giants.

Cloud computing and 5G technology give industry newcomers the opportunity to [strategically innovate](#), diversify, and quickly grow market share. Cutting-edge investors should watch this growth of cloud computing in telecommunications. It may be the opening for non-incumbent players like Telus to catch up to early movers like Rogers.

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1. Investing
2. Tech Stocks
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2. NYSE:TU (TELUS)
3. TSX:RCI.B (Rogers Communications Inc.)

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