



Top 2 AI Stocks for Your TFSA

Description

The rise of machine learning could be the biggest economic trend of our generation. Industry researchers **Gartner** and IDC estimate that corporations and consumers could be spending US\$77.6 billion on artificial intelligence (AI) solutions and the total business value created by these platforms could reach US\$3.9 trillion by 2022.

That's because AI technology touches nearly every industry imaginable, from healthcare to wealth management. The creators and suppliers of these cutting-edge solutions could be on the verge of creating enormous wealth over the next decade.

Chinese and American tech giants are clearly in the lead, but a handful of Canadian companies have managed to carve out their own niche. Here's a look at the top two AI stocks you can add to your Tax-Free Savings Account (TFSA) today.

Kinaxis

Supply chain management is a niche that has fortunately escaped the radar of larger tech companies. **Kinaxis** ([TSX:KXS](#)) seems to have dominated this industry over several years and now has an extensive network of corporate clients across the world using its flagship RapidResponse software platform.

The company has been pouring tremendous financial resources in research and development (R&D) focused on artificial intelligence. R&D spending accounted for 19% of total revenue in the company's most recent quarter.

The results are now starting to surface. Kinaxis won an award last year for its proprietary Self-Healing Supply Chain™ solution that helps supply chain managers predict upcoming problems and rectify them before they impact business operations.

With access to data from over 100 customers spread across the world and some top-notch tech talent in Ottawa, Kinaxis has the potential to lead this niche to the cutting-edge of automation.

Open Text

Open Text ([TSX:OTEX](#))([NASDAQ:OTEX](#)), another enterprise software company, has managed to create an AI platform by harnessing the corporate data and tech talent at its disposal.

The company's machine learning and predictive analytics platform Magellan recently caught the attention of tech giant Google, which has partnered with Open Text to provide enterprise-specific cloud services. The partnership gives Open Text access to Google's sophisticated suite of cloud tech, which could help the company [restart its growth engine](#).

According to management estimates, the potential market for its services could include applications in cybersecurity or the internet of things and could be worth as much as \$100 billion. At the moment, the company is spending roughly 11% of revenue on R&D.

With hefty margins, recurring revenue and nearly \$1 billion in cash on its books, the company seems to be in a strong position to keep this pace of reinvestment going for the foreseeable future.

Special mention

Shopify and **CGI** deserve a special mention here.

Shopify has access to data from thousands of small- and medium-sized merchants spread across the globe, which should power its artificial intelligence models. Meanwhile, its acquisition of warehouse robotics company 6 River Systems brings it a step closer to **Amazon's** ultra-efficient operational model.

Meanwhile, CGI offers consulting services for companies looking to adopt process automation or predictive analysis in their operations, which makes it another beneficiary of this AI-driven mega-trend.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. TSX:KXS (Kinaxis Inc.)
3. TSX:OTEX (Open Text Corporation)

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