



## The Best Stock for 2019!

### Description

With three short months until the end of 2019, investors may be curious as to what the best stock is for 2019.

The company that has won this accolade in my books is **Open Text** ([TSX:OTEX](#))([NASDAQ:OTEX](#)), which creates software that archives, aggregates, retrieves, and searches unstructured information (documents, e-mail, and presentations).

It started as a project between *Oxford English Dictionary* and the University of Waterloo and is currently headquartered in Waterloo, Ontario.

For those of you who are less technology inclined, structured data is easily searchable using basic algorithms such as spreadsheets and data from machines. Unstructured data is not as organized and searching it is very difficult.

Open Text is the best stock for 2019 based on its acquisition of Dell EMC's Enterprise Content Division and increasing operating income.

### Acquisition of Dell EMC's division

The company recently acquired Dell's EMC Enterprise Content Division for a purchase price of US\$1.6 billion. This division specializes in Enterprise Content Management (ECM) and Life Cycle Management.

This acquisition benefits Open Text as it gives it credibility and adds to its offerings.

Firstly, Dell is a world-renowned company and through this acquisition Open Text is positioning itself as a major contender in the Enterprise Information Management (EIM) industry.

Secondly, this acquisition gives Open Text a fully integrated EIM portfolio, which allows it to provide a full suite of services to its clients.

The brands that are included in this purchase include Documentum, InfoArchive, LEAP, and IP/Patents. These brands give Open Text penetration into Asia and Africa.

Out of these four, Documentum is the most valuable for Open Text, as it is used by 10 of the top 10 global pharmaceutical companies, nine of the top 10 global banks, nine of the top 10 global insurance companies, and seven of the top 10 oil and gas companies.

As Open Text [continues to make acquisitions](#), its investors will be pleased.

## Increasing operating income

Despite stagnant revenues of \$2.869 billion in fiscal 2019 compared to \$2.815 billion in fiscal 2018, the company is reporting an increasing operating income.

Operating income is a better measure of performance than net income, as net income consists of one-time charges that are not part of a company's day-to-day operations.

The company's operating income increased from \$362 million in fiscal 2015 to \$603 million in fiscal 2019, which represents a compounded annual growth rate of 10.74%, which is good.

## Summary

Open Text is a [well-tenured company](#) with a history dating back several decades.

This is a positive sign for investors, as technology is constantly evolving, which means that the ability of a tech company to survive many decades indicates a willingness to adapt to changing economic trends.

Open Text's acquisition of Dell EMC's Enterprise Content Division was a brilliant move on the part of senior management. This acquisition gives Open Text credibility in the EIM industry and allows it to offer its customers a full suite of services.

This acquisition gives Open Text ownership of Documentum, which is the go-to software for top 10 banking, pharmaceutical, insurance, and gas companies around the world.

Further to this, the company's operating income increased from \$362 million in fiscal 2015 to \$603 million in fiscal 2019, despite stagnant revenues in the past two years. This is a good indication that the business is growing.

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