



A Tech Stock I Like Better Than Bitcoin

Description

Being better than Bitcoin isn't saying much when you consider that Warren Buffett and many other pundits are of the belief that the asset is "worthless."

Still, speculators will keep on speculating, as long as there's even the slightest possibility that one can score multi-bagger returns, no matter how high the risks.

Placing a bet with no consideration for the [risk/reward trade-off](#) isn't investing, though; it's gambling. And with so many opportunities within the equity markets that could lead to [multi-bagger returns](#) that don't require one to risk their entire principal, it no longer makes sense to bet on Bitcoin or other cryptocurrencies now that the momentum has dried up.

Thanks to better-than-expected earnings this quarter, with plenty of companies beating and raising, those recession warnings you've been hearing ad nauseam of late have finally started to go silent. And with the **S&P 500** surging to new heights, investors may be hungry to double down on the growth stocks they threw in the towel on just a few months ago, as the growth-to-value rotation shows signs of reversing.

Consider **Ceridian HCM Holdings** (TSX:CDAY)([NYSE:CDAY](#)), an on-sale SaaS stocks that could lead the next upward charge should the appetite for hyper-growth return.

Few Canadians have even heard of the company, which had a silent IPO last year.

For those unfamiliar with the name, Ceridian is an up-and-comer in the human resource management (HRM) scene. Unlike many other mid-cap tech players, Ceridian is well equipped to maintain profitability while growing its top line at a rampant rate.

Over the next decade, automation of human jobs is going to become a major theme.

With plenty of innovation going on at Ceridian with a terrific manager in David Ossip at the helm, the company has a front-row seat to a booming HRM market that's expected to be worth \$11 billion by 2023.

Dayforce HR, Ceridian's flagship cloud platform, is an all-in-one solution that helps with many day-to-day tasks that come with the management of human resources.

Hiring a team of HR professionals to take care of payroll, tax calculations, benefits, talent management, and all the sort is a hefty expense for big-scale enterprises. And while Dayforce isn't going to put HR people out of work overnight, the value-producing product has the potential to reduce overhead costs at an increasing rate over time. For now, Ceridian will make the lives of HR people easier.

One sore spot with Ceridian is its gross margins, which are relatively low compared to most other cloud-based SaaS players at 44.5% TTM.

The longer-term trend is encouraging, though. As the company makes its platform easier to use, with unique offerings, I see the potential for further margin expansion, which would be a boon to profitability as Ceridian continues to expand its footprint across the globe.

At the time of writing, the stock trades at 73.5 times next year's expected earnings and 9.1 times sales, which isn't exactly what you'd consider cheap. I'm a massive fan of the company's long-term trajectory but would encourage investors to only initiate a partial position today with the intention of adding on a further dip in the low to mid-\$50 levels.

Ceridian will swing violently, so don't rush into a position. But do keep the name on your radar and be ready to back up the truck on weakness.

Stay hungry. Stay Foolish.

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1. Investing
2. Tech Stocks

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1. Editor's Choice

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