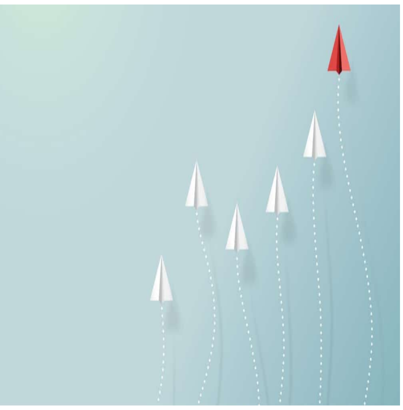

This 1 Temptingly Undervalued Stock Could Outperform Shopify (TSX:SHOP)

Description

If you had invested in **Shopify** two years ago when its stock value was just $57, that investment would have given you a return of a whopping 900%.

However, such serious upsides are an extreme rarity, and with Shopify's stocks now matured, it is not as appealing to growth investors. If you are on the hunt for an undervalued stock that can match or even outperform Shopify in the years ahead, then look no further than **Open Text** (TSX:OTEX)(NASDAQ:OTEX).

A tech superstar

The world today increasingly relies on data, and the amount of data transferred over the internet each year is growing exponentially. By the end of this year, an estimated 12.4 billion MB of data will be created every second. It is precisely this growth that makes investing in Open Text a highly attractive option right now.

Businesses need to make sense of data available to them to gain useful knowledge and insights from it. However, with the sheer scale at which it is growing, most companies do not have the processes in place to manage data and feel overwhelmed.

Open Text is one of the largest software companies in Canada and a market leader in the creation and distribution of enterprise information management solutions. Its products help businesses better record, manage, and structure vast quantities of data and crunch them into easily digestible bits of useful information.

Not surprisingly, in recent years, Open Text has been one of Canada's best-performing tech companies. Its revenue since 2010 has grown more than threefold — from U.S. $240 million to nearly $700 million.

With a strong corporate culture and an aggressive growth strategy and plenty of high-profile acquisitions, the company is making sure that nobody usurps it from its dominant position.

Among its acquired portfolio include Dell's Enterprise Content division, the entirety of GXS, and Hummingbird. Just recently, the company announced its acquisition of the cloud-based security firm **Carbonite** at a price of US$1.42 billion.

A Dividend Aristocrat

Investors considering buying Open Text's stock will also be happy to hear that the company is a Dividend Aristocrat.

While the annual yield right now is a paltry 1.5%, it is worth noting that the Open Text is one of the only three Canadian tech companies that have maintained a positive dividend-growth streak for the last six consecutive years. The stock has maintained an average 15% annual dividend growth, which is very healthy gains.

Summary

With its recent acquisition of Carbonite and partnership with Reveille Software for the development and launch of its expanded Content Security services, Open Text looks set to continue outperforming the Canadian software market. This, coupled with its steady cash flow, potentially makes it a strong recession-proof stock option.

With prices at $57 and with a forward P/E ratio of 14.69, the stock is still undervalued when compared to the market, and investors should consider adding it to their portfolio. It is best practice, however, to keep your investments diversified and not place all your money in only one stock.

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