



Forget BlackBerry (TSX:BB): This Tech Stock Has Way More Upside!

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) has been one of the biggest Canadian business turnaround stories of the past five years. After losing out in the smartphone wars, the company re-structured itself as a developer of highly secure enterprise software — and boasted remarkable success in that space.

Although the company's stock has been a long-term loser, its enterprise software has been successful, with over 150 million cars running its QNX software and major deals struck with companies like **Canadian Pacific Railway**.

However, there's been a huge cloud hanging over BlackBerry's revitalization: the stock hasn't followed suit. While BlackBerry's *revenue* from software sales is steadily increasing, it ran a GAAP net loss in its most recent quarter.

The same holds true for the most recent nine-month period. In light of this, investors might want to consider a different tech play for their TFSA or RRSP.

In this article, I'll be reviewing one such play — tech stock that's already profitable and has been growing by leaps and bounds over the last decade.

Here's a company that has largely flown under the radar, but has delivered incredible returns to investors who bought early. If you'd invested \$1,000 in this stock on its IPO date and held them until now, you'd have over \$70,000.

The name of the stock?

Constellation Software

Constellation Software Inc ([TSX:CSU](#)) is an enterprise software company that develops applications for business and government customers. The company's software offerings run a wide gamut of niches, from clubs and resorts to utilities and healthcare.

Constellation has largely grown its business through acquisitions. It seeks to acquire companies that either have [strong revenue growth](#), or established profitability.

Most of its acquisitions are small, in the \$5-\$10 million range. Once it makes an acquisition, Constellation focuses on growing the acquired company to new heights.

While it may be an unconventional business model, it's certainly worked: over the last four years, CSU has grown its earnings from \$206 million to \$420 million (TTM), more than doubling them in a short time frame.

Why it's better than BlackBerry

While there's a great deal of hope that BlackBerry's stock will [eventually follow its product successes in software](#), that may not happen. As of the most recent quarter, the company wasn't profitable in GAAP terms, and it may take a while for it to become profitable—if it ever does. By contrast, Constellation is not only consistently profitable, but also growing its earnings rapidly.

As previously mentioned, it more than doubled its earnings in four years. As well, the company had a 43% return on equity (ROE) for the trailing 12-month period.

These are undeniably positive growth and earnings metrics that we're just not seeing from BlackBerry. So while BB's stock may be "cheaper," CSU is undeniably the better business, and in the long run, that counts for a lot more.

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