



1 Tech Stock Defying All Market Crash Logic

Description

It seems as if every stock out there is currently in the red. After over a decade of strong gains, stocks are finally reaching that dip and now even a market crash, which so many analysts had warned us about. Yet through the sea of red, there seems to be a least one stock that [has continued](#) its upward trajectory: **Kinaxis** ([TSX:KXS](#)).

Kinaxis is a supply-chain software solutions company based out of Ottawa. If you're not into tech, what that means is the company manages supply relationships and controls business processes, and often includes forecasting for companies. In the case of Kinaxis, the company does this for mainly large corporations around the world.

So, while other companies are reeling through a market crash at a time when people are being confined to their homes, those companies working with Kinaxis are likely ahead of the curve. Kinaxis allows companies a modern way to get products from the business to the consumer. Its cloud-based software lets users access the suppliers' data directly, allowing a smooth way for suppliers, purchasers, and manufacturers to move products from one end to the other. Kinaxis will then let businesses know if any problems arise in real time through its RapidResponse software.

Basically, a company like Kinaxis is crucial during a crisis like the one we face today. The company already entered 2020 with a backlog of 43% for the year of projects. It also has an 18-month sales cycle, meaning its long-term clients are likely to keep the company steady, even during the COVID-19 crisis.

In fact, not only could Kinaxis continue on an upward trajectory, it may gain business during this market crash. The company already has big names such as **Ford** and **Unilever Group** on its company list and is likely to bring in even more after the businesses analyze how COVID-19 affected [supply chain management](#).

Meanwhile, the company continues business as usual, even expanding during this time of uncertainty. Most recently, it made a partnership with 4flow, a leading provider of supply chain strategy consulting. This is only the latest in the company's extensive partnership and acquisitions history.

This strategy has proved fruitful, as Kinaxis most recently announced during its fourth-quarter report year-over-year growth of 47% for reported sales to US\$56.3 million. Net profit also rose by an incredible 168% year over year during the quarter. As for projected sales for this year, the company believes it can reach between US\$211 million and US\$215 million, with software-as-a-service (SaaS) revenue growing up to 25% for 2020.

These numbers should continue for the foreseeable future, as customers consistently report a high level of satisfaction, with a strong net retention rate. While some analysts believe the company is overvalued at the moment, COVID-19 could actually push this stock even higher during this market crash. Businesses now have to be ready for anything, so in a year's time, a stock price of about \$94 per share as of writing could look like a bargain.

Since December 2018, the company had been on a solid upward trajectory, gaining 54% between then and today's share price. However, just a few months ago, it reached an all-time high of nearly \$119 per share, an increase of 83%! Those shares could hit pre-crash prices quickly, giving you growth of 27% based on today's share price.

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