



1 Supply Chain Firm to Businesses: Prepare for the New Normal

Description

Will it be business as usual when infections drop and an effective vaccine finally contains COVID-19? At present, we see [market volatility escalating](#) to a very high level because of a worldwide health crisis. While the virus is inciting fear, the disrupting of the global supply chain is also dangerous.

We can only find out the magnitude of the disruption when this is over. However, **Kinaxis** (TSX:KSX), the maker of the supply chain management software, is advising business leaders to prepare for the new normal. Things will not return to what they were before the coronavirus outbreak.

The current events are so disruptive that market dynamics are changing rapidly. During a crisis, companies have gotten used to the survival approach. But with the massive disruption and muddled situation, response planning becomes a vital strategy.

Chaos in supply chain

The coronavirus pandemic is causing havoc on global shipments. Companies are having difficulty coping with changing conditions. Kinaxis should therefore be playing a crucial role in the supply-chain universe in the aftermath of COVID-19. The company has solutions to solve nagging supply chain woes or improve processes.

Kinaxis wants supply chain managers to have formal planning abilities that will allow them to respond better to disruptions such as including weather disturbances, fire, tariff or trade wars, and geopolitical problems. The coronavirus is the latest disturbance affecting the global economy,

With or without the coronavirus, volatility in the supply chain is always present. Kinaxis is offering solutions for companies to overcome and recover from disruptive events.

Noteworthy performance

The overall performance of Kinaxis last year was impressive. In Q4 and full-year 2019, total revenue

growth was 47% and 27%, respectively. Meanwhile, the Software-as-a-Service (SaaS) revenue growth during the same quarter and year was 26% and 22%, respectively.

According to Kinaxis president and CEO John Sicard, the significant achievement of the company in 2019 was exceeding the annual guidance for all key financial metrics. The strong bookings in the last quarter drove the SaaS revenue backlog to a high of 40%.

Many top corporate names are renewing long-term contracts with Kinaxis. New customers, mostly key influencers, are signing up as well and adding to the growing customer base. The company is already solidifying its market position, which should spur or ensure future growth.

The solution to a global problem

Kinaxis is holding up well in the stock market. The share is slightly down by only 3.55% year to date. In the trailing 12 months, the gain was 29.21%. Other stocks in the software application industry like **Shopify** (-3.42%), **Constellation Software** (-6.15%), and **Descartes** (-20.61%) are also in the red.

Kinaxis should come out as [one of the top tech stocks this year](#). The contracted revenue of the company will come from larger corporate clients within an 18-month sales cycle. There's also the 40% backlog entering into 2020. The annual growth estimate for Kinaxis in the next five years is 17%.

In the aftermath of the current health crisis, companies can rebound from any type of disruptions more effectively and efficiently using Kinaxis' SaaS solution.

The supply chain management software can help overcome volatility in end-to-end supply chain today, tomorrow, and long into the future.

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