Why I Invested $2,000 in This Unknown Tech Stock

Description

At the height of last month's panic, I was busy investing in stocks that had been on my radar for years. Some of the most attractive brands and robust growth stocks seemed like they were finally trading below their intrinsic value.

One of these overlooked opportunities was a telemedicine startup that lost nearly half its value. I invested $2,000 in it.

Vancouver-based **WELL Health Technologies** (TSX:WELL) seemed like an attractive growth stock for years. The startup has been trying to revolutionize the healthcare industry through sophisticated, data-driven platforms. Here's why I added this intriguing growth star to my long-term portfolio at the height of the COVID-19 pandemic.

Immense growth opportunity

WELL Health says its mission is to modernize healthcare. The team does this in two ways: offering a medical data management platform to healthcare professionals and managing data-driven clinics of its own.

Indeed, 8,200 doctors across 1,446 clinics already rely on the digital data management platform. Meanwhile, the company has acquired 20 clinics across British Columbia to serve patients directly.

Healthcare in Canada is a trillion-dollar industry. It's also uniquely ripe for disruption. Doctors and clinics don't have the sophisticated digital strategy they need to serve patients efficiently. This lack of digital telemedicine services is more apparent now while Canadians are self-isolating at home and could need medical attention remotely.

Telemedicine

Recognizing this opportunity, WELL Health recently acquired a telemedicine startup and rebranded it as VirtualClinic+. The digital platform connects users with medical experts through text, voice and video conferencing.

According to industry experts, the telemedicine industry was worth US$41 billion in 2019. It's expected to grow at an annual compound rate of 15% over the next decade. In fact, with the ongoing pandemic and long-term social distancing measures, the industry could grow even faster.

Robust performance

WELL Health has already demonstrated an ability to capitalize on this rapid expansion. Annual revenue has tripled over the past year. Gross margin expanded from 29.7% to 33.5% over the same period.

The company also has $15.6 million in cash and cash equivalents on its books. The company expects another boost in sales and operational profitability in 2020.

The startup is also backed by Hong Kong's richest person: Sir Li Ka-shing. The nonagenarian billionaire property magnate owns roughly 18% of the company and some of its debentures.

Although it is losing money — like any other startup — I believe the company could break even soon given its lucrative gross margins and rapidly expanding sales. I added the stock to my portfolio as a long-term bet on the future of healthcare in Canada and across the world.

Bottom line

The adoption of telemedicine was inevitable. But now that everyone is isolating at home, the future has been pulled forward. Tech-driven startups like WELL Health could change the way critical care is delivered across the country.

If the company gains traction, it could soon be worth multiple times its current value. The opportunity in Canada alone is worth trillions.

Given the correction, I added this stock to my long-term growth portfolio. I encourage you to take a closer look as well. Stay safe!

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