



I'd Hold Shopify Stock and Buy These 2 Tech Names Today

Description

Canadian investors remain bullish on an outperforming **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock that recently surged as the market expects the e-commerce firm to do well during the COVID-19 pandemic. A strong 70% rally in Shopify's stock price so far this year made the young tech firm the second-largest Canadian firm by market capitalization, but concerns of overvaluation are now more real than ever.

That said, it still seems wise to hold on to winners and sell losers in personal investment portfolios. I'd still hold on to a winning Shopify stock as Toby and his team continue performing their magic.

The e-commerce giant continues to innovate. The company [unveiled](#) a new shopping assistant app on Tuesday that it claims will combine the discovery of local businesses, offer personalized recommendations, seamless payments, and tracking.

Such a welcome innovation could allow the company's merchants to sell more stuff, grow cash flow, and expand operations. The company will grow as its merchants grow and I love that.

Shopify is proving to be that growth machine that one would desire in their portfolios. The company is also a rising cash cow. Who would want to sell such an outperforming position right now? I would hold on to SHOP.

That said, there are two more contenders for a Canadian tech investor's attention right now. These are two names that I would buy or add positions to during the COVID-19 pandemic.

Kinaxis

Supply chain management and concurrent planning software developer **Kinaxis** ([TSX:KXS](#)) is [one of the best performing](#) Canadian tech stocks with a 41% rally so far this year. The recent KXS rally seems to have happened for very good reasons.

Kinaxis's award-winning RapidResponse® platform simplifies complex supply chain issues for large corporations while saving on costs, allowing the company to boast of a very high customer retention

rate as old customers remain and usually order more solutions from the vendor.

The tech company produces some of the most reliable earnings and resilient free cash flows in the stock market today. It enjoys high earnings visibility from its portfolio of large, well-capitalized global corporate clients with long-term subscription contracts.

The portfolio keeps growing every year. Three new customers have since been signed on so far this year, and the company keeps increasing its go-to-market partners.

I remain confident about the company's long-term business growth prospects. The company offers a strong cost-saving solution that reasonable clients wouldn't want to let go of even during market downturns.

Tecsys

Tecsys ([TSX:TCS](#)) is another supply chain software vendor that enjoys increasingly visible cash flows after a strong customer migration to cloud computing. Its applications are deployed in healthcare, retail, manufacturing, and logistics establishments across the world.

Two recent acquisitions allowed the company to report record revenues over the past year. Acquisitions also deepened the company's product portfolio allowing it to offer enhanced solutions to existing clientele.

Moreover, accelerated software-as-a-service (SaaS) bookings over the past year could mean increasingly resilient cash flows post the COVID-19 pandemic.

The company commands a leading market share in the North American healthcare sector. Tecsys could see its cash flows from this segment grow faster after increased government spending during the coronavirus pandemic.

Further, the company had a fast-growing bookings backlog in January that could sustain its quarterly revenues flat for a few more quarters. Even if the COVID-19 pandemic could negatively impact tech spending globally, the company may still post very healthy earnings, which is awesome.

Tecsys has just closed a \$20 million equity offering that got oversubscribed this month. The new equity raise should bolster Tecsys's liquidity during an economic downturn.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:KXS (Kinaxis Inc.)
3. TSX:SHOP (Shopify Inc.)
4. TSX:TCS (Tecsys Inc.)

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