This E-Learning Platform Can Become Canada's Next Big Growth Story

Description

The COVID-19 pandemic has seen companies in various sectors switch to online operations. As companies scramble to accommodate their employees working online, **Docebo** (TSX:DCBO) seems like it has been ahead of the curve in this regard. A cloud-based e-learning platform for enterprises, Docebo was one of the first organizations to integrate artificial intelligence into its education products, allowing it to optimize its delivery of material.

It makes use of its proprietary artificial intelligence software to detect weaknesses in an employee's training, which allows for more effective team management. The company also offers management and analysis tools to help streamline workflow through the different stages of training.

The company currently has an excellent opportunity, because not only does e-learning reduce operational costs for enterprises, it may be essential given the new paradigm caused by COVID-19. Certain big-name corporations are already listed as Docebo customers, including **Appian**, **Cineplex**, **Thomson Reuters**, and **Walmart**. It may only be a matter of time before a wave of large-cap companies follow suit.

Docebo stock has shown promising growth, as shares have increased over 60% since its IPO in October 2019. Even though the company saw its shares fall over 40% during the recent market crash, Docebo has already recovered over 140% since reaching its bottom in March. The quick recovery by its stock may signify the confidence investors have in the company.

Docebo also has very impressive financials. Its revenue continues to get stronger, growing over 400% between fiscal years 2016 and 2019. Even more impressive is its balance sheet. Young companies often take on high levels of debt to help grow more rapidly. However, Docebo has shown its ability to grow without requiring a lot of debt. The company most recently reported $46.2 million of cash on hand while only having $20,000 in debt due within the next year.

To continue growing the company, Docebo has identified several ongoing strategies. These include organic growth, through an expansion of services to its existing customer base, and new product offerings, as well as potential mergers and acquisitions. The company has also expressed its desire to grow geographically. Currently, it has focused its customer base in North America and Europe, but the company plans to expand into Asia in the near future.

If you are still not convinced about the company, consider its high level of insider ownership. It is generally a positive indicator to see insiders with large ownership stakes, because it shows that the management team has incentive to grow the value of the business. Docebo insiders own nearly 80% of shares and its CEO Claudio Erba owns over 5%.

Of course, there are risks to consider as well. The enterprise management space is highly competitive, and Docebo could end up losing to one of its competitors. **Cornerstone OnDemand**, a publicly traded company since 2011, has a $2.47 billion market cap. For comparison, Docebo currently has a market cap of $739 million, highlighting the uphill battle the company faces in capturing market share.

Docebo seems poised to become Canada's next successful IPO story, following the very successful IPO by **Lightspeed** in early 2019. If you are in the market for a potential high-growth stock, look no further than Docebo.

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