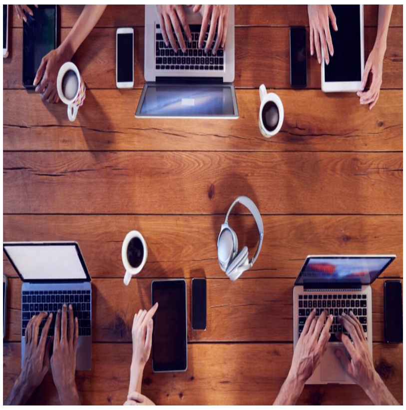

Buy Alert: This Top TSX Tech Stock Just Surged 110%

Description

Don't look now, but shares of supply-chain Software-as-a-Service (SaaS) developer **Kinaxis** (TSX:KXS) are up over 110% over the last three months, with shares surging another 6% higher last Friday. Like **Shopify**, Kinaxis is riding on profound pandemic tailwinds and is still a worthy growth play for investors looking to hedge themselves against the coronavirus, even after more than doubling over a few months.

Taming the complex beast that is the supply chain

Back in early January, I'd pounded the table on shares of Kinaxis, noting that the tech stock was absurdly undervalued, and the demand for the firm's value-adding technologies would likely continue climbing through 2020, as delayed deals finally closed.

"The supply chain is a complicated beast, and Kinaxis has the technology to tame it. As more companies seek to automate those dull complex operational tasks, I find it hard to believe that Kinaxis will be held down any longer," I wrote. "Kinaxis [has] a competitive product in a niche market that [is] ripe for the taking. And pending deal closures would only pave the way for an upside correction at some point down the road."

Fast forward to today, and Kinaxis stock is now higher, as modest headwinds have now been replaced with powerful tailwinds.

While most other firms' top lines are under pressure amid the coronavirus crisis, Kinaxis has been posting blowout numbers and is in a fortunate enough position to come out of this pandemic in a much stronger spot than it entered.

Pandemic tailwinds in full force

Coronavirus-induced operational disruptions have wreaked havoc on the supply chains of many firms. To many affected firms, Kinaxis is seen as a major time- and money-saving solution that can better enable it to more effectively roll with the punches that continue to come its way, as supply/demand imbalances keep fluctuating wildly.

Scenario simulations doubled in Q1, and they're likely to increase further, as firms continue to scramble to mitigate risks associated with supply chain disruptions that'll likely continue for the duration of this pandemic.

For Kinaxis, the thesis is simple. The more complexities and disruptions that are introduced to the supply chain of firms, the higher the demand for Kinaxis's value-adding product. Even after this pandemic passes, many firms that have embraced Kinaxis amid the pandemic will remain customers for life, as they realize the true value that Kinaxis's offerings can provide.

In a way, Kinaxis's solution is seen as a "lifeline" for many supply-chain-heavy firms in the same way that Shopify's e-commerce platform was one for the brick-and-mortar retailers that found themselves scrambling to salvage sales from the digital realm.

What about valuation?

At the time of writing, Kinaxis stock trades at 19.8 times sales, which is pretty darn expensive. While the TSX tech stock isn't the same steal that is was earlier in the year, when I'd urged investors to back up the truck on the name, shares still aren't ridiculously expensive when you consider the magnitude of its newfound pandemic tailwinds. Heck, compared to Shopify's 59 times sales (that's sales, not earnings!), Kinaxis looks like a bargain.

Foolish takeaway

If you're no stranger to volatility and are looking to bet on the bull market in some of the software companies that are doing their part to help firms affected by COVID-19, consider getting some skin in the game with Kinaxis today, as you look to scale into a position over the coming weeks and months.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:KXS (Kinaxis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Coronavirus
2. Investing
3. Tech Stocks

Date
2025/08/17
Date Created
2020/06/22
Author
joefrenette