



Got \$5,000? Investing That Money in This Growth Stock Could Make You Rich

Description

While the Canadian market may be down on the year, that hasn't stopped many tech stocks from reaching all-time highs. The **S&P/TSX Composite Index** is down roughly 10% year to date, but at times it has looked much worse.

Industries across the board suffered a significant decline from the last week of February to the end of March. From that March 23 low, however, many companies have gone on incredible runs.

Technology is one industry that has performed relatively well this year in comparison to the broader market. Many physical business locations were forced to temporarily close while much of the world was trying to practice social distancing.

Many technology companies, on the other hand, did not suffer as badly as SaaS tech companies typically don't sell products and services through a brick-and-mortar location.

There was a huge spike in employees working from home this year due to the COVID-19 pandemic. As a result, the dependency on technology has never been greater. **Docebo** ([TSX:DCBO](#)) is one stock that has seen its stock price surge this year due to the shift in the work environment.

Docebo

This \$1 billion tech company is in the business of providing cloud-based learning platforms to train employees, partners, and customers. Docebo clients are spread across the globe, including North America, Europe, and the Asia-Pacific region.

The learning platform is powered by artificial intelligence to improve the overall learner experience by providing a customized experience to each user. The platform also helps customers to centralize, manage and organize all learning activities to help enrich the experience.

Management's thoughts on the future of the company

Management spoke to the impressive performance during the most recent quarterly earnings presentation. Since Docebo became public last year, this is the third consecutive quarter where the company has seen year-over-year quarterly growth of more than 50%.

CEO and Founder Claudio Erba, went on to explain how the impressive growth was largely due to the increase in signing [higher average contract values](#).

The company went on to address how it is seeing the COVID-19 pandemic impact the business. Management said that the past few months have seen an increase in utilization and interest in Docebo products.

Erba explained how he believes there will be [a lasting effect from the sudden increase of people working from home](#). Management believes that this tailwind will allow the company to continue its torrid growth rate of revenue.

Valuation

The run that Docebo has gone on this year has brought the valuation of the company sky-high. The company has now seen its stock price grow by 115% since the beginning of the year.

The surge in stock price has brought the company to a price-to-sales ratio of 22. Many other tech companies today are also priced at this valuation while also trading at an all-time high, so this high multiple shouldn't necessarily prevent investors from picking up shares today.

Investors just need to be wary that a valuation this high can likely lead to volatility in the short-term. But if you're a long-term Foolish investor, this should not have you overly worried.

Foolish bottom line

Based on the stock's valuation today, there are very high expectations for the revenue growth to continue for Docebo. Management has addressed that they are confident in the future growth of the company, and the lasting impacts of the change in the work environment due to the COVID-19 virus should only help increase the demand for Docebo products.

If you're a long-term investor that can stomach the short-term volatility, this is one stock that I would definitely be adding to my watch list today.

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2. Tech Stocks

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