



3 Top Tech Stocks to Buy Now

Description

The technology sector has been the best-performing sector over the past decade. This strong performance is continuing throughout this pandemic as the **S&P TSX Capped Information Technology Index** is up by 41.3% year to date. Investors who don't have exposure to top tech stocks are missing out.

The problem facing investors is that the technology sector is trading at rich valuations. Several companies have run up in price and are sitting on gains of more than 100%. Are we in a tech bubble reminiscent of the early 2000s? Perhaps, but like any market there is value to be found.

With that in mind, here are three top tech stocks worthy of "buy now" status.

Shopify's little brother

One of the stocks most often compared to **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is **Lightspeed POS** ([TSX:LSPD](#)). Considering that Shopify has been one of the best-performing stocks in North America over the past handful of years, investors would be wise to take notice.

Lightspeed delivers provides omni-channel commerce-enabling SaaS platform. It targets small-to-mid (SMB) sized businesses in the restaurant and retail industries. It IPO'ed in early 2019 and quickly became one of the best performing stocks on the Index.

Unfortunately, the pandemic hit Lightspeed's target market at its core. This led to the company losing as much as 60% of its value at the peak of the pandemic. However, it appears the fears were overblown.

The company has proven to be adept at introducing new products, and is rich with cash. This is enabling it to navigate the crisis better than most expected. As the [economy rebounds](#), **Lightspeed** is likely to be one of the top tech stocks to own.

An online learning platform

The shift to working at home is benefiting companies with cloud-based platforms. **Docebo** ([TSX:DCBO](#)) is one such tech stock. The company's enterprise learning management system (LMS) enables real time tracking of training results, optimizes time, and reduces costs associated with traditional learning methods.

For human resources and training departments, Docebo's solutions are critical to ensuring organizations can still onboard new employees, and ensure current employees are keeping up with existing training requirements.

The company's share price [has doubled](#) in 2020, yet it still has room to run. The company is trading at only 14 times forward sales. This is a reasonable valuation compared to some of the high-flying tech stocks such as Shopify which is trading at 40 times forward sales.

Thus far, analysts have underestimated its growth potential, and estimates for \$78.45 million of revenue in 2021 is likely on the low side. Docebo is certainly a buy now candidate.

The best valued tech stock

Not all tech stocks are trading at crazy valuations. Case in point, **Open Text** ([TSX:OTEX](#)) (NYSE:OTEX) is one of the best valued stocks in the industry. The company is trading at just 14 times forward earnings, 2.9 times sales and sports a PE to growth (PEG) ratio of 0.50.

This places Open Text at, or near the bottom of all the tech stocks on the **TSX Index** in terms of valuation. As an added bonus, Open Text is one of only 4 tech-listed Canadian Dividend Aristocrats.

It has a seven-year dividend growth streak over which time it has averaged 15% annual dividend growth. Open Text is a top tech stock that combines growth, value and income into one investment. It is a rare triple threat and one that will attract investors of all types.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. TSX:DCBO (Docebo Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:OTEX (Open Text Corporation)

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Author

mlitalien

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