



## 3 Stay-at-Home Tech Stocks to Buy Right Now: Shopify (TSX:SHOP) Isn't 1 of Them

### Description

In 2020, the COVID-19 outbreak and related restrictions have changed the way investors pick stocks to buy. The prolonged pandemic has triggered investors' fears about an upcoming recession.

While uncertainties loom over many other industries such as airline, automobile, and industrials, many tech companies have seen COVID-19-related tailwinds in the recent quarter.

### Shopify's massive rally

For example, the Canadian tech giant **Shopify's** ([TSX:SHOP](#))([NYSE:SHOP](#)) e-commerce platform saw solid growth in its new store-creation rate amid COVID-19 related closures. As a result, its stock surged by well over 150% in 2020.

The stock has outperformed the broader market by a wide margin. As of August 12, the **S&P/TSX Composite Index** has lost nearly 3% year to date (YTD). However, I find Shopify's shares to be [overvalued](#), with most of its positive drivers already factored in its stock price.

Nonetheless, there are several other tech stocks — not as overvalued as Shopify — that could help you make a fortune in the medium to long term. Let's take a closer look at three of them.

### Lightspeed POS's strong fundamentals and outlook

The shares of **Lightspeed POS** ([TSX:LSPD](#)) — the Montréal-based point-of-sale and e-commerce software company — is one of the most attractive Canadian tech stock right now.

Unlike Shopify's mighty YTD gains, Lightspeed's stock has risen modestly by just 8% in 2020. However, it doesn't mean that Lightspeed's fundamentals aren't as strong as Shopify's. In the recent quarter ended in June 2020, Lightspeed's gross transaction volume from e-commerce nearly doubled, and its recurring software and payments revenue rose by 57% year over year (YoY).

Also, another important aspect that you may want to pay attention to is Lightspeed's solid outlook. Despite an expected economic slowdown, the company [expects](#) its revenue to be between US\$38 and \$40 million in the September 2020 quarter — significantly higher as compared to its revenue of US\$28 million in the September 2019 quarter.

Its solid fundamentals and impressive outlook make Lightspeed POS a great tech stock to buy right now.

## Open Text could benefit from work from home culture

**Open Text** ([TSX:OTEX](#))([NASDAQ:OTEX](#)) is an Ontario-based enterprise information management software company. Nearly 41% of this tech company's fiscal 2020 revenue came from customer support related enterprise software segment, while its cloud services and subscription-based segment accounted for 37%.

The COVID-19 pandemic has changed the way people work and live. These days more businesses than ever are seeking to improve their customer service and availing cloud service-based solutions to let their employees work remotely. Rising demand in these segments could be a big opportunity for Open Text.

In the quarter ended June 2020, the company reported about an 11% YoY rise in its total revenue along with a sequential expansion in its net profit margin to 26.3%.

Open Text's stock is currently trading without any major change in this year so far. I expect this tech stock to outperform the broader market in the coming quarters with a rising demand for cloud services and customer service solutions.

## Constellation Software: A tech stock to hold for long term

**Constellation Software** ([TSX:CSU](#)) is another tech stock you may want to add to your portfolio in August. It's a Toronto-based software company that makes a majority of its revenue from the public sector. Apart from its home market, Constellation Software has a well-diversified business and strong presence in the United States and United Kingdom. Amid the ongoing pandemic, it continues to focus on its core strategy to acquire small software companies.

On August 6, Constellation Software reported a 9% YoY rise in its second-quarter revenue. The company's adjusted net profit margin was at 9% — higher as compared to 8.6% a year ago. Bay Street analysts expect its bottom line to rise by nearly 27% YoY in the third quarter.

Interestingly, its stock has yielded an excellent over 3,500% positive return in the last 10 years. In 2020, Constellation Software stock has risen by 22.4%. Based on analysts' estimates for its upcoming quarters, the stock is likely to extend these gains in the second half of this year. Remember, buying the

right stocks at the right time and holding it for the long term is important to create wealth.

## CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

## TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:OTEX (Open Text Corporation)
6. TSX:SHOP (Shopify Inc.)

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