Stock Alert: This Small Cap Stock Can Produce Massive Returns

Description

Barring major exceptional companies, the two of the most lucrative sectors are technology and healthcare. By that logic, companies that incorporate both in their business should be very intriguing and deserve consideration into your portfolio. That is exactly what I will be discussing today. Which company incorporates a technology aspect into its healthcare-focused business?

Introducing the business

The Canadian healthcare industry is vast. Much governmental spending is devoted to modernizing the system and make it more efficient. In 2017, the Canadian government spent 11% of the country's GDP on care delivery (approx. $242 billion).

The primary objectives of **WELL Health Technologies** (TSX:WELL) are to consolidate the healthcare industry in Canada and improve patient experiences and health outcomes by providing advanced healthcare technology.

WELL Health has outlined five steps in its strategic breakdown to help improve Canadian healthcare. First, it will set out to acquire primary healthcare services as well as digital assets. This will allow WELL Health to scale geographically and through product offerings. The company is currently the largest single chain of primary healthcare clinics in British Columbia.

Next, the company attempts to address the current issue of fragmentation within the healthcare space. WELL will ensure perfect integration of all assets into its operations. Doing so will reduce friction at points of care and allow for a more seamless company structure.

Third, WELL Health will optimize its services and offerings. It does this after implementing assets into its system, where the company is able to generate feedback and adapt its software and technology accordingly.

After this step, the company plans to productize its offerings and share them with clinics outside of the WELL Health network. This will allow struggling clinics to boost operations while also strengthening

WELL Health's reach and revenue.

These four outlined steps will then allow the company to scale. By expanding through new product offerings and increasing the number of clinics within WELL Health's network, the company believes that improved health outcomes can be achieved.

Revenue and valuation

WELL Health has been increasing its revenue each year. In 2016, the company reported an annual revenue of $284.6 million. Over the past 12 months, WELL Health's annual revenue was reported to be $35.6 billion. Because of its attempt to aggressively scale the business, the company has been heavily re-investing into the company, leading to a net loss. Therefore, WELL Health has no price to earnings ratio to examine.

However, WELL Health does have a reasonable price to sales (PS) ratio of 12.48. While some may say that is an extraordinarily high ratio, consider the other top Canadian growth companies. **Shopify**, perhaps the biggest growth story in the country, trades at a PS ratio of 80.43, **Lightspeed** has a PS of 27.87, not to mention the 24.55 PS of **Docebo**.

Foolish takeaway

WELL Health is still a very small company, so it is urged that you do not rush into investing in the company. It will face many challenges along the way.

However, it is working in a very promising interface between technology and healthcare. Because of this, it would be a great idea to keep an eye on the company until you are certain that it fits your portfolio.

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