Better Than Shopify (TSX:SHOP), This Tech Stock Is up 188% in 2020!

Description

Shopify (TSX:SHOP)(NYSE:SHOP) has been the all-star TSX stock of 2020. After surviving the COVID-19 market crash and producing its best quarter ever, the stock went into orbit, going as high as $1,450. Since then, SHOP has taken a breather, sliding to $1,300. However, it's still been a massive riser, gaining 146% for the full year.

It's been an impressive run, there's no doubt about it. Since its closing price on its first day of trading in 2015, SHOP has risen nearly 4,000%. If you go by the actual IPO price, it's closer to 7,500%. These are incredible numbers. But there's one TSX tech stock that has performed far better in 2020. And incredibly, it may have further yet to go.

Docebo

Docebo (TSX:DCBO) is an LMS startup that went public just last year. Since its closing price on its IPO date, DCBO has risen 261%. This year, it's up 188%, which is better than Shopify in the same period.

Docebo came out of its IPO with a bang. In only its third quarter as a publicly traded company (Q1 2020), it posted IFRS net income of $700,000. It's rare for a young startup to post GAAP/IFRS profits that quickly. Occasionally you'll see a young startup posting positive adjusted earnings; but on closer inspection, you'll find that the strong "adjusted" figure excludes a great many recurring items.

In Docebo's case, revenue simply exceeded operating expenses, producing a solidly profitable quarter. The quarter did include a positive foreign exchange impact, which may not recur in the future, but both net and operating earnings were positive in the period.

In the second quarter, the company swung back to losses. But at $3.5 million, the loss was small as a percentage of revenue ($14.5 million), pointing to a startup with potential for profitability in fairly short order. The company's revenue growth in Q2 was also impressive, coming in at 46.5% year over year.

A true “work-from-home” tech stock

One exciting thing about Docebo is that it is capitalizing on the “work-from-home” trend that’s becoming more and more prominent. The COVID-19 pandemic saw an unprecedented number of employers moving to work-from-home models, and that trend is expected to continue. Docebo’s business model involves building software modules that let customers create employee training modules. This is exactly the type of thing you’d expect to gain in popularity with more people working from home. The more companies shift to work-from-home models, the less in-person training will be able to take place. Companies will need a way to deliver e-learning, and Docebo is perfectly poised to provide it.

Foolish takeaway

Over the decades, the TSX hasn’t been home to that many tech success stories. Sure, there’s been the odd Shopify or **BlackBerry**, but they’ve been few and far between. That’s beginning to change. The current crop of TSX tech stocks includes many promising names like **Constellation Software, Lightspeed POS**, and now Docebo. There’s never been a better time to seriously look into TSX tech stocks.

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