2 Stay-at-Home Tech Stocks to Buy Now

Description

It is no secret that tech stocks have been skyrocketing since the recent market crash. However, keen investors will have noticed that a specific group of tech stocks are outperforming others. It appears that companies that facilitate stay-at-home economies are being heavily favoured as of late. In this article, I will discuss two companies that present excellent buying opportunities for those interested in growth.

Remote employee training

A stay-at-home society would imply that employers would not be able to train their employees in-person. Cue, **Docebo** (TSX:DCBO). Docebo provides an e-learning platform to enterprises. Its platform uses proprietary artificial intelligence technology to help monitor an individual's performance and optimize training programs. This streamlines the process. So not only are employers able to provide training remotely, it can be done more efficiently than previous solutions.

Docebo's success can be judged not only by its high retention rate, but also by the number of awards the company has won recently. On April 30, 2020, eLearning Industry announced its list of Best LMS Software to Use When Working Remotely. On that list, Docebo placed second, further highlighting its importance in a stay-at-home economy.

As of its latest earnings report, Docebo announced it had over 2040 customers. Further, 92% of its revenue comes in as recurring. This is an important factor that I look at when deciding on which companies to invest in. A strong recurring revenue shows stability in the company's revenue stream, allowing it to focus on growth rather than finding new sources of revenue.

Online commerce penetration is increasing dramatically

The online retail industry is another potential beneficiary of a stay-at-home economy. This bodes well for **Shopify** (TSX:SHOP)(NYSE:SHOP). Shopify is the leader among e-commerce website providers in many countries around the world. In the United States, Shopify is currently in second place in terms of market share within e-commerce retail sales. It trails only **Amazon**.

The company's revenue is continuing to grow each year. During its latest earnings report, Shopify reported a growth of 47% in its annual revenue compared to the total from a year prior. Looking only at its revenue from Q2 2020, the company saw an increase of 97% over its Q2 revenue from 2019.

The growth seen in Shopify's latest earnings report can be traced back to an overall increase in penetration within the global e-commerce industry. In 2009, e-commerce only made up 5.6% of all retail sales in the United States. By 2019, this figure had grown to 16.0%. In the United Kingdom, the increase is even more drastic.

Tracking e-commerce sales in the United Kingdom month by month shows that a peak penetration tends to occur every November. In 2007, the peak monthly penetration rate of e-commerce (as a percentage of total retail sales) was 4.4%. In 2018, the peak penetration rate had risen to 21.6%.

As a result of the pandemic, e-commerce penetration increased from 19% (February 2020) to 31.2% (June 2020). This much of an increase in e-commerce uptake by consumers normally occurs over several years. Therefore, the pandemic clearly shifted consumer behaviour toward online shopping.

Foolish takeaway

As far as stay-at-home tech stocks go, Docebo and Shopify are undoubtedly among the cream of the crop. Both companies facilitate stay-at-home economies and should see increasing levels of adoption moving forward. If you are interested in adding two great growth stocks to your portfolio, consider these two companies.

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