



Stock Deep Dive: Docebo (TSX:DCBO)

Description

Many industries around the world are quickly becoming more digital. From payments, to commerce, to accounting and payroll, the stock market is being flooded by companies that are helping facilitate this shift. Among the plethora of companies, **Docebo** ([TSX:DCBO](#)) stands out in the enterprise training space. It has been one of the more impressive performers this year, even after I [initially wrote about it](#). In this article, I explain the monster of a company that is Docebo.

What makes this company so interesting?

Docebo provides a best-in-class cloud-based enterprise training software. Using its proprietary artificial intelligence software, training managers are more easily able to assign, monitor, and improve employee training programs. As of its latest earnings report, Docebo had more than 2,000 companies using its platform. These customers include the likes of **Hubspot**, **Thomson Reuters**, **Uber**, and **Walmart**.

One of Docebo's more interesting features is its [Salesforce integration](#). Through this integration, companies no longer need to leave the Salesforce app. This is just one example of how Docebo can allow companies to streamline their workflow. Through the Docebo for Salesforce integration, company sales, marketing, and customer service teams will benefit immensely.

Docebo also recently announced a partnership with **Amazon**. In early September, Docebo announced that Amazon would be using Docebo's platform to scale access to its AWS training and certification product offerings across the globe. The partnership is a multi-year deal and speaks volumes to Docebo's position at the top of its industry.

The investment checklist

When looking for companies to invest in, I try to identify companies that have the potential to 10X my initial investment. I believe Docebo checks a lot of the boxes necessary for that to occur. First, the company is a leading performer in a growing, important industry. While risks arise in the form of

competition from other companies, Docebo's platform is highly respected in the industry and has been recognized by many industry awards.

Docebo also receives most of its revenue in the form of recurring payments. From 2016 to 2019, Docebo's recurring revenue has seen a compound annual growth rate of 69%. As of June 30, 2020, the company's annual recurring revenue was reported to be US\$57 million, which represents 92% of its total revenue. Recurring revenue is very attractive because it provides the company with a reliable and predictable revenue source.

Finally, Docebo has a lot of insider ownership. As of this writing, individual insiders account for 73.9% of all outstanding shares in the company. Chairman of the board Jason Chapnik holds a 57.39% ownership stake in the company. Meanwhile, founder-CEO and President Claudio Erba owns 5.09% of the company.

What's next for Docebo?

The company has laid out a multi-step growth strategy that can be seen in its latest earnings report. With the successful addition of artificial intelligence into its software, the company will now focus on increasing its product offerings. In the longer term, Docebo plans to grow through acquisitions in addition to its organic growth strategy and expand into Asia Pacific.

Foolish takeaway

Docebo is a very interesting company. In my opinion, it has all the makings of a future 10X company. Its current market cap rests around \$1.5 billion, which means a 10 times earnings from this point seems possible. The company has many excellent enterprise customers and very significant partnerships. As icing on the cake, Docebo is a leader in an emerging industry with most of its revenue coming in the form of recurring payments and a large amount of insider ownership.

Docebo has already run up a lot since my first article covering the company. I strongly believe that this is just the beginning of the Docebo growth story.

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Author

jedlloren

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