



2 Tech Stocks That Can Surge 1,000% This Year

Description

Tech stocks are leading the market higher. Some rose more than 1,000% in value last year, with more upside to come.

Just know that not all tech stocks are equal. Many will actually *lag* the market in 2021. If you want to pick winners, follow the rule below.

Follow this rule for success

Rule number one: focus on software over hardware.

When I say not all tech stocks are built equal, I'm specifically referring to software versus hardware. If you want 1,000% returns, focus solely on software.

Imagine a company that sells computer hardware. To book a sale, this company needs to convince customers that its computers are the best. Competition is fierce. Once a customer is convinced, the business then must physically produce another computer. That takes time and money. Finally, to book a repeat sale, the business needs to convince the customer to buy *yet another* computer.

Contrast this with a company that sells computer software. Because software comes with scale advantages, the number of options for consumers is limited. For computers, you can basically choose between Windows and MacOS. Competition is often minimal. Once a customer chooses, they simply need to click download. It's fast and free. And software is usually sold on a licence basis, so repeat sales are booked automatically.

The economics of software easily beats those of hardware. It's no wonder that the top tech stocks below are all software operations.

These tech stocks can rise 1,000%

When it comes to software, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) dominates. Think of the company as a peer of **Amazon**. Whereas Amazon is the digital version of **Walmart**, Shopify is the digital version of the independent store down the street.

“At first glance, Shopify isn’t an Amazon competitor at all: after all, there is nothing to buy on Shopify.com. And yet, there were 218 million people that bought products from Shopify without even knowing the company existed,” [explained](#) *Stratechery*’s Ben Thompson.

Shopify powers the backend to digital storefronts that don’t want to solely use Amazon.

“Instead of interfacing with customers directly, 820,000 third-party merchants sit on top of Shopify and are responsible for acquiring all of those customers on their own,” Thompson concluded.

Shopify is already a proven tech stock, rising more than 1,000% since going public. With the entire e-commerce market ahead of it, shares could rise a similar amount and still be *half* the size of Amazon.

Another top tech stock is **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)). This used to be a hardware business, but it’s completely reinvented itself as a [cybersecurity](#) software company.

Cybersecurity will be one of the most important industries over the next decade. Billions of new devices are connected to the internet each year. All of these endpoints are vulnerable to hacking. BlackBerry already has an impressive product portfolio, including its Cylance division which uses artificial intelligence to block attacks before they occur.

Luckily for you, the market hasn’t noticed BlackBerry’s pivot. The stock trades at an 80% discount to many of its cybersecurity peers. Add some organic growth to that valuation discount and you easily wind up with a 1,000% upside tech stock.

CATEGORY

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:BB (BlackBerry)
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