Buy the Dip of This Top Tech Stock Set to Double!

Description

Investors in **Kinaxis** (TSX:KXS) received a bit of a shock this week when shares of the company tumbled by 20% after earnings. The company reported that software-as-a-service (SaaS) revenue grew by 24% to US$39.8 million for the quarter and 25% for the year, and the adjusted EBITDA margin by 11% and 24% for the year. The quarter and year were strong, exceeding initial guidance for 2020. So, why the drop?

Tech stocks fall

There seems to be a theme with tech stock earnings this quarter. The full-year reports tell a tale of strong growth in the pandemic. While this is great for the companies seeing massive growth no one expected, investors today are spooked.

Practically across the board, there have been announcements that, yes, the full year was amazing. But because of that, you need to be prepared for less revenue in the year and years to come. While there will still be growth, it simply cannot compete with the surge of consumers wanting to support businesses online.

But that wasn't so for Kinaxis stock. In fact, Chief Executive Officer John Sicard stated Kinaxis investors should expect current momentum and a positive outlook for higher growth in 2022 and beyond as we return to a normal business environment. The company used the momentum to make key investments in 2020, both organically and through acquisitions. This should support the growth of its sales.

So, really, investors sold the stock out of fear that the company may have reached a peak while other tech stocks fell. So, what should you do as an investor?

Think long term!

Investors really shouldn't look at stocks when the overall market is in turmoil. As tech stocks fall across the board for no good reason, it's important to remember why you invested in the company in the first place. I hope it isn't for a get-rich-quick scheme, because that rarely works.

Instead, investors should be thinking long term. If a company is solid now, it should be solid years and even decades from now. That's what you get with a company like Kinaxis stock. The company is supported by long-term contracts with a soaring client-retention rate. It continues to bring on enterprise companies and doesn't let a single one take more than 5% of its overall portfolio. This diverse portfolio around the world means you can continue to expect strong sales from this supply chain manager.

Double up!

Shares of Kinaxis grew 98% between the crash and all-time highs. Since then, it's back down to 20% growth since the crash. That's a fall of 30%! Yet that means now is the perfect time to jump in on this stock. As I mentioned, its revenue stream is solid. Its SaaS program is practically a necessity in today's world. You really cannot go wrong in investing in a stock like Kinaxis.

More than that, with shares so low across the tech sector, there is bound to be a correction. In fact, shares may even double by the end of 2021! Analysts predict a strong rebound, similar to the roaring '20s, as the pandemic comes to an end. That means you could be looking at doubling your money in a short time. That means you get both short- and long-term advantages from keeping this solid stock.

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