This Canadian Tech IPO Just Went Live: Should You Buy it?

Description

Vancouver-based Canadian cloud company **Thinkific Labs** (TSX:THNC) quietly went live on the **TSX Index** yesterday, surging nearly 7% to $15.60, raising just over $160 million in the process on strong investor demand. The hot tech stock is a rare breed, indeed. Numerous Canadian software companies opting to skip being listed on the TSX in favour of more popular U.S. exchanges like the NYSE or Nasdaq.

While Thinkific stock was pretty hot on its first day of trade, I still think there's ample value to be had for Canadian investors looking to punch their ticket into a small-cap cloud stock that could be a potential multi-bagger over the next decade.

Thinkific's terrific TSX debut

It's been a pretty quiet year for technology IPOs on the TSX. You may not even remember the last Canadian tech IPO to make headlines. All we've heard about were American IPOs that have been hogging the timeline of the mainstream financial media.

Given the massive speculative appetite for new issues south of the border (think white-hot U.S. IPOs like **Coinbase** and **Roblox**), I thought the Thinkific IPO wasn't nearly as hot as it could have been. It's this relative quietness of the mildly hot IPO that I think opens up a huge window of opportunity for Canadian investors who missed out on the Thinkific IPO. I think the name is still relatively cheap given its growth potential and its modest, albeit still hot debut on the TSX Index.

Why should Canadian tech investors look to pick up a few shares of the recent IPO?

Thinkific Labs isn't just another small, unprofitable software company that won't stand to sustain a move into the green until many years down the road.

The company's software solution helps entrepreneurs and larger businesses create, market, and sell online courses. In essence, the firm is a play on the red-hot e-learning space, which had propelled another red-hot Canadian company, **Docebo**, a Learning Management System (LMS) software developer, to incredible heights last year.

Docebo stock skyrocketed over 650% from its March 2020 trough to its December 2020 peak — incredible gains for Canadian investors who stuck by the name that won over some well-established clients, including the likes of **Amazon.com**, amid COVID-19 lockdowns.

Thinkific is more geared towards helping creators provide educational services and less about training workforces. Nonetheless, I think Thinkific's growth story, in many ways, rhymes with Docebo's. And I certainly wouldn't be surprised if THNC stock is capable of a similar magnitude of upside over the next few years, as the firm looks to build upon the profound growth it posted last year.

The company has over 50,000-course creators, with over $650 million being raked in by said creators. The company posted 114% in year-over-year revenue growth last year, thanks in part to COVID-induced lockdowns. That's some incredible growth. Despite pandemic tailwinds, Thinkific posted a US$1.3 million loss last year.

Foolish takeaway on the Thinkific IPO

I'm a huge fan of the Thinkific growth story. Given Canadian IPOs aren't nearly as oversubscribed as their American counterparts, I think venturesome Canadian investors should start buying Thinkific stock today, as they look to nibble their way into a full position over time. It's far too good a Canadian tech IPO to pass up, even at well above the IPO price.

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