



Got \$1,000? Buy These 4 Cheap Canadian Tech Stocks

Description

The pandemic had fastened the digitization process, driving the demand for technology companies' products and services, boosting their stock prices. However, amid the concerns over their high valuations and the expected normalization of demand, these tech stocks have witnessed a selloff in the last few weeks. Meanwhile, the correction provides excellent buying opportunities in these four stocks, given their growth initiatives and industry tailwind.

Lightspeed POS

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)), which provides point-of-sale and e-commerce platforms for SMBs (small and medium-scale business), has corrected close to 25% from its February highs. Meanwhile, many businesses are planning to increase their digital presence amid an increased adoption of online shopping. This shift has created a multi-year growth potential for Lightspeed POS. With its innovative product pipeline and acquisitions, the company is well-equipped to benefit from the expanding addressable market.

Over the last few months, the company has acquired ShopKeep, Upserve, and Vend, which have increased its customer base, strengthened its market share and expanded its geographical footprint. Lightspeed POS has also strengthened its balance sheet by raising around [US\\$676 million](#) in February, which allows the company to fund its growth initiatives and future acquisitions.

Docebo

After delivering impressive returns of over 385% last year, **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)) has lost 26% of its stock value this year. The expectation of demand normalization amid the gradual reopening of the economy has weighed on the company's stock price. Meanwhile, I believe the steep correction provides an excellent buying opportunity, as the demand for the company's service could sustain despite the reopening of the economy.

Given the convenience and cost-effectiveness of e-learning solutions, many businesses have adopted

these solutions to upskill their employees amid the changing business environment. Further, the growing customer base, increasing average contract value, and higher recurring revenue bode well with its growth prospects. So, I believe [investors should utilize this correction to go long on Docebo to earn superior returns.](#)

Absolute Software

Third on my list is **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)), which has lost over 31% of its stock value from its February highs. The selloff in tech stocks has weighed heavily on the company's stock price. However, the correction provides an excellent entry point, given its expanding addressable market and innovative product launches.

Amid rising remote working and learning, the spending on cybersecurity could increase. Higher cybersecurity spending could benefit Absolute Software, which specializes in endpoint security and management services. The company has a robust customer base of over 13,000, spread across diverse sectors and markets, which is encouraging. Further, the company has set upbeat guidance for this fiscal, with its top line projected to grow at 12-14%.

Dye & Durham

My final pick would be **Dye & Durham** ([TSX:DND](#)), which provides cloud-based software solutions to improve the efficiency and productivity of lawyers and business professionals. Its high-margin business and accretive acquisitions have driven the company's financials for several years. It has a substantial and diversified customer base of over 50,000, with a customer churn rate of just 2%. Also, many of its customers have signed long-term contracts, with the average tenure of its top 100 accounts standing at 16.6 years.

Meanwhile, Dye & Durham's management expects its adjusted EBITDA to reach \$200 million in fiscal 2022 at an impressive margin of over 50%. Meanwhile, the company has deployed \$860 million to drive its growth over the next two years. Amid the tech sector's weakness, the company has lost over 23% of its stock value compared to its February highs.

Meanwhile, given its impressive growth prospects, I believe investors should utilize this correction to accumulate the stock to earn superior returns.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:ABST (Absolute Software)
4. TSX:DCBO (Docebo Inc.)
5. TSX:DND (Dye & Durham Limited)

6. TSX:LSPD (Lightspeed Commerce)

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