



Value Investors: 1 Obscure Tech Stock Set to Rise in 2021

Description

Calian Group ([TSX:CGY](#)) was founded in 1982 as a [consulting firm](#), providing quality assurance services to Canadian technology companies. The company has grown through a combination of strategic acquisitions and sales and marketing initiatives, and in fiscal 2020 it had a total revenue of \$432 million.

Robust operating segments

The company provides [services to industry and government](#) across diverse sectors, with a strategy of focusing on niche markets. It entered fiscal year 2021 with an order backlog of \$1.3 billion. The company operates in four operating segments defined by the primary type of service offering.

Calian's advanced technologies segment provides space technology companies with innovative solutions for testing, operating, and managing satellite networks. The segment also provides communications products for terrestrial and satellite networks, as well as superior electronics engineering, manufacturing, and test services for the private sector, including the agricultural sector, and military commercial and defence customers in North America.

The health segment provides a host of healthcare services to Canadian customers and clinician services. Calian's learning segment provides instructor-led, e-learning, in-class, and simulation-based learning to primarily Canadian customers. The information technology (IT) segment provides professional services and solutions for application-based infrastructure and cybersecurity.

Experienced professionals

Further, the company benefits from many years of experience in various global and domestic markets and has a team of more than 4,400 professionals who offer a diverse combination of services. Calian's strategy is to operate in niche markets, and it plans to continue to focus the company's business development efforts on targeting clients requiring specialized technology and business services and products.

Overall, the company's specialization and past experiences within the telecommunications industry and Canadian government leave it well positioned to continue to capitalize on the technical and professional service requirements within these important market segments and to leverage this experience into new targeted markets. Calian can achieve and maintain profitable growth primarily through increasing the company's existing business base and diversifying into new market areas.

Diverse capabilities

Also, the company's capabilities are diverse. The company has built a combination of specialized solutions and products coupled with a large reservoir of externally available talent. These resources provide Calian with the ability to promptly assist customers to implement diverse client needs through the timely assembly and deployment of teams of professionals with the requisite capabilities. The company experiences repeat business and a large number of contract renewals due, in part, to high customer satisfaction levels based on the company's successful delivery and execution of projects. The company also uses efficient and flexible operating processes to profitably address lower-margin business without compromising quality or performance, which is a competitive advantage of Calian.

Revenues are attributed to foreign countries based on the location of the customer. In fiscal 2020, only a small portion of the company's net assets were held outside Canada. Revenues generated from various departments and agencies of the Canadian federal government for 2020 and 2019 represented 53% and 69%, respectively, of the company's total revenues. All of Calian's operating segments conduct business with the Canadian federal government. These are all attributes of a very safe stock.

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