



1 Hot Tech Stock Will Make You Forget About Shopify (TSX:SHOP)

Description

The Canadian stock market is going through a terrific year in 2021 so far. Cyclical stocks have been the primary growth drivers for the TSX, but growth and tech industry stocks are also going through a recovery period.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)), the blue-eyed darling Canadian tech stock, has recently gained 23% as well!

Shopify's recent strong run

Shopify is arguably one of the best companies in Canada for investors. The e-commerce-enabling giant has been delivering strong growth each quarter since its IPO and tearing through investor expectations.

The company recently announced a major move that is possibly fueling its strong run. Shopify will not take its commissions on the first \$1 million of revenues that developers will make through its platform. This move massively incentivizes more developers to migrate to Shopify, broadening its ecosystem and creating more opportunities for new merchants to use the platform.

An excellent but high-priced asset to consider

For businesses looking to use Shopify's platform, the recent announcement is fantastic news. Shopify has consistently outmaneuvered its competitors with its innovative approach, allowing it to pave such a successful path towards growth in the last few years.

Unfortunately, the stock market has valued it for practically infinite growth, making Shopify stock expensive for investors today. The barrier to entry is only getting higher for tech industry investors interested in the stock. The Canadian stock trades with a sales multiple of 64.39. If you are a growth investor with a greater inclination towards conservative growth, Shopify does not offer a reasonable safety margin if it stumbles.

Fortunately, the Canadian stock market has other [opportunities in the tech sector for growth](#) without such a high barrier to entry or risk. I will discuss one such stock that you should have on your radar.

Hot tech stock to consider

Absolute Software (TSX:ABT)([NASDAQ:ABST](#)) is an ideal stock to consider if you want to invest in the tech sector without significant risk to your capital. The cybersecurity company offers decent upside potential to investors, making it an excellent stock to add to your portfolio if you are looking for a conservative growth stock.

Absolute Software provides security software services to over 500 million end-user devices. In an increasingly digital world with massive adoption of the work-from-home culture, endpoint security is becoming more critical. The demand for the cybersecurity company's services has surged.

The company has seen relatively superior growth in its revenues in the last few quarters. It has managed to keep its gross margins consistently close to 90% in that time. The management is also excited about its top-line growth due to an increasing subscriber base and growing recurring revenue. These factors paint a pretty picture for its [long-term prospects](#).

Foolish takeaway

Shopify is firmly on the throne as the premier tech stock in Canada, and it is unlikely to give away its dominant position in the industry. Unfortunately, the tech stock is also too pricey to consider for many Canadian investors at its rallying valuation.

Absolute Software could be an excellent investment to consider if you are looking to [invest in technology](#) but don't have the financial flexibility to add Shopify stock to your portfolio.

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