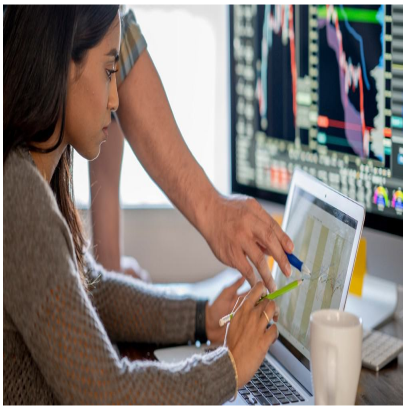

12 Top TSX Tech Stocks for July 2021 & Beyond

Description

We asked our Foolish writers for their top tech ideas right now. Here are their choices:

Jed Lloren: Shopify

My top TSX tech stock for this month is **Shopify** (TSX:SHOP)(NYSE:SHOP). Sure, there are other companies that may be interesting to consider, but when it comes to my *top stock pick*, Shopify still comes out on top. Despite its large size, Shopify is still growing at an incredible pace. Its full-year revenue increased 86% from 2019 to 2020. In its Q1 earnings presentation, the company reported a year-over-year increase of 110% in its quarterly revenue.

This high growth rate could be sustained for many years. In Canada, e-commerce accounted for 4.2% of all retail sales in 2019. In a COVID-19 accelerated 2020, e-commerce accounted for 12.7% of Canadian retail sales. Economists forecast that by 2025, the industry will grow to 17.2% meaning Shopify's growth runway is still intact.

The company is founder-led, operates in an important and emerging industry, has a sticky platform, and optionality. Those are all qualities that you want in a tech stock. If you're looking for a tech stock to invest in this month and beyond, you can't go wrong with Shopify.

Fool contributor Jed Lloren owns shares of Shopify.

Puja Tayal: Lightspeed POS

My top tech TSX stock pick for July is **Lightspeed POS** (TSX:LSPD)(NYSE:LSPD). This omnichannel platform equips retailers and restaurants with the tech they need to restart business in the post-COVID world. Economies worldwide are reopening, and Lightspeed is seeing strong organic growth in the restaurant space. It is not just the reopening but also the Santa Clause rally that could push Lightspeed stock higher.

This year is different for Lightspeed, as it is banking on three other products for revenue: Lightspeed Payments, Capital, and Supplier Network. Not to mention, there could be more acquisitions on the horizon.

Fool contributor Puja Tayal has no position in the companies mentioned.

Nikhil Kumar: Constellation Software

Constellation Software (TSX:CSU) has a phenomenal track record. Historically, the company has invested most of the earned free cash flow in small- and mid-sized acquisitions at high hurdle rates. Constellation's operating group managers have done a spectacular job of growing the company's market share of acquisitions, without succumbing to bureaucracy issues. Most of Constellation's businesses have big moats and long-tenured employees and customers. The operating groups provide a low overhead environment where autonomy and shared knowledge are the cultural norm.

In parallel with Constellation's established and growing small- and mid-sized practice, the company is trying to develop a new circle of competence. Constellation is seeking a sustainable advantage and the ability to deploy large amounts of capital outside of vertical market software business. This could lead to higher risk-adjusted returns over the long term.

Fool contributor Nikhil Kumar has no position in the companies mentioned.

Amy Legate-Wolfe: WELL Health Technologies

Wall Street continues to tout **WELL Health Technologies** (TSX:WELL) as one of the top tech stocks for investors to own for decades. WELL Health stock was recently called the "**Berkshire Hathaway**" of tech-enabled health care, with analysts believing it to be on track to reach $400 million in revenue.

WELL Health stock has been buying companies across North America, with a major U.S. investment positioning it for massive future growth within the tech-health sector. And growth has already happened, with WELL Health becoming the largest outpatient clinic in Canada.

After so many acquisitions, WELL Health stock has the goal of organic growth for its business units for 2021 and beyond. But that doesn't mean acquisitions will stop. It also aims to increase EBITDA and its cash flow through these growth methods, all while having a U.S. IPO very soon.

With shares up 155% this year alone and 5,203% since its TSX IPO, this is a stock that should keep on growing through 2021 and beyond.

Fool contributor Amy Legate-Wolfe owns shares of WELL Health Technologies.

Jitendra Parashar: Descartes Systems Group

I find **Descartes Systems Group** (TSX:DSG)(NASDAQ:DSGX) to be one of the best tech stocks to buy as we enter the second half of the year. It's a Waterloo-based tech company that mainly focuses on providing software solutions for improving logistics-intensive businesses' productivity, performance, and security. Despite COVID-19-related challenges, its overall business continued to flourish last year. In the fiscal year 2021 (ended in January 2021), Descartes Systems registered a solid 36% year-over-year (YoY) growth in its adjusted earnings.

The demand for its software solutions is likely to increase further, as many supply chain businesses are still struggling to keep up the pace with fast-changing trade regulations and supply-demand equations in the post-pandemic world. This strong demand should drive Descartes Systems's revenue higher in the near term. It could be one of the reasons why Street analysts expect the company's earnings to jump by about 47% YoY in its fiscal year 2022.

Despite its strong fundamentals, DSG stock hasn't seen much appreciation this year. It's currently trading with only 19% year-to-date gains. It could be the right time for long-term investors to buy its stock before it starts rallying in the coming months.

Fool contributor Jitendra Parashar has no position in the companies mentioned.

Karen Thomas: BlackBerry

BlackBerry (TSX:BB)(NYSE:BB) stock is down almost 30% from early-June levels — and that's a good thing. After a year of volatility that can only be attributed to the meme craze, it's getting back to levels where I can once again justify buying it on a fundamental level.

Award-winning technology, a strong financial position, and exposure to two of the biggest growth industries are the key themes of BlackBerry's top-pick status. It is, in fact, a technology company that is priming up for explosive growth. This will be supported by the cybersecurity industry and the Internet of Things industry's strong growth tailwinds. At under $14, BlackBerry stock is my top tech stock pick.

Fool contributor Karen Thomas has no position in the companies mentioned.

Vineet Kulkarni: Absolute Software

The recent correction in **Absolute Software** (TSX:ABT)(NASDAQ:ABST) stock could be an opportunity for growth investors. It has fallen almost 30% since February 2021 and looks poised to rebound.

The company's quarterly revenue growth has notably accelerated in the last few quarters. As a result, the management is optimistic and has raised its top-line guidance to 12-14% year-over-year growth for 2021. Interestingly, the cybersecurity company has managed to keep its gross margins steady at close to 90% in the last more than eight quarters.

Remote work culture could further expand Absolute's addressable market in the next few years. In addition, higher spending on data and security management could bode well for the company.

Absolute offers an encouraging risk/reward proposition for long-term investors, mainly because of its stable dividends and decent revenue growth potential.

Fool contributor Vineet Kulkarni has no position in the companies mentioned.

Sneha Nahata: Dye & Durham

I am optimistic about **Dye & Durham** (TSX:DND) in the tech space. The company has consistently delivered impressive financial and operating performances, reflecting its solid blue-chip customer base, accretive acquisitions, and revenue diversification. While its stock has appreciated about 214% since it was listed on the TSX in July 2020, I see further room for growth.

With more than 50,000 active customers, low churn, ability to acquire and integrate businesses, and growth in reoccurring revenue base, Dye & Durham's top line and adjusted EBITDA could continue to grow rapidly and support the uptrend in its stock. Furthermore, long-term contractual arrangements with top 100 customers, expansion in high-growth markets, increased cash and debt capacity, and strong cash flows provide a solid foundation for future growth.

Fool contributor Sneha Nahata has no position in the companies mentioned.

Rajiv Nanjapla: Nuvei

The pandemic has accelerated the shift towards the omnichannel selling model and the adoption of online shopping, making digital transactions popular. So, this shift could benefit **Nuvei** (TSX:NVEI), which offers electronic payment solutions across 200 markets while supporting 470 alternative payment methods. Meanwhile, the company is witnessing strong volume growth from its current as well as new customers. The company is investing in expanding its direct distribution channels, which could boost its growth prospects.

Meanwhile, Nuvei is also a significant player in the online sports betting and iGaming industry, which is expanding amid increased legalization. Currently, the company owns licences to service licensed operators in 10 U.S. states. Meanwhile, it is working on acquiring Mazooma Technical Services, which could further strengthen its position. The company is also working on completing Simplex's and Discover Global Network's acquisitions, which could broaden its alternative payment methods portfolio. So, given Nuvei's growth initiatives and a favourable environment, I expect the uptrend in its stock price to continue.

Fool contributor Rajiv Nanjapla has no position in the companies mentioned.

Kay Ng: Converge Technology Solutions

Converge Technology Solutions (TSX:CTS) stock has been a seven-bagger in the last year! In February, it graduated from the TSX Venture Exchange to the TSX and currently has a market cap of about $2.1 billion.

One key growth driver is its M&A strategy. It has acquired 20 tech companies since 2017. It has been quick in its integrations and shoring up incredible value for shareholders.

For seven acquisitions completed in late 2020 to early this year, Converge targets to integrate them by year end 2021. In 2020, it increased revenues by 38% and its adjusted EBITDA by 91%, which is amazing.

The company delivers IT and cloud solutions focused on advanced analytics, cloud migration, cybersecurity, and managed services in the mid-market space.

Over time, the company is going to make bigger acquisitions, which would likely increase the complexity of integrations. So far, management has proven its M&A ability.

Converge's growth plan includes three to five acquisitions in North America and Europe each year, which it believes can allow it to reach revenue of $5 billion by the end of 2025. For comparison, its latest acquisitions, Vicom Infinity and Infinity Systems Software, bring its annualized revenue past the $2 billion mark.

Fool contributor Kay Ng owns shares of Converge.

Andrew Button: Open Text

My top tech stock for July 2021 is **Open Text** (TSX:OTEX)(NASDAQ:OTEX). It's a SaaS stock that offers content management, data, and analytics solutions. Over the years, Open Text has grown its business through a series of intelligent acquisitions. Some of the companies it acquired included Hummingbird, Vignette, and EasyLink. These acquisitions went on to provide solid revenue and cash flow for OTEX.

Open Text's most recent quarter was a big winner, with $91.5 million in GAAP net income (up 250%), $197 million in adjusted EBITDA (up 14%), $0.33 in GAAP diluted EPS (up 230%), and $0.75 in non-GAAP EPS (up 23%). Key metrics were up across the board, and they'll continue to grow as demand for enterprise grade content management services grows.

Fool contributor Andrew Button has no position in the companies mentioned.

Stephanie Bedard-Chateauneuf: Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) is my top TSX tech stock for July 2021 and beyond.

The Canadian tech company has become a trusted provider of cloud-based learning management systems. The stock has doubled in value over the past year.

Docebo ended the first quarter with US$217 million in cash, so it has enough cash to improve its bottom line in the coming quarters.

Analysts expect the company's sales to grow 53.8% year on year to US$96.8 million in 2021 and 35.7% to US$131.34 million in 2022. They also expect this strong growth to allow Docebo to reduce its loss from US$0.26 per share in 2020 to US$0.11 per share in 2022.

Docebo has recently signed a customer agreement with Lightspeed POS.

Fool contributor Stephanie Bedard-Chateauneuf owns shares of Docebo.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ABST (Absolute Software)
2. NASDAQ:DCBO (Docebo Inc.)
3. NASDAQ:DSGX (Descartes Systems Group)
4. NASDAQ:OTEX (Open Text Corporation)
5. NYSE:BB (BlackBerry)
6. NYSE:LSPD (Lightspeed Commerce)
7. NYSE:SHOP (Shopify Inc.)
8. TSX:ABST (Absolute Software)
9. TSX:BB (BlackBerry)
10. TSX:CSU (Constellation Software Inc.)
11. TSX:DCBO (Docebo Inc.)
12. TSX:DND (Dye & Durham Limited)
13. TSX:DSG (The Descartes Systems Group Inc)
14. TSX:LSPD (Lightspeed Commerce)
15. TSX:NVEI (Nuvei Corporation)
16. TSX:OTEX (Open Text Corporation)
17. TSX:SHOP (Shopify Inc.)
18. TSX:WELL (WELL Health Technologies Corp.)

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