



## Docebo (TSX:DCBO): This Tech Stock Is a Solid Long-Term Bet!

### Description

Tech stocks led the way in 2020, as digitization became a necessity rather than a trend. As the economy is reopening, these stocks are continuing their bullish trend. The shift towards digitalization is one of the key reasons for such a hike.

**Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)) is a corporate e-learning platform provider. The stock comes with solid growth potential and has gained 402% since its IPO in October 2019. Though the stock had suffered a bit during the pandemic, it has picked up pace in the past three months and has risen over 32%. Given the consistent financial performance it delivers, this bullish behaviour is expected to continue.

### The growing importance of digital learning platforms

The demand for learning management systems (LMS) is increasing steadily. The total addressable market for LMS is forecast to touch \$25.7 billion by 2025, indicating a growth rate of 14% annually. Docebo is a leading player in this vertical and already has a huge market base. It offers cloud-based LMS services to customers located across North America, Europe, and Asia.

Business houses often use Docebo to train and certify their employees. Its learning suite [covers](#) every aspect of education, namely content creation using AI, data analysis, course enrollment, lesson delivery, sharing knowledge, and feedback on lessons. Presently, it is offering 3,037 courses in 26 countries and 11 different languages. Also, its cloud-based software makes learning easy for the users as they can access the resources from any location they want.

More than 2,300 customers rely on Docebo's online platform, including **Thomson Reuters**, Heineken, and BMW. Additionally, last year, the company had also partnered with **Amazon's** AWS Training and Certification offerings.

Docebo also aids in remote working. The pandemic has increased the demand for remote working, which benefits e-learning platforms like Docebo.

Employers can use LMS platforms to effectively teach and certify their workforce in a manner that can add value to the organization. Therefore, it seems these platforms won't be losing their value anytime

soon, and Docebo is capitalizing on this situation effectively.

## Docebo's robust Q1 results

The pandemic had boosted the revenues of several tech platforms. Docebo being a reputed tech platform also had a fair raise in its customer subscriptions, which was reflected in its revenue. In Q1 of 2021, Docebo's sales were up 62% year over year, while its gross margin stood at a healthy 82%.

Leaving aside the pandemic, Docebo still holds a strong growth track record. Its revenue grew from \$11 million in 2016 to \$74 million in 2020, indicating cumulative revenue growth of more than 500% within five years.

Docebo has strong growth prospects and might grow beyond the \$2 billion market cap by 2025 while improving its bottom line. Docebo derives a majority of revenue via subscription sales, which will allow the company to generate stable cash flows across business cycles. This recurring revenue model will also help Docebo to upsell to existing customers and increase overall spending on the platform.

If you are looking to invest in [growth stocks](#) that will crush the broader market in the upcoming decade, DCBO should be on your radar.

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1. Investing
2. Tech Stocks

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