Forget Teladoc: Buy This Canadian Stock Instead

Description

Incorporated in 2013, **CloudMD Software** (TSXV:DOC) is a healthcare technology and service company focusing on healthcare delivery digitization. The company also owns and operates 100% of many clinics extending telemedicine and on-site services. It is regarded as an excellent Canadian stock with rapid growth potential.

Read on to know more as to why an investor should consider this stock in place of **Teladoc** (NYSE:TDOC).

Healthcare Technology Solutions at an Affordable Rate

CloudMD is a rapidly growing provider of healthcare technology solutions to patients, clinics, and enterprises. The company is presently making a significant push into Enterprise Health Solutions (EHS). It is doing so by extending a centralized one-stop or whole patient shop platform. It has integrated mental health, eye care, primary care, and other specialty care for insurance companies and employers.

This would result in making it quicker and easier in dealing with employee health issues. Additionally, this model also lessens a major issue: absenteeism.

The organization has recently made a range of intriguing acquisitions. The company is currently in the process of integrating these. Accordingly, CloudMD's Pro-forma annualized revenue run-rate is anticipated to be roughly $140 million. This implies EBITDA of between $5 million and $10 million.

This TSX stock has been weak of late — similar to a majority of small caps featured in this space. This offers an excellent purchasing opportunity for investing in the digital health sector. Indeed, CloudMD's reasonable valuation of less than three times revenue is attractive compared to peers trading at much greater multiples.

Strong fundamentals for this Canadian stock

In Q2, CloudMD posted revenue of $15.7 million. Compared to the revenue of Q2 last year, which was $2.8 million, this implies 461% year-over-year growth. That’s impressive.

Of course, the starting base upon which CloudMD was operating with last year was low. That said, this growth is notable for two reasons.

First, this Vancouver-based company has completed the realignment process in two major verticals besides EHS. This includes Digital Services and Clinical Services & Pharmacies (CSP). For the quarter, CSP accounted for revenue of $6.6 million. This is up from $2.3 million from the same quarter of last year. On the other hand, digital services accounted for revenue of $4 million compared to $500,000 in Q2 of 2020.

Secondly, CloudMD has processed a number of acquisitions last year and the first half of this year. The company carried out a couple of acquisitions during the quarter.

CloudMD closed a transaction valued at $60 million for VisionPros, which is a vertically integrated digital eyewear platform. Then the company closed a $68 million transaction for Oncidium, which is a healthcare management company. Oncidium boasts of a clientele of more than 500 public sectors clients and companies.

With the acquisitions sorted, the company will likely focus on other areas for creating cross-selling opportunities. This includes organic growth across its ecosystem of customer bases and businesses.

Bottom line

CloudMD combines technology and healthcare in an efficient package. This telehealth company has grown like wildfire through acquisitions during the pandemic. It now caters to more than five million individuals across North America. This ranges from offerings of therapists to family physicians.

Those looking for a hyper-growth play don’t have to venture too far away from Canada to get it. This is a small-cap play with similar upside to rival Teladoc, with potentially more room to run in a hyper-bull market.

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