This Surging Stock Is up Over 50% in the Last 6 Months

Description

Kinaxis (TSX:KXS) continues to climb, with shares up 14% year to date and 64% since its lows early on in the year. If a Motley Fool investor got in at the trough and sold at its 52-week high, shares of Kinaxis stock were up 85% in that time. So, let's see what exactly is causing the climb in Kinaxis these days.

Supply chain demand

The major boost in shares comes almost entirely from the supply chain disruptions consumers face. If you're not familiar, you've likely noticed a few issues when trying to order products and even buying them in store. The increase in consumer demand during the pandemic led to not enough supply to meet the demand from consumers. Companies continue to try and keep up, and during the holidays, this could be disastrous.

But that's why Kinaxis stock started climbing. The company offers supply chain solutions through its artificial intelligence data management services. It mainly deals with enterprise-level companies, and even helps train smaller companies to achieve supply chain goals.

What's more, this supply chain problem isn't going to go away overnight. It came out of the pandemic, to be sure, with production decreasing and labour shortages persisting to make products. However, consumers now expect practically overnight delivery. That means there needs to be a surge in production across the board. Companies like Kinaxis stock will hopefully be able to help figure out the best place for companies to invest their cash and reach customers.

What about the drop?

You might be concerned about the drop in Kinaxis stock earlier in the year. However, ease your mind. This happened for a number of companies in the tech sector and had nothing to do with Kinaxis as a company. It simply meant online companies saw a drop in reaction to higher vaccination rates. Many Motley Fool investors believed once the pandemic ended, Kinaxis stock wouldn't be needed, as everyone would return to stores.

But again, that's simply not the case. Consumers became used to shopping online during the pandemic. And furthermore, Kinaxis stock helps companies with supply chain whether it's in store or online. It may be a tech stock, but it's a tech stock supporting a variety of businesses.

So, that drop really became a fantastic opportunity. And what's more, you could still pick up Kinaxis stock today for a good deal.

Earnings

Kinaxis stock continued to post solid earnings throughout the last year. In fact, it increased its annual guidance for 2021 during its latest earnings report. The company saw software-as-a-service (SaaS) revenue grow 14% year over year. It also had a record of new customers wins, representing accelerated growth in the future.

Year to date, Kinaxis stock tripled its new customer wins compared to the same time last year. This will create substantial recurring revenue and is why the company increased its annual guidance. Kinaxis stock now believes it will reach between $248 and $250 million in total revenue this year.

Kinaxis stock continues to trade at all-time highs — it cannot be denied. But analysts, along with investors, continue to be bullish about this stock. For long-term Motley Fool investors, Kinaxis stock supplies a solution to the ongoing growth in e-commerce and other businesses to boot. So, it's definitely one you should consider for your long-term portfolio. And now that it's down 12% from 52-week highs, it's a great time to jump in.

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