

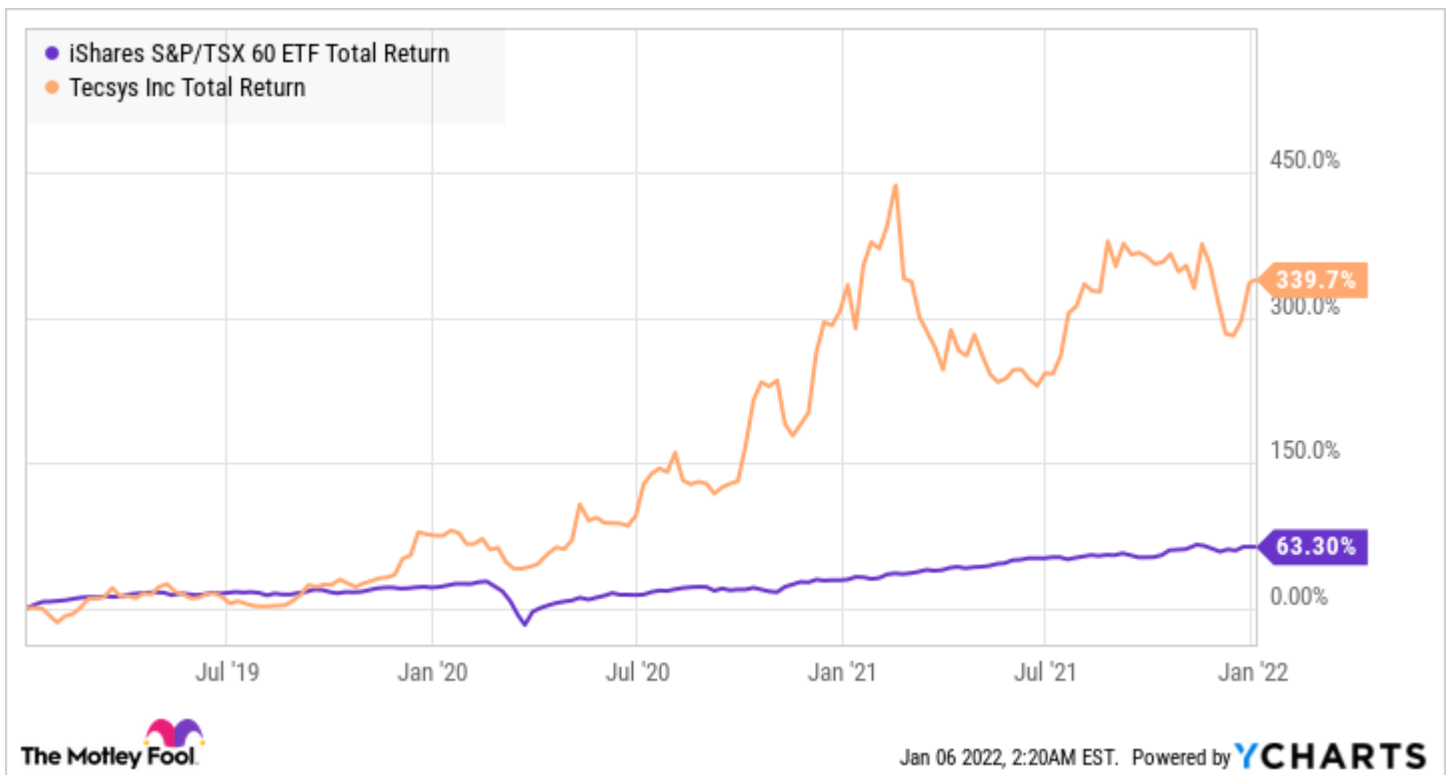


Why Tecsyst Stock Plunged 9% Yesterday

Description

Tecsyst ([TSX:TCS](#)) is a supply chain solutions provider with global customers. It was founded in 1983 and is headquartered in Montreal, Quebec. Its shift to a software-as-a-service (SaaS) company is increasing its cloud-based recurring revenue. In the last reported quarter, its SaaS revenue increased by 36% year over year on a constant-currency basis.

Notably, it is a part of the 2021 TSX30, which is a designation given to the top 30 performing companies on the **TSX** over a three-year period. It's a small-cap company with a market cap of over \$704 million. Despite the stock correction, the [tech stock](#) has still returned close to 340% over the last three years — greatly outperforming the Canadian stock market.



XIU Total Return Level data by YCharts

What happened?

Tecsys stock fell as much as 10.2% on Wednesday. By the end of the trading day, it was down 9.4%. There was no company-specific news that triggered the drop. Investors may be simply taking profit after the little tech stock ran up about 18% from a low in December 2021. As with small-cap stocks that have low trading volumes compared to large caps, it's easy for the market to move the stock up or down in a short time.

So what?

Tecsys's supply chain solutions have never been more relevant with lingering supply chain issues around the globe from 2021. From this ordeal, many companies have realized the need to improve their supply chain solutions.

[Tecsys](#) is the market leader in North America for health systems and hospital supply chain solutions. Management sees a \$600 million annual-recurring-revenue market opportunity in the U.S. health systems market for which it currently has a 15% market share. This is just one of its markets. It has customers from healthcare (including pharmacy), e-commerce, retail (including direct-to-consumer brands), as well as general and converging distribution markets.

Now what?

Six analysts have a 12-month consensus price target of \$64.83, which represents 34% near-term upside potential. One analyst named the tech stock as one of his top picks last month on *BNN*:

"...[Tecsys] reported another quarter of record results and record backlog. And the pullback represents a tremendous buying opportunity. We think this stock's going to be a \$100 stock within a few years."

Stephen Takacsy, the Chief Investment Officer and Portfolio Manager at Lester Asset Management

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