



## 2 Top Tech Stocks to Buy Now

### Description

With the recent selloff in tech stocks, now is the time to accumulate shares of high-quality companies to outperform the broader market averages. **Kinaxis** ([TSX:KXS](#)) and **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)) are two top [tech stocks](#) to buy now for their strong outlook.

### Kinaxis

After a very long period of rock-solid returns, Kinaxis has had a tough couple of years. Amid the COVID-19 pandemic, the company's stock price soared to nearly \$230 per share but has remained relatively flat since.

Why the popularity during the pandemic? It's because of Kinaxis's [RapidResponse](#), a cloud-based subscription software designed for supply chain operations. It's no surprise that demand for reliable supply chain management software hit an all-time high, as the world came to a screeching halt.

Globalized businesses face complex issues, especially as COVID-19 mitigation efforts continue to impact the economy today. Platforms like RapidResponse are essential to minimizing supply chain disruptions.

However, the pandemic has had a negative impact on former customers. Some have been unable to renew contracts or postponed projects. But Kinaxis has managed to gain more business.

One of the previous knocks on the company was the lack of diversification. However, the company is currently working hard to reduce this.

In terms of performance, Kinaxis achieved high growth in 2020, recording \$300 million in revenue for the first time. However, to end 2021, the company reported revenue of just \$314 million. There has certainly been a slowdown in the use of its products and difficult year-over-year comparables have dragged the company down.

Kinaxis should be back to strong growth in 2022 and 2023, with double-digit growth in revenue and net

income.

## Descartes Systems

Like Kinaxis, Descartes benefits from a complex and globalized supply chain. Descartes is a global provider of federated networks and global logistics technology solutions. It provides a full range of logistics and network solutions that connect business partners. The company has over 20,000 clients in over 160 countries.

Descartes operates the world's largest multimodal, neutral logistics network with leading partners including **UPS, Home Depot, and Air Canada.**

The company's addressable market is estimated to be over US\$4 trillion as businesses and governments place top priority on logistics.

Descartes has been one of the most consistent technology stocks on the TSX. Over the past five years, the tech company has grown its earnings at a double-digit annual rate. Over that period, the stock has returned more than 160%. What can investors expect in the future? Much of the same. Analysts expect the company to grow earnings by about 20% a year for the next two years.

Descartes is focused on higher-margin service revenue and transitioning existing customers from its old licence-based structure to its service-based structure. In addition, the company is a serial acquirer. Since 2014, Descartes has completed a significant number of acquisitions, totaling nearly US\$1 billion.

The pandemic has been a difficult environment in terms of acquisitions. However, Descartes should be able to start acquiring more businesses when we move into an endemic phase.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:DSG (The Descartes Systems Group Inc)
3. TSX:KXS (Kinaxis Inc.)

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## Author

sbchateauneuf

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