



## Kinaxis vs. Descartes: Which Is the Better Tech Stock to Buy?

### Description

The COVID-19 pandemic disrupted many major industries to kick off this decade. It also had an impact on broader systems that tie our economic and social lives together. Global supply chains suffered major disruptions due to the pandemic, and some of those wounds are still festering. Today, I want to look at two top Canadian tech stocks that have set out to revolutionize this space: **Kinaxis** ([TSX:KXS](#)) and **Descartes** ([TSX:DSG](#))([NASDAQ:DSGX](#)). Which [tech stock](#) is the better buy in the second half of May? Let's jump in.

### Why I'm targeting the supply chain software space in 2022

A supply chain is a system within an organization that facilitates the production and/or delivery of a product or service. Canadian consumers have likely already experienced issues that were related to the ongoing supply chain crisis this decade. For example, back in October 2021, supply chain issues at the U.S.-Canada border meant that items like chicken, coffee, and toilet paper may have been more difficult to obtain.

In the United States, the baby formula shortage has also illustrated how dire the consequences of this supply chain crisis can be. This has left parents and caregivers scrambling.

Canada has grown into a leader in providing supply chain software solutions on the back of several top companies. These ongoing problems should keep investors interested in this space. Earlier this year, market researcher Technavio projected that the global supply chain management software market would deliver a strong CAGR of 11% over the forecast period from 2020 through to 2025.

### The case for Kinaxis as the top tech stock in this space

Kinaxis is an Ottawa-based company that provides cloud-based subscription software for supply chain operations to a worldwide client base. This tech stock managed to [defy a violent bear market](#) during the March 2020 correction. Its shares have dropped 17% in 2022 as of close on May 17.

The company released its first-quarter 2022 earnings on May 5. It delivered total revenue growth of 70% to \$98.1 million. Meanwhile, gross profit jumped 87% to \$69.6 million. Better yet, adjusted EBITDA soared 267% to \$33.1 million. Kinaxis has continued to post promising new customer wins, which should drive growth for the rest of this fiscal year.

## Is Descartes the better tech stock to own right now?

Descartes is a Waterloo-based company that provides cloud-based logistics and supply chain management business process solutions focused on improving efficiency for its clients. This tech stock is down 20% so far in 2022. Its shares are still up 11% in the year-over-year period. I'd [suggested](#) investors snatch up this tech stock back in November 2021.

Investors can expect to see Descartes's first batch of fiscal 2023 earnings on June 1. In fiscal 2022, the company reported total revenues of \$424 million — up from \$348 million in the previous year. Meanwhile, adjusted EBITDA rose to \$185 million compared to \$142 million in the first quarter of fiscal 2021.

## Verdict

Both companies currently boast very strong balance sheets. These stocks are trading in favourable value territory compared to their peers in the tech space at the time of this writing. This is a very close call, but I'd look to snatch up Descartes due to its value and the momentum it has built ahead of its next earnings release.

### 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.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
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**Date**

2025/08/17

**Date Created**

2022/05/22

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