



## Bargain Hunting? 3 Obscure Tech Stocks With Strong Tailwinds

### Description

The TSX suffered a significant decline last week, although the [technology sector](#) finished strong on June 17, 2022, gaining 2.21%. **Shopify** and **Lightspeed Commerce** still trades at deep discounts but three obscure names are better buys for bargain hunters.

**Softchoice** ([TSX:SFTC](#)), **Quarterhill** ([TSX:QTRH](#)), and **Magnet Forensics** ([TSX:MAGT](#)) have high growth potential owing to the strong tailwinds in their respective businesses.

### Huge and growing market

Softchoice designs, procures, implements, and manages complex multi-vendor IT environments to help in customers' operations, growth, and transformations. The \$1.19 billion company provides software-focused IT solutions that makes organizations more agile and innovative.

Operating in North America's IT solutions market is the tailwind for Softchoice. Apart from being fragmented, the addressable market (\$300 billion) is huge and growing. Moreover, the company's sales and technical capabilities focuses primarily on three highly attractive IT solutions sub-sectors.

Softchoice's key solutions are for hybrid multi-cloud, collaboration & digital workplaces, and software asset management. By 2024, the company predicts that 40% of enterprises will use software asset management to reduce SaaS contract costs with dominant vendors.

In Q1 2022, gross sales increased 7.3% to US\$466.6 million versus Q1 2021. Net income for the quarter was US\$3.7 million compared to the US\$2 million net loss from a year ago. Vince DePalma, the president and CEO of Softchoice, said, "We experienced a solid first quarter of organic growth including double digit growth in our Software & Cloud solutions."

DePalma added that the exceptional revenue-retention rate of 112% reflected the successful execution of the business strategy to deliver advanced IT solutions. At \$20.16 per share, Softchoice is down by only 5.26% year to date. The 1.88% dividend compensates for the stock's temporary pullback.

## Favourable outlook

Quarterhill's current share price of \$1.87 is a 52-week low and the stock is losing by 29.90% thus far in 2022. Nevertheless, market analysts covering the stock have a 12-month average and high price targets of \$2.50 (+33.7%) and \$3.45 (+84.5%). The overall potential return should be higher if you include the 2.67% dividend.

This \$213 million company provides tolling and enforcement solutions and is the leader in the Intelligent Transportation System (ITS) industry. Its subsidiary, Wi-LAN Inc., is the leader in intellectual property licensing. In Q1 2022, consolidated revenues jumped 872% to \$168.5 million versus Q1 2021.

Net income for the quarter reached \$56.9 million compared to the \$4.3 million net loss in the same quarter in 2021. Quarterhill's president and CEO Bret Kidd maintains a favourable outlook for 2022 and expects results to pick up in subsequent quarters.

## Digital investigation

Magnet Forensics has fallen 50.41% from \$32.87 on year-end 2021 to \$16.30 today. This \$665.28 million company develops digital investigation software and caters to the private and public sectors. The said software acquires, analyzes, reports on, and manages evidence from digital sources, including computers, mobile devices, IoT devices and cloud services.

CEO Adam Belsher said, "We continue to successfully win new customers and expand our offering to existing customers which drove growth of 49% in annual recurring revenue." He expects Magnet's highly recurring revenue business model to deliver consistent top-line growth going forward.

## Sizeable gains

Softchoice, Quarterhill, and Magnet Forensics are well positioned to deliver sizeable future gains.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:MAGT (Magnet Forensics)
2. TSX:QTRH (Quarterhill Inc.)

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