Is Docebo (TSX:DCBO) Worth Buying at a Discounted Price?

Description

After a brief reprieve that started in Mid-June and ended Mid-August, the tech sector has started to fall again. The **TSX Capped Information Technology Index** has fallen 11% from its most recent peak and is on its way to neutralizing any recovery gains achieved in the last two years.

What this means for Canadian investors is that there are still a lot of tech stocks with heavy discount tags that you might consider buying for an eventual recovery. It may not happen immediately, and the tech stocks may fall further, making the discount tags even heavier.

But when these stocks *do* start recovering, and *if* they grow at the pace typical for Canadian tech stocks, the returns might be exceptional with the right stocks.

But the question is whether **Docebo** (TSX:DCBO)(NASDAQ:DCBO) is one of those stocks.

The company

Like most tech companies at the cutting edge of their respective domain, Docebo is relatively young. The company was conceived in 2005 in Italy, and the idea was to create a learning technology company that had the potential to trigger some real change.

The idea and the Docebo platform evolved. It became a publicly traded company, first in Canada (2019) and then in the U.S. (2020).

It represents a powerful learning platform called Docebo Learning Suite, which comprises six core elements or individual solutions. And this platform is used by over 2,800 organizations around the globe to educate their employees. Docebo's client list is quite impressive and includes names like **AWS**, **Thomson Reuters**, and Wrike.

The stock

A problem with the Docebo stock is that it has spent more time in a troubling market than in a relatively healthy, steady market. The stock started trading on the TSX in Oct. 2019, and in just six months, the market crashed due to the pandemic. Between its inception point and the last day before the crash, the stock only grew about 24% in around five-and-a-half months.

Then the stock started going up at an incredible pace, but that was mostly the tech recovery driving things up. It shot up over 640% before the year ended. After a dip, the stock grew further, but from Sept. 2021, it's mostly gone downhill.

That's also the time when the tech sector as a whole started falling hard. So far, it has lost about 66%, but with the direction the industry is taking, it's highly likely that the stock will go down more.

The performance so far has been too sector driven to deduce the stock's actual potential. It may have the characteristic growth potential of tech stocks, and it may be a relatively slow grower when it's not influenced by the sector's performance and is evaluated on its own merits. But it's too soon to tell.

Foolish takeaway

If you believe in the technology and its potential in the corporate world, Docebo may prove to be a potent long-term investment. If not, the stock may still be good enough when the sector as a whole is growing.

Either way, you may consider buying when it's clear that the stock (and the tech sector) has fallen as much as it could, and they are now recovering. The exit point may differ based on how you perceive Docebo's own potential as a company.

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