2 Best Software Stocks to Buy in 2022 and Beyond

Description

Investing in technology stocks was a major trend after the initial shock of the pandemic wore off. Tech stocks soared, as stay-at-home orders forced people to find viable alternatives to work, seek healthcare, purchase essentials, and for entertainment. However, a meltdown in tech stocks led to an industry-wide decline.

Many of the top players in the tech industry saw their shares decline by substantial margins. As valuations corrected downward to more reasonable levels, many high-quality stocks also came closer to more attractive valuations. The volatility in equity markets has made many investors wary of allocating funds to risky growth stocks, especially those in the tech sector.

However, not all tech stocks are fated to oblivion. Investing in high-quality software stocks that are well-positioned to deliver substantial long-term wealth growth is a possibility. It is only a matter of conducting your due diligence to identify high-quality investment opportunities.

If you are in the market looking for software stocks that you can add to your portfolio, here are two Canadian tech stocks you can consider.

Kinaxis

Kinaxis (TSX:KXS) is a $4.23 billion market capitalization software company that provides supply chain management and sales and operation planning software solutions. The Ottawa-based software company's cloud-based platform delivers effective applications for cloud-based subscription software to empower businesses across several industries worldwide.

Kinaxis has set itself up as a leader in global supply chain management solutions through its suite of cloud-based solutions. Its Software-as-a-Service (SaaS) revenue model allows it to generate substantial cash flows, and it has been performing well in recent quarters. Its latest quarter saw its revenue grow by 21% year over year. Its biggest highlight was its 714% boost in profits compared to last year.

As of this writing, Kinaxis stock trades for $150.77 per share, down by 34.44% from its 52-week high. It is too attractively valued to not have in a long-term and growth-focused portfolio.

Docebo

Docebo (TSX:DCBO) is a $1.27 billion market capitalization Canadian software company that benefitted greatly from the shift to an increasingly digitized workforce. As the stay-at-home orders gave rise to a remote-working culture, its suite of artificial intelligence-powered learning suites became popular for organizations of all sizes.

The world is changing rapidly, and companies are prioritizing learning and training that are better suited to the current environment. Docebo's intuitive software provides the perfect solution for companies seeking better methods to train the modern workforce. Its performance in the second quarter of fiscal 2022 saw its total revenue increase by 36.3% year over year, and its subscription revenue increased by 35%.

Despite its stellar performance, Docebo stock trades for $38.41 per share at writing, down by 65.5%. It might be as good a time as any to buy its shares at a bargain.

Foolish takeaway

Make no mistake: investing in growth stocks still entails significant capital risk. If you have a well-balanced portfolio prepared to mitigate the risks to your capital, you can consider taking a few risks by investing in software stocks that are well positioned for growth.

Kinaxis stock and Docebo stock boast multi-bagger, long-term growth potential in the rapidly changing world. These two tech stocks can be good additions to your self-directed portfolio.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:DCBO (Docebo Inc.)
2. TSX:KXS (Kinaxis Inc.)

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