ChatGPT Could Spell an "AI Revolution" for These Canadian Stocks

Description

OpenAI's breakthrough in artificial intelligence (AI) has quickly become mainstream. Chat Generative Pre-Trained Transformer, commonly called ChatGPT, attracted over one million users in the first five days alone. It's a clear indication that mainstream investors and users are ready for the AI-powered revolution that lies ahead.

Unfortunately, there are no pure-play AI stocks in Canada at the moment. However, some Canadian tech giants could benefit immensely from the emerging wave of AI-powered applications. Here are the top three stocks that deserve a spot on your watch list.

Shopify

Canada's most valuable [tech company](#) has plenty of AI-powered tools across its ecosystem. The **Shopify** ([TSX:SHOP](#)) App Store has at least six apps that offer AI-powered personalization (Dialogue), automated messaging (Recart), search engine optimization (SEO King), and fraud protection (Signifyd).

The Recommendly AI app is perhaps the best example of how this technology could help Shopify merchants sell more. The app uses machine learning to anticipate customer demand and drive recommendations on Shopify-powered websites.

Last year, Shopify also made a strategic investment in U.S.-based startup CrossMinds, which develops AI-powered cross-selling tools for the e-commerce industry. The growing app ecosystem and strategic investments give Shopify some exposure to this new wave of technology.

Shopify stock currently trades at a price-to-sales ratio of 12 and roughly 16 times cash and cash equivalents.

Open Text

Enterprise software giant **Open Text** ([TSX:OTEX](#)) is perhaps the best AI stock in Canada. The company has been working on this technology for years and has successfully commercialized many of its features. For instance, OpenText™ Magellan™ uses machine learning algorithms to offer enterprise customers predictive analytics. In other words, the tool uses a business's existing data to offer predictions and forecasts about future events.

Open Text's Natural Language Processing (NLP) and computer vision tech also helps enterprise customers automate many of their key operations and reduce costs.

Open Text is probably one of the least-risky Canadian AI stocks. It trades at a price-to-earnings ratio of 61 and offers a 2.9% dividend yield. That means it has plenty of cash flow to develop this technology safely and profitably.

Docebo

ChatGPT's impact on education is already palpable. A survey conducted by Study.com found that roughly 89% of university students across the U.S. had already used ChatGPT to submit coursework and complete exams. The natural language processor can help students write, analyze text, and summarize information in seconds.

That's why AI is a perfect fit for educational software company **Docebo** ([TSX:DCBO](#)). Docebo's AI-powered platform analyzes how corporate clients learn and helps enterprises create training materials for their workforce.

Recent breakthroughs in AI tech can help the company create more personalized and effective courses for corporate clients.

Docebo stock is down 55% since 2021. It currently trades at a price-to-revenue ratio of nine, which is fair value for a high-growth software company. This [underrated stock](#) deserves a spot on your watch list.

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2. TSX:OTEX (Open Text Corporation)
3. TSX:SHOP (Shopify Inc.)

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