



Top Canadian Artificial Intelligence Stocks of 2023

Description

Artificial intelligence (AI) stocks are [tech companies](#) that are making incredibly smart machines. Whether it's using face recognition to unlock your phone or "auto-correcting" your grammatical errors, artificial intelligence has already infiltrated our daily lives. And it's only getting started.

The worldwide AI market is forecasted to grow immensely before the end of this decade. PWC sees AI technology contributing up to \$15.7 trillion to the global economy by 2030.¹

Long-term investors will no doubt be wondering—should I invest in AI stocks? Below, we'll break down the ins and outs of the AI market in Canada and help you decide if they're the right investment for you.

What are artificial intelligence (AI) stocks?

Artificial intelligence (AI) is a branch of computer science tasked with making machines that emulate human intelligence. These machines make decisions without human interference, and they can learn from past experiences to make *better* decisions in the future.

Generally speaking, AI stocks can be broken down into two groups:

Companies that make AI

These are tech companies that manufacture and sell hardware, software, and services which make AI possible. They're also leaders in researching and developing new forms of AI. For example, the AI company **C3.ai** makes AI software that other companies can buy and use.

Companies that use AI

These are also tech companies, usually large caps, which refashion and repurpose AI technology for their own business interests. They might have their own separate AI labs, or buy AI platforms from the companies mentioned above. **Amazon, Alphabet, and Netflix** are all companies that fall into this

category.

Both kinds of companies are considered AI stocks, though strictly speaking, only the first is a *true* AI company.

Top Canadian AI stocks

Let's look at some of the top artificial intelligence companies on the [Toronto Stock Exchange](#), in order of highest market cap.

AI Stocks	Description
Kinaxis (TSX: KXS)	Software company with AI solutions for supply chain management
Docebo (TSX: DCBO)	SaaS company that provides e-learning services
VIQ Solutions (TSX: VQS)	Micro-cap company with content management software powered by AI

1. Kinaxis

Headquartered in Ottawa, Kinaxis provides cloud-based SaaS (software-as-a-service) for supply chain management.

The company uses AI technology to automate time-consuming processes, break down huge amounts of data, and alert companies when a problem in their supply chain is found. Kinaxis' software also gives companies clear visibility into otherwise complex chains, helping them manage resources better and stop inventories from becoming obsolete.

With supply chain issues causing major grievances around the world, Kinaxis is certainly in a great position for sustainable growth.

2. Docebo

Another SaaS company, Docebo uses AI technology to customize training and learning programs for companies and their employees.

In its simplest form, Docebo is a training platform: it gives companies the tools they need to build training programs for their employees. But on a deeper level Docebo is more than just a way to offer quizzes and forums. Using AI-powered technology, Docebo analyzes how *specific* employees learn, then feeds them curated content to fill skills gaps and accelerate their education.

Another pandemic favourite, Docebo's revenue grew immensely during 2020 and 2021. Though it has cooled off a bit since then, this AI stock is still one you should consider, especially since its clients include major brands like **Starbucks**, **DocuSign**, and **Thomas Reuters**.

3. VIQ Solutions Inc.

VIQ Solutions is a software company that specializes in digital content creation, transcription services, and content management.

VIQ Solutions has basically one primary purpose: to turn spoken words into written transcription or documents that are then safely stored in a management system. For instance, the company can record court room cases, then turn them into verbatim transcripts. Or they can capture claims made to an insurance company, or legislative meetings at a local courthouse, or even complaints made to a bank. Instead of hiring people to listen to these claims and write them down, VIQ's AI-powered solutions does it automatically, saving companies time and money.

VIQ Solutions certainly has room to grow. That said, the stock could be volatile, and investors will want to consider the risks before buying it.

Investing in foreign AI markets

For investors that want to dip their toes in [international stocks](#), here are some top AI stocks in the United States market as well.

AI Stocks	Description
NVIDIA (NASDAQ:NVDA)	Chipmaker that builds computing chips for autonomous cars
Amazon (NASDAQ:AMZN)	One of the first ecommerce companies to use AI to recommend products to customers
C3.ai (NYSE:AI)	SaaS company that allows developers to build AI applications from its software

Machine learning vs. artificial intelligence

Machine learning and artificial intelligence are often used interchangeably. But strictly speaking they are *not* the same concept.

Machine learning is a branch of artificial intelligence. It refers to a software's ability to self-improve by using old data to interpret new information. A self-driving car, for example, uses machine learning: its camera and sensors interpret new data (streetlights, other cars, cats) to decide what action to take (stop!). Image recognition is another example of machine learning: after recognizing a specific face, it can then group and "tag" all images with the same face.

Artificial intelligence allows a computer to think like a human. Machine learning is taking this concept one step further: like humans, it allows computers to learn new information, thus improving how they perform tasks.

Are AI stocks a good buy?

The AI market is already large and thriving, with plenty of future growth ahead. As such, AI stocks are better suited for investors with a long-time horizon, as it could take years before these stocks hit their peak.

Canadian investors should also be wary of penny and micro AI stocks, as they could come with immense price volatility. Most pure AI companies in Canada—that is, tech companies that focus solely on developing AI technology—have small [market caps](#). If you're going to invest in these emerging AI companies, be sure you evaluate its fundamentals, such as its competitive advantages and business model.

For investors who don't want to choose individual AI stocks, you can always invest in an AI-focused [exchange-traded fund \(ETF\)](#). Some popular AI ETFs to consider:

- Horizons Big Data & Hardware Index ETF
- Emerge ARK AI & Big Data ETF

TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NASDAQ:NVDA (NVIDIA Corporation)
3. NYSE:AI (C3.ai, Inc.)
4. TSX:DCBO (Docebo Inc.)
5. TSX:KXS (Kinaxis Inc.)
6. TSX:VQS (VIQ Solutions Inc.)

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