Personal Finance

10 Tech World Losers to Dump Now
The belief that the broad stock market will rise over the long-term is a pillar of conventional investing wisdom. But that shouldn't be the sole reason to continue holding a stock.

Which brings us to the volatile technology sector. Tech-related niches are so constantly disrupted that companies unable to adapt find themselves out of business. High-flying technology stocks also have a nasty habit of crashing on the slightest crumb of bad news.

These 10 tech companies don't have much going for them and could cost investors in the next correction. Shun them; they're all vulnerable and poised for a tumble.

California-based Autodesk (NSDQ: ADSK) is a design software provider that has benefited from investor optimism that's wholly unjustified. Shares have soared in recent months, despite the fact that the company's earnings have been on a downward slope since 2012. Autodesk's balance sheet is ugly, with no sign of getting better.

Investors are hoping that Autodesk's earnings declines and debt woes are merely symptoms of the company's transition from selling licenses on its software to a subscription-based business model, but wishing and waiting is not a viable investment strategy.

Autodesk does not yet have a solvency problem, but you need to avoid dangerous equities with weak fundamentals, especially in this overvalued market. In a correction, an inherently weak stock such as Autodesk would be among those that fall the hardest.
Investors have long harbored big expectations for cyber-security company FireEye (NSDQ: FEYE) that haven’t materialized.

FireEye had a solid plan in place to increase its business and achieve profitability. However, that plan is in jeopardy for a host of reasons, including the company’s slow entry into software-as-a-service (SaaS), its failure to adapt its products to the fast-changing cyber threat landscape, and the fact that it has lagged the competition in making its product compatible with other offerings.

Cyber security is indeed a booming opportunity, but you should look elsewhere than FireEye for reliable growth. FireEye is under siege by smaller, nimbler rivals with in-house engineering prowess. They’re coming up with new products, whereas FireEye’s product portfolio is stagnating. Silicon Valley upstarts are eating FireEye’s lunch; don’t let FireEye eat yours.

Beware of small tech companies that become instant Wall Street darlings by making flashy consumer gadgets. Unless the company has a deep bench of unique products, the fad invariably fades and the stock burns overly hopeful investors.

Case in point: GoPro (NSDQ: GOPRO), which has seen its fortunes wax and wane according to the fate of its product launches.

GoPro's action cameras were all the rage at first, but the potential of the action camera market has attracted bigger competitors with greater financial wherewithal, such as consumer icon Apple (NSDQ: AAPL) and GPS maker Garmin (NSDQ: GRMN).

With a relatively modest market cap of about $1.4 billion, GoPro will be hard pressed to match the engineering and marketing muscle of the giant tech firms. The verdict: The once high-flying company is on borrowed time, as its top and bottom lines get pressured.
The solar industry has encountered its share of challenges in recent months, exemplified by the woes of First Solar (NSDQ: FSLR).

First Solar’s stalling sales growth and declining earnings over the last five years in combination with competition from Chinese manufacturers has clobbered the company’s share price, with further declines probably in the cards.

We’re still confident in the long-term success of solar power as it becomes an increasingly affordable and competitive source of energy. However, First Solar’s management’s flip-flop on its strategy to focus on solar panel component sales and then walk away from the strategy hasn’t given us much confidence.

Meanwhile, more entrepreneurial rivals are introducing innovations in solar energy transmission and storage that have knocked First Solar back on its heels.

In the annals of consumer technology fads, a special place belongs to Fitbit (NYSE: FIT), maker of wearable fitness-tracking devices. The San Francisco-based company’s wristbands and clippable devices monitor fitness activity, such as calories burned or distance covered.

Yes, the company’s gadgets have been a phenomenon. However, just like the Sony (NYSE: SNE) Walkman of the 1980s, we’re betting that Fitbit gadgets will eventually end up as garage sale items.

As competition from tech giants heats up, Fitbit stock is no longer a Wall Street favorite. Our contention is that Fitbit’s shares face scant prospects of resurrection.

Fitbit management argues that revenue growth overseas and the continuing expansion of company-sponsored wellness programs should attract additional customers to the company and boost operating results in future quarters.
Zynga (NSDQ: ZNGA) used to be a “next wave” company riding the success and excitement of mobile games like “FarmVille” and “Words with Friends,” but no longer. The company (which was only profitable in 2010) continues to show an inability to generate profits or innovate beyond the obsolete mobile game advertising business model.

Ever since Don Mattrick (former Microsoft Xbox executive) stepped down as CEO of Zynga less than two years after his appointment, investors seem to have lost confidence in the company’s ability to steer itself in the right direction.

Bringing back cofounder Mark Pincus as CEO provoked further contention among investors because he was the person on whom they blamed many of Zynga’s past problems.

Currently Zynga doesn’t have a single title ranked among the top 30 grossing game apps on iOS or Android.

Advanced Micro Devices (NSDQ: AMD) went on an incredible run in 2016 increasing more than 420% from $2.75 to $11.58 despite the fact that the company hasn’t been profitable in more than five years.

The semiconductor company makes chips for consumer Graphics Processing Units (GPUs) and Central Processing Units (CPUs). AMD’s primary advantage is that its products are cheaper than its competitors’ Nvidia (NSDQ: NVDA) and Intel (NSDQ: INTC), the dominant players in the GPU and CPU markets respectively.

Unlike those dominant players, AMD hasn’t been profitable over the last five years and the trend does not lean towards black ink. However, the stock has been driven higher by unwarranted optimism.

Ecommerce auction platform eBay (NSDQ: EBAY) is a familiar name as the original online retailer where consumers can sell their old stuff.
However, over the last decade eBay has faded from the forefront of consumer awareness as goliaths like **Amazon** (NASDAQ: AMZN) take over the space by leveraging big data. And as more brick-and-mortar retailers became present online, eBay faces even further competition and thinning margins.

Earnings and operating margins for eBay have consistently fallen over the last five years. The company’s StubHub division appears to be the company’s saving grace, according to recent operating results. However, the inordinate difference between growth in the StubHub and Marketplace divisions indicates that eBay’s future earnings will be very sensitive to increased competition in the online ticket sale market.

If you invested in Twitter’s IPO in November 2013 for $41.65 you would have watched it launch up to $69 by the end of the year and then fall $30 by May 2014. Since then, the stock has fallen through the floor, with no end to the carnage in sight.

Although Twitter (NYSE: TWTR) has ascended in status to one of the premier sources of news, it’s also found itself portrayed in the media as a floundering company. Multiple top executives have left the company, which has not only caused fear among investors but also done lasting damage to employee morale.

Twitter is an informational platform beloved by journalists, but the company has struggled to monetize its activity. Management turnover, a lack of strategic direction, a platform inherently resistant to advertising and marketing opportunities, and high debt spell doom for Twitter.

**BlackBerry**

BlackBerry, once a pioneer and champion of the nascent smartphone market, is now the sector’s redheaded stepchild. BBRY’s technology suffered as **Alphabet’s** (NASDAQ: GOOG) Android platform and **Apple’s** (NASDAQ: APPL) game-changing iPhone took over the field.

Whereas once upon a time BlackBerry’s strength lay in its handset portfolio, unstoppable competition has led the company to refocus its strategy to mobile communication and cybersecurity services for enterprise clients.
However, the Canadian company has been making an effort lately to revitalize its smartphone segment, which has been awash in red ink for the last few years.

But a large part of the problem is the phone's operating system itself. More than 80% of smartphones across the planet use the Android operating system.

By using its own platform, BlackBerry was giving its phone a disadvantage because many of the apps available for Android and iPhone devices are simply unavailable. Avoid BlackBerry; this once-dominant company is experiencing inexorable decline.
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