



7 Tech Stocks Insiders Are Buying

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Insider buying in the open market is generally considered a bullish indicator, as corporate insiders often have the inside track on their companies' prospects. What's more, their income is typically closely tied to their companies' stock. Quite often, a big chunk of that income is in the form of stock options or restricted stock.

Although insider selling may indicate nothing more than a college tuition bill coming due, a home remodeling plan, or a high-end vacation, buying is typically a sign that the insider expects the stock to rise. Buying in the open market could be considered more bullish than exercising stock options because the insider found some other way to fund the purchase.

With that in mind, I ran a screen to find companies that have had at least one insider make an open-market buy in the past 30 days. Here are seven tech stocks that made the list.

Security	Net Number of Buys	Number of Shares Bought	Total Value	Market Cap (Millions)
VMware (NYSE: VMW)	4	135,226	\$12,970,000	\$39,491
STEC (Nasdaq: STEC)	2	438,019	\$6,420,000	\$853
Akamai Technologies (Nasdaq: AKAM)	2	50,000	\$1,630,000	\$5,857
Ebix (Nasdaq: EBIX)	2	30,000	\$519,000	\$726
TiVo (Nasdaq: TIVO)	1	10,000	\$101,000	\$1,237
Cisco Systems (Nasdaq: CSCO)	1	3,700	\$60,000	\$85,308
MEMC Electronic Materials (NYSE: WFR)	1	3,000	\$30,000	\$2,187

Source: Capital IQ, a division of Standard & Poor's, as of 6/7/11.

When it comes to the number and total value of insider open-market buys, more could be considered better. The table is sorted accordingly. For example, there were four open-market purchases of VMware totaling almost \$13 million, compared with one open-market purchase of Cisco totaling \$60,000. Both are bullish signs, but the VMware sign is more likely to be marking an on-ramp you want to take.

The Cisco insider buy is perhaps most interesting, though, because of the negative turn the sentiment and stock price have taken. The two insider buys of STEC for \$6.4 million are also especially noteworthy for a small-cap company.

Foolish takeaway

Insider buying is a sign that someone who should be in the know is betting that the stock is going to rise. You can use this list of open-market insider purchases in the past 30 days to generate research ideas and/or reinforce a contrarian view.

Are these insiders right? To help you find out, The Motley Fool recently introduced a free My Watchlist feature. You can get up-to-date news and analysis by adding these (or any other) companies to your Watchlist now:

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