



Time to Shop for Shopify Inc.?

Description

Shopify Inc. ([TSX:SHOP](#))([NYSE:SHOP](#)) has done nothing but continue to soar over the past year. The company's stock is up another 40% this year, following a massive increase in 2016 of over 65%. I'll take a look at why Shopify is one of the companies that is taking over the world, and why Warren Buffett is suggesting this company may be one of the best long-term holds for portfolios moving forward.

What is Shopify, and what does it do?

Shopify is a Canadian company with a robust cloud-based multi-channel (primarily e-commerce) platform servicing small businesses around the world. The company went public in May 2015, and the stock has been a bumpy ride, accelerating upwards of late. Since the IPO, Shopify's stock is up over 68%, and we may have only witnessed only the beginning.

Shopify recently signed an agreement with **Amazon.com, Inc.** ([NASDAQ:AMZN](#)) to allow for more seamless integration between the two platforms. Merchants have the ability to migrate their online Amazon stores to Shopify, while continuing to have orders serviced through the Amazon distribution platform with payment services and other web-store essentials remaining untouched. This integration is one of the reasons why Shopify has continued to grow its user base at an impressive speed, and the company's long-term potential (and stock price) has increased accordingly.

Shopify has recently announced its fourth-quarter earnings and has beat analyst expectations of a loss of \$0.02 per share, posting breakeven earnings per share on revenue of \$130 million. The company's revenue numbers also exceeded expectations by 7%.

New age of retail

Any time the Oracle of Omaha suggests a once-stable industry (such as big-box retailing) is going "out of fashion" in favour of new technologies (and companies such as Amazon), it is time to take notice. With Shopify integrating into the Amazon e-commerce network, it appears the future remains very bright for Shopify.

Berkshire Hathaway Inc. announced last week that it has again cut its holdings in mega big-box retailer **Wal-Mart Stores Inc.** to less than two million shares, further supporting a bearish view of traditional retail the company has held since 2014. In 2014, Berkshire owned over 60 million shares of Wal-Mart, meaning its holdings in the company have now dropped by over 96%.

Conclusion

For investors taking a long-term perspective on e-commerce and bullish on the ability of e-commerce platforms to continue to improve profitability and margins in the medium to long term, Shopify should be a holding such investors seriously consider.

Stay Foolish, my friends.

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