



## Is it Time to Reconsider Shopify Inc.?

### Description

Over the past few years, [finding new and exciting tech stocks](#) has become part of my routine. Tech companies that offer a new and innovative way to address an existing problem or that completely redefine a sector of the economy can be some of the most lucrative investments to make.

**Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) continues to redefine how we do business in an increasingly online and mobile commerce world.

### Meet Shopify

For all the coverage that Shopify receives, a sizable number of investors still don't fully understand what exactly it is that Shopify offers, and this is part of the reason that opinions vary on whether or not to invest in the company.

In simple terms, Shopify is a tech-based company that makes the setup and operation of a mobile e-commerce website simpler and quicker. The multi-channel cloud-based platform offers benefits far beyond just time-savings in setup; the platform allows for merchants to manage nearly every aspect of their business from customer relations and analytics to ordering, sales, and inventory levels through a single experience.

By way of comparison, traditional means of setting up an online store were costly, time-consuming, and very much built out on a customized case-by-case basis by developers.

The beauty (and opportunity) of Shopify is that it is a modular platform that is set up in a fraction of the time, and there are several add-ons to enable everything from **Amazon** seller integration to social media management controls. The company then earns revenue through recurring subscription and transaction fees.

To date, Shopify boasts over 600,000 businesses that run on its platform, with over \$55 billion in goods and services sold on the platform, which is impressive considering that the company was set up just over a decade ago.

## How is Shopify doing?

Shopify is set to provide quarterly results for the first fiscal of 2018 next month, so until that time, we can look back at how the company fared in the fourth quarter of 2017.

In the fourth quarter, revenue came in at US\$222.8 million, representing an impressive 71% increase over the same period last year. This was attributed to both recurring revenue growth of 67% and solutions revenue growth of 74%.

Gross profit for the quarter came in at US\$121.1 million, handily beating the US\$68.1 million in profit reported in the fourth quarter of 2016. Adjusted net income amounted to US\$14.7 million, or US\$0.15 per share, representing a substantial increase over the adjusted net loss of US\$400,000 from the same quarter last year.

## Is Shopify a good investment?

Recent concerns surrounding **Facebook Inc.** have weighed in on Shopify, resulting in the stock dropping 17% over the past month. Keep in mind that Facebook is Shopify's main marketing channel, and while Shopify's enterprise "Plus" offering offsets the potential loss from Facebook, it will take time to grow.

This is one reason why some investors have distanced themselves from Shopify over the past few weeks, but it's not enough of a reason to abandon the stock altogether. Shopify remains an intriguing long-term pick and one of the [best tech stocks on the market](#).

Investors should take note that despite Shopify's recent dip over the past month, the stock price has soared over 67% in the past year and an incredible 296% in the past two years.

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