



Is Shopify Inc. (TSX:SHOP) Still a Good Long-term Investment?

Description

When it comes to tech companies, Canada is blessed with an abundance of options, many of which have become some of the leaders in their respective space. One such company that is often mentioned is **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)).

Over the course of the past three years, the stock has shot upwards into the stratosphere, currently trading at over \$220 per share at the time of writing, nearly double of what the company traded at just over a year ago.

Let's take a look at what makes Shopify so appealing and whether this stock should be part of your portfolio.

What exactly does Shopify do — and is it successful?

Shopify is an e-commerce platform. In short, the software allows stores to set up their digital storefront in a fraction of the time that traditional or custom development methods once took, and the solution is completely modular and scalable to the needs of each individual vendor.

Shopify has proven to be incredibly successful to the businesses that utilize the software, as the company proudly boasts having over 600,000 active Shopify storefronts that have seen \$63 billion in sales pass through the platform.

The software platform is an intriguing concept, and thanks to its modular set up, individual components that are often third-party owned can be swapped in and out as needed, which gives the software yet another competitive edge over traditional storefront development.

Shopify is all about growth

Despite the meteoric rise of the stock, Shopify continues to pursue growth opportunities wherever they materialize to further the audience reach as well as the products available to bolt on to its solution. This is just one reason that, along with rising revenues and growing client numbers, Shopify is often cited as being of the best [long-term growth picks](#) on the market.

One such example of Shopify's insatiable growth is Return Magic — a third-party plug-in that works with Shopify to manage returns. Shopify acquired the company last month, thereby adding the company to its already bursting portfolio of options for sellers to add to their storefront.

The deal is of particular interest because Return Magic caters to the post-sale side of the business, which adds value to a potential client evaluating whether Shopify could meet its needs both during and after sales.

Speaking of clients, one of the most intriguing deals that Shopify secured recently was the creation of an online platform for cannabis sales. The lucrative deal with **Aurora Cannabis** will pay dividends to Shopify in the long run, and is a likely attributed to some of the bump in stock price over the past few months.

Should you buy Shopify?

In terms of results, Shopify is set to announce results for the second fiscal next week, but turning to the prior quarters, revenue saw a 68% year-over-year improvement that was actually lower than the 71% year-over-year in the prior year's comparison. Nearly half of that revenue stems from Shopify's subscription solutions segment, which also saw a sizable year-over-year improvement by 61%.

There's no doubt that Shopify is a very impressive holding. Long-term investors who bought into Shopify are probably among the happiest on the market, as the company's stock price has more than quadrupled in a relatively short amount of time.

That said, that level of growth is unsustainable over the long-term, so investors contemplating an investment in Shopify should be aware that while still a [great long-term option](#), Shopify's growth will likely be less aggressive in the future.

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Date

2025/09/07

Date Created

2018/07/25

Author

dafxentiou

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