



Is Shopify Inc. (TSX:SHOP) Really That Great of an Investment Right Now?

Description

Few, if any, stocks on the market have consistently held investors' attention as a compelling long-term growth pick as much as **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)).

In many ways, the software company that became a market disruptor and helped usher in a new and lucrative era of mobile commerce has become a standard must-have for new investors either seeking a diversified mix of investments or those investors looking for that one growth stock they can buy and forget.

But does that view still apply in 2019? After the volatile end to the year, and a growing level of market uncertainty for this year, some investors might be questioning their positions in the tech company over other more [defensive investment options](#).

Why Shopify matters

Shopify represents a new direction not just for mobile commerce, but retail in general. The retail sector has over the course of the past few years been steadily engulfed by everyone's favourite internet behemoth, **Amazon**, with the company moving in on multiple segments of [retail](#) once dominated by more traditional brick-and-mortar retailers, such as toys, home goods, electronics, clothing and most recently, food.

Shopify, on the other hand, allows those traditional retailers, and even the smaller ones without a web-based storefront the ability to quickly deploy an e-commerce site. In terms of market penetration, Shopify's numbers speak for themselves: over 600,000 businesses now running on the platform, providing over \$82 billion in sales across over 100 countries.

If that weren't reason enough to consider investing in Shopify, here are two more tidbits of information to convince you.

First, let's talk legalization. When the provinces and businesses alike scrambled to get storefronts online for legalization last fall, Shopify was the preferred vendor to set up those storefronts, ultimately

becoming the platform of choice for B.C., Newfoundland and Labrador, Ontario and P.E.I.

This will offer two waves of growth for the company, the first of which we should begin to see over the course of the next two quarterly updates as revenue stemming from legalization clients begins to add to Shopify's bottom line.

That will be followed by a slew of new business opportunities as other nations and regulatory bodies, with their own security and privacy concerns, turn to Shopify's legalization success as a model for their own needs.

Finally, we come to Shopify's growth itself. Shopify has provided handsome returns over the course of the past few years since its IPO, but the two numbers that I'm most excited about from Shopify's most recent update are the numbers for revenue growth and recurring subscription revenue.

Specifically, revenue growth registered an impressive 58% improvement over the same quarter last year, while recurring subscription revenue saw a 46% year-over-year improvement. As long as Shopify keeps seeing double-digit growth across both those segments, investors can expect the stock to continue its upward trajectory and a flurry of new business and investment opportunities to materialize.

Should you buy (more) or hold?

You might notice that I neglected to mention sell there. That's because Shopify only has one direction to go, and that's up. We're still a few weeks out from Shopify's next quarterly update, but given the recent share sale, it would be safe to assume that the company is sitting on a pile of cash at the moment that is likely earmarked for further growth opportunities.

If it weren't for the volatile end of 2018, Shopify would likely be trading at much higher levels. However, even at its current rate, the stock represents an excellent long-term growth play for nearly any portfolio.

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