



## Holding This Long-Term Tech Star Makes Sense

### Description

Since exploding onto the market and ushering in its suite of configurable, scalable and mobile storefronts, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) has impressed investors and the overall market with increasing frequency.

Whether it was smart acquisitions that greatly expanded its product portfolio, or sustaining its record of providing double-digit growth, Shopify has remained on the forefront of any investor that is even remotely pursuing an investment in the tech sector.

Could that incredible growth story be approaching a hiatus? Has Shopify's incredible ascension outpaced the overall market to the point that prospective investors should wait for a dip?

Let's try to answer that question.

### **Shopify's opportunity remains massive...and everyone knows it**

Shopify remains one of the innovative and disruptive entrants into a segment of the economy that intersects technology and commerce. In short, Shopify's storefront suite allows customers to very quickly setup an online storefront, customize it to the individual needs of that customer in a fraction of the time that traditional digital storefront efforts required.

In addition, Shopify offers a suite of add-on services that expand that offering to encompass areas such as customer support, reporting and inventory control, effectively blanketing its customers from the cradle to grave of the buying process.

It's no surprise, then, how Shopify has amassed a portfolio of over 600,000 active Shopify storefronts that have seen \$82 billion worth of sales traverse its platform since beginning operations just thirteen years ago.

That incredible growth story has made the stock incredibly popular among investors, and for good reason. Over the course of the past few years, Shopify has been among the best- performing stocks on

the market, soaring over 500% in a little over three years. This year, the stock is already up over 20%, and even with the disastrous end to 2018 that saw many portfolios dip into the red and push investors toward [defensive investments](#), Shopify is still holding out with an over 50% gain over the course of the trailing 12-month period.

## Could it be time to hold off on buying?

Shopify's incredible rise to fame has attracted its fair share of critics over the years. Among those concerns that are often stated is that Shopify needs to finally make some money. Despite those impressive usage numbers I mentioned above and Shopify's over \$25 billion current market cap, the company is still very much in a start-up mode, reinvesting heavily into products growing its base.

By example, the most recent quarterly numbers available noted a net loss of \$23.2 million, or \$0.22 per share, down considerably from the net loss of \$9.4 million, or \$0.09 per share loss reported in the prior year.

In that same period, Shopify did manage to see total revenue post a gain of 58% over the same quarter last year, while also realizing strong growth in both subscription revenue and merchant solutions of 46% and 68%, respectively.

That's incredible growth, but some could argue that the stock is riding high on the hopes and emotions of investors at the moment, not unlike the run up on cannabis stocks leading to legalization.

With results for the next quarter due to come out over the next week, an earnings miss or slowing growth could lead to the stock price retreating.

In short, Shopify is still a great long-term investment with [years of solid growth](#) ahead, but existing or new investors contemplating whether to buy the stock may want to wait for the next set of quarterly numbers next week before making a commitment.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

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