



Investors: This Canadian Tech Stock Is Better Than Bitcoin

Description

These days, it's hard not to envy Bitcoin early adopters. With the world's largest cryptocurrency soaring close to its all-time high, it's officially a raging bull.

But there's the dirty little secret:

If you'd bought Bitcoin at its 2017 high and held until this week, you'd be down about 42% (going off early Thursday prices).

This illustrates the whole problem of [high-volatility assets](#): even in a long-term bull market, there are still plenty of opportunities to lose money.

Fortunately, for those seeking crypto-like returns without the risks of actual cryptocurrency, there may be a better option. A Canadian tech company that some have called "the next **Amazon**" — a stock that's risen 125% so far this year, and may still have a ways to go. If you'd invested \$10,000 in this stock at its IPO, you'd be up over \$100,000 today—and without major bumps along the way.

The name of this stock? **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)).

High returns without ultra-high volatility

Shopify's stock is up 125% this year, and 1075% from its IPO three years ago. Yet amazingly, it has given investors a pretty easy ride: with a beta coefficient of 1.36, it's just slightly more volatile than the market. This means that Shopify investors have been able to watch their stock beat the market *without* having to endure too many dramatic swings.

A reason to keep growing

It's one thing to say that Shopify's stock is doing well, but quite another to say it's likely to continue doing so. However, going off of the underlying business's performance, Shopify looks to have a bright

future ahead of it.

In its most recent quarter, the company [grew its revenue by 50%](#) and merchant subscription revenue by 58%. Adjusted net income grew by 150%, and although GAAP net income was negative, it was smaller as a percentage of revenue than it had been a year before.

A huge accessible market

One of the main reasons that Shopify could continue growing is its huge — and accessible — market. The ecommerce market was worth \$517 billion in 2018, growing 14% from the year prior. Currently, e-commerce is dominated by centralized platforms like Amazon and **Alibaba**, but Shopify is pioneering a different model where vendors run their own shows.

Shopify's model lets vendors build up their own websites—in contrast to Amazon's model that sees vendors sell mainly on Amazon.com itself. Although Amazon has superior discovery and fulfillment features, Shopify is much better for businesses wanting to build their own platform.

Ecommerce websites confer a degree of identity that a “one-stop shop” lacks, which may explain why they've become popular with celebrities like Adele, Drake and Jeffree Star.

All three of those names use Shopify to power their stores. That kind of star power can draw a lot of sales, and Shopify takes a cut of each one. Should the company's celebrity cachet continue growing, it may well one day become an Amazon-like tech titan. If that day comes, you can bet that the return you'd get holding SHOP would rival that of Bitcoin.

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