Missed the Boat on Shopify (TSX:SHOP)? Here's Some Good News for You

Description

Shopify (TSX:SHOP)(NYSE:SHOP) has been one of the best-performing TSX stocks of the past decade. Rising nearly 4,000% in a few short years, it has made many investors wealthy. If you'd invested $10,000 in SHOP at its closing price on its IPO date, the position would be worth nearly $400,000 today.

Because of these hot gains, many investors remain excited about SHOP. However, a little reality check is in order. At today's prices, SHOP trades at nearly 100 times sales. **Thomson Reuters** gives the stock a 1,400 forward P/E ratio. It's normal for high-growth stocks to trade at steep valuations. But at this point, SHOP is so expensive you really have to wonder how much higher it can go.

If you're of the opinion that Shopify has gotten too hot to handle, you may be kicking yourself for not having bought it earlier. That's understandable. A 40-bagger is hard to ignore, and if you missed the boat, it's natural to develop a case of FOMO (fear of missing out).

Fortunately, I have some good news to share with you. While Shopify is indeed getting expensive, there are several other TSX tech stocks that have had successful IPOs similar to Shopify's in 2015. While these stocks won't necessarily deliver similar long-term results, they are worth looking at.

Lightspeed POS

Lightspeed POS (TSX:LSPD) is a retail POS software company that has frequently been compared to Shopify. Like Shopify, it makes money from providing payment infrastructure to businesses. Unlike Shopify, it's more focused on brick-and-mortar retail than e-commerce. This gives LSPD a lower ceiling than SHOP.

POS software is a much more crowded market than e-commerce platforms and has much slower growth. Lightspeed is just one competitor among many in its market, Shopify is a true market leader.

Still, Lightspeed is a younger company than Shopify, and it may do great things. In the fourth quarter of fiscal 2020, the company grew its revenue by 70% and cut its net loss from $90 million to $18 million.

Those are really encouraging results.

Docebo

Docebo (TSX:DCBO) is a small e-learning startup that went public just last year, yet is already profitable. In its most recent quarter, it produced $700,000 in net income — a rare achievement for a young startup. When you look at DCBO's business model, it's pretty easy to see why it's thriving.

The company provides self-directed e-learning modules for corporate training. This is a highly in demand service and will become even more popular, as working from home becomes more widespread.

Docebo has already locked down several major clients like **Cineplex**, DocuSign, and **Wal-Mart**. These types of corporate clients provide steady recurring revenue that can drive solid performance for years to come. For a company that only went public last year to have come this far is encouraging news. And there may be more good news to come.

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1. Investing
2. Tech Stocks

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2. TSX:DCBO (Docebo Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)

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