



## Forget Shopify (TSX:SHOP): Consider This Canadian Tech Beast Instead

### Description

We all know how terrific **Shopify's** ([TSX:SHOP](#))([NYSE:SHOP](#)) rally has been. And not just in 2020: the tech titan has been a massive wealth creator for its shareholders since 2015.

Its unique business model backed by cutting-edge technology brought in tremendous financial growth in all these years. Notably, the pandemic even underlined the need for small businesses to go digital, which ultimately widened Shopify's addressable market.

### NexTech AR Solutions: An emerging leader in the augmented reality space

Another smaller company emerging in Canada's technology sector is **NexTech AR Solutions** (CSE:NTAR). It's a \$400 million company based on Vancouver and specializes in the augmented reality-enabled content platform. It provides businesses with augmented reality solutions that create a completely altered experience for customers.

The booming e-commerce industry has substantially benefitted companies like Shopify in the last few years. The industry offers similar growth prospects to NexTech AR.

The company's SaaS (software as a service) platform offers end-to-end AR solutions to its customers. With this feature, online shoppers can check the product's 3D views and even try apparel online.

Notably, this platform will ensure more time spent on a particular webpage, superior promotion, improved product engagement, and ultimately higher business.

NexTech AR's other vertical InfernoAR offers higher growth prospects amid the pandemic and lockdowns. It is an advanced video platform that offers automated closed captions and translations to over 64 languages. The e-learning industry is one of the fastest-growing ones, and NexTech could see higher demand in this space as well.

## Huge growth potential

According to Markets & Markets, the augmented reality market is expected to grow from US\$10.7 billion last year to US\$72.7 billion by 2024, that's a stellar growth of 47% compounded annually.

There are diverse projected growth numbers for the augmented reality industry. However, it is certain that the industry is still in the nascent stage and offers attractive growth prospects. Interestingly, being the first-mover in the industry, NexTech AR might see stupendous growth going forward. Moreover, the pandemic and ensuing travel restrictions could act as an important catalyst for the company.

NexTech AR has seen a solid top-line growth in the last few quarters. For the first six months of 2020, NexTech AR [reported](#) total revenues of \$6.02 million, an increase of more than 200% compared to the same period last year. Its gross profit in the second quarter of 2020 came in at 171%. The stock is up a massive 230% so far this year. In comparison, Shopify stock has soared 160% this year.

## NexTech AR stock for investors

NexTech stock looks extremely expensive after such a steep rally. However, aggressive investors might be okay with its premium valuation, given the growth potential.

Interestingly, tech giant [Shopify stock](#) has been on the upward march for the last few years despite the valuation concerns. Investors should note that tech companies like Shopify and NexTech AR operate with significantly higher profit margins, and old-school valuation measures might not be valid every time.

However, it should also be noted that given its small size and as it is the first-mover in the space, NexTech stock could be a risky bet for cautious investors. The stock has been extremely volatile this year.

Also, the industry's enticing growth prospects will eventually attract newer players, which will increase the competition and wane the NexTech's first-mover advantage.

### CATEGORY

1. Investing
2. Stocks for Beginners
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