



Shopify 2.0? A Tiny Tech Stock Made Investors Rich This Year

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has been the TSX success story of the decade. Rising nearly 4,000% in just five short years, it has absolutely destroyed the market. If you'd invested \$10,000 in SHOP at its IPO date, your position would be worth hundreds of thousands of dollars today.

Unfortunately, these gains are unlikely to continue into the future. If SHOP were to continue rising at nearly 200% a year, as it has this year, it would be a trillion-dollar company in two to three years. The company just isn't big enough to justify that kind of asking price.

That doesn't mean you can't get some Shopify-like gains in your portfolio, though. Every hot tech stock has to start somewhere, and the next Shopify is out there, if you know where to look. In this article, I'll explore one tiny tech stock that some say has the potential to be just that.

Facedrive

Facedrive (TSXV:FD) is a gig company that provides eco-friendly ride-sharing solutions. The basic pitch is that it's a ride-sharing service like **Uber** or **Lyft** that provides incentives to lower emissions. Drivers on the service make more money if they drive hybrid or electric cars, while riders get real-time feedback on the positive environmental impact they're making. Both of these factors provide incentives for drivers to ride eco-friendly vehicles.

Why it's so promising

What makes FaceDrive promising is the fact that it's the first "green" ride-sharing service in an era where climate change is becoming a bigger and bigger concern. We're already seeing governments create incentives to drive more fuel-efficient cars and consume fewer fossil fuels generally. FaceDrive is well ahead of the curve on these developments. If climate change regulations increase in the next decade, companies that "go green" will enjoy a major advantage. And FaceDrive is already doing that.

Financial results

In addition to its timely and relevant business model, FaceDrive has another factor going for it: rapid revenue growth.

In 2020, FD brought in \$387,000 in revenue, up from just \$36,000 a year before. That's a [977% growth rate](#)! Of course, that's partially explained by the fact that FaceDrive is a minuscule company: its 2019 revenue was lower than the average Canadian household income. Still, the rate of growth has been strong, and even if it decelerates slightly, it would remain very high.

Profitability, as you might expect, is not looking so good. In 2020, FaceDrive lost [\\$1.6 million](#) compared to \$820,000 a year before. That was mainly because of rapidly rising expenses, which will only continue to rise.

At this rate, it looks like it will take a long time for FaceDrive to become profitable. Especially when you consider that established players in the space are still running multi-billion-dollar losses. But this company has revenue momentum that could keep it rising in the short term. Maybe it's not quite Shopify, but it's a very interesting tech stock to research.

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2. Tech Stocks

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1. Editor's Choice

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