



Shopify (TSX:SHOP) Stock: Ready to Make \$1 Million?

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) stock can make you millions. In fact, it's already done so for thousands of investors.

When the company went public in 2015, shares were priced at \$35. Today, they're above \$1,400. That means \$25,000 would have become \$1 million in just five years.

Everyone is looking for opportunities like this. The challenge is that you need foresight. You must see what others don't see *long* before it becomes obvious.

Can you still make \$1 million with Shopify stock? Or do you need to look [elsewhere](#)?

This run isn't finished

Shopify has a business model that will continue to pay off for at least another decade. The secret is that it operates a platform business with clear and rapid traction.

"At first glance, Shopify isn't an **Amazon** competitor at all: after all, there is nothing to buy on Shopify.com. And yet, there were 218 million people that bought products from Shopify without even knowing the company existed," [wrote](#) *Stratechery* founder Ben Thompson. "The difference is that Shopify is a platform: instead of interfacing with customers directly, 820,000 3rd-party merchants sit on top of Shopify and are responsible for acquiring all of those customers on their own."

This really is a giant feat. Hundreds of millions of people have purchased something through Shopify, yet very few of those shoppers have even heard of the company. That's because it's mastered the art of *platforming*.

Microsoft ([NASDAQ:MSFT](#)) is perhaps the most famous platform business. When it launched its Windows operating system, it didn't try to create every app that was built on top of it. To be sure, Microsoft shipped some basic tools like Word, Excel, and Internet Explorer, but the vast majority of applications were built by third parties.

Shopify took the same approach with e-commerce. While Amazon completely controls the selling experience, Shopify allows any developer in the world to create new tools and capabilities. It's a crowdsourced platform.

As we'll see, this platform approach will continue to generate big gains.

Should you bet on Shopify stock?

When a platform business takes off, it's always a winner-takes-all game. Microsoft, for example, controlled 89% of the market at its peak. It still holds a 77% share.

This is due to positive feedback loops. The more developers Shopify has, the better its platform becomes. This attracts more customers, which in turn increases the value of developing on the platform. If you can get this feedback loop started, the sky is the limit.

Despite immense growth, Shopify is still in the early days of platforming e-commerce. It controls a tiny share of the overall market. This business looks like it will eventually be worth \$1 trillion or more. It's simply the law of platforms with momentum.

To be sure, its best days of growth are behind it. SHOP stock now trades at a ridiculous valuation of 61 times sales.

The company has proven that it's worth a steep premium, but if you want to turn \$25,000 into \$1 million, you'll need to discover the *next* Shopify. To do this, you need to look at stocks with much less exposure.

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Author

rvanzo

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