



## This Tech Stock Is Better Than Shopify (TSX:SHOP)

### Description

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is a fantastic tech stock. You could have made 10, 20, or even 30 times your money.

Shopify remains a great pick, but as with any fast riser, the best days of growth are likely behind it. After all, it's harder to double in size as a \$120 billion company than as a \$12 billion company.

If you want to keep your money growing fast, you'll have to [go smaller](#).

### Stick with software

Whatever you do, stick with a tech stock that specializes in software. This is where the real money is made.

Software has several advantages versus hardware. The biggest is the cost of deployment. When a hardware manufacturer wants to ship another phone, for example, it needs to physically create another phone. That costs money. Software companies simply need to send a download link. It's instantaneous but, more importantly, free.

Software companies are the fastest-scaling tech stocks on the market. Shopify is a prime example. Anybody in the world can go to its website and start using its e-commerce platform. It requires no effort to acquire more customers.

Plus, software is notoriously sticky. That is, customers stick with it over time. This results in a cash flow machine, built using high-margin, recurring revenue streams.

When it comes to tech stocks, software is king. And while Shopify has made a name for itself recently, one company is the proven master.

## This tech stock is superior

You may have never heard of **Constellation Software** ([TSX:CSU](#)), despite its \$31 billion market cap. Unlike Shopify, this company doesn't focus on the mass market. All of its products serve niche markets, some of which only have a handful of competitors.

Many people think that going niche limits your opportunity size, but Constellation is a testament against that theory. Since 2015, Shopify stock has risen by 3,300%. That's peanuts compared to Constellation's long-term performance. Since 2006, this tech stock is up nearly 8,000%. A \$20,000 investment would have become \$1.6 million!

What's the secret? Constellation has harnessed the magic of software better than any other competitor. Going niche reduces competition. This increases pricing power even further. Plus, the company focuses on mission-critical solutions, reducing customer churn and increasing the lifetime value of a customer even more.

This tech stock has a stranglehold over its customers. In many situations, there isn't even an alternative to switch to.

Year after year, Constellation beats the market. Shopify is the latest and greatest thing, and its e-commerce [platform model](#) is undoubtedly strong. But if you want to bet on a 15-year winner, Constellation is your top choice.

Even after years of growth, the market cap just recently surpassed \$30 billion. An active acquisition strategy means that the company's portfolio continues to expand. And to the surprise of many analysts, returns on capital remain elevated thanks the Constellation's management team, which has years of venture capital experience.

Comparing Shopify to Constellation is a tough match. Both tech stocks have a bright future, but Constellation has a longer resume of success. If I had to pick just one, I'd go with Constellation.

### CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:SHOP (Shopify Inc.)

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