



Warning: Never Sell This TSX Growth Stock

Description

Constellation Software ([TSX:CSU](#)) might be the greatest stock in Canadian history. Its performance is beyond comparison. Since going public in 2006, shares have risen by 8,000%. Patient investors made *80 times* their original investment.

That's impressive, but what about the future? Lucky for you, the [run](#) is ready to continue.

Pay close attention

As its name suggests, Constellation is in the software business. If you want to grow your money as quickly as possible, this is the place to be.

Software is unlike any other product in human history. For centuries, businesses needed to create actual physical products to sell. This is still largely true today. To sell you an iPhone, **Apple** literally needs to manufacture another iPhone. There's no other way around it.

Hardware has a few obvious downsides, the biggest of which involve cost, time, and repeat purchases.

By selling software, Constellation doesn't need to spend more money to acquire additional customers. All it needs to do is send another download link. Lead times also collapse completely, whereas physical products take days or weeks to make.

Finally, software is often sold on a subscription basis, with customers paying regular licence fees to maintain access. That creates a high-margin cash flow machine. Physical goods, meanwhile, can only be sold once, meaning you need to consistently convince customers to buy a new and improved product.

Software products can scale worldwide in a matter of hours. They generate higher margins and greater returning customer rates. These basic factors have fueled Constellation's meteoric ride.

As we'll see, the company also applies a unique spin to the software model, one that should pay

dividends for years to come.

Constellation stock is roaring

Constellation is a \$30 billion tech giant, yet few have ever heard of it. That's because the company focuses on enterprise software aimed at niche audiences. Some of its products are only applicable to a single industry or use-case.

Going niche sounds like a bad thing, doesn't it? It's true that smaller markets reduce the overall sales potential, but they also limit competition. In many of its markets, Constellation faces zero competition. This raises profits margins and customer retention rates even more.

Because each individual product has a smaller overall potential, the company needed to amass a large portfolio. Today, it has hundreds of products across dozens of industries, and it's still [acquiring](#) more every year. At the smaller end of the acquisition market, competition is similarly limited, lowering purchase prices. It's a win-win situation.

Since 2020 began, Constellation stock has risen by another 20%. The downturn could actually benefit the company, as competition for acquisitions should fall even more. Plus, many of its products help automate key processes — an attractive option in a world intent on cost cutting.

Constellation has a proven business model. The stock rose 8,000% based on this approach alone. All the company needs to do is rinse and repeat again and again. To be sure, the biggest days of growth are likely behind it, but CSU stock should continue to outpace the overall market.

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2. TSX:CSU (Constellation Software Inc.)

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