



Shopify (TSX:SHOP) Stock Can Still Make You \$1 Million

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is a millionaire-maker stock. Shares are up 40 times in value since going public in 2015.

But there's good news: there's still time to make \$1 million with this stock.

This is a special stock

Want to make \$1 million with a single investment? Take a look at software stocks. These companies can grow faster than nearly any other business model. It's not rocket science to understand why.

Compare selling software to selling hardware. Hardware producers need to physically manufacture another product in order to make a sale. Software companies like Shopify simply need to send another download link. Growth is instantaneous and nearly free.

Amazon is a perfect example of a rapid-growth software stock. Yes, the company now has a ton of physical infrastructure, but its core value proposition is still its e-commerce website, which aggregates buyers and sellers to one place.

"People think of Amazon as a retailer, but it's really a software company," I [explained](#) recently. "Every time a purchase is made, Amazon takes a cut. And with its total addressable market well above \$10 trillion, growth potential is as high as possible."

Want to get in on the *next* Amazon? Shopify is your chance.

The next Amazon

How do you find the next Amazon? The biggest mistake would be to find a copycat. Resist this urge. Instead, look for companies adopting Amazon's approach, but applying it to an adjacent market.

On the surface, Shopify looks like a direct Amazon competitor. Both are essentially software

businesses operating e-commerce platforms. Yet there are important differences to note.

“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,” [explains](#) tech analyst Ben Thompson.

“This is how Shopify can both in the long run be the biggest competitor to Amazon even as it is a company that Amazon can’t compete with: Amazon is pursuing customers and bringing suppliers and merchants onto its platform on its own terms; Shopify is giving merchants an opportunity to differentiate themselves while bearing no risk if they fail,” Thompson concludes.

Time to buy Shopify?

Right now, SHOP is valued at \$170 billion. AMZN is worth nearly 20 times more. That discount should narrow over time.

There’s only one problem: Shopify shares trade at crazy multiples. We’re talking almost 50 times trailing sales. If you want to buy a millionaire-maker stock, however, that’s the premium you must pay. The market knows this company is special, so you’ll have to pay for the privilege.

Might shares be overvalued over the short term? Sure, but no one can predict where the market will head in the coming weeks or months. The best strategy is to identify companies that will likely be *much* bigger a decade down the line, make your bets, and wait patiently. It’s not more complicated than that.

Everyone wants to buy the next Amazon. Shopify is your chance to do so. Don’t let the scary multiple prevent you from acting.

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