



3 Stocks That Could Become the Next Shopify (TSX:SHOP)

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is the darling of the Canadian tech world. Its stock has risen more than 5,000% in the six short years since its IPO, and it appears poised to make more gains from here on. Shopify posted \$1.1 billion in revenue in its most recent quarter (up 57% year over year) and had positive GAAP and adjusted earnings. While revenue growth did decelerate compared to Q1, SHOP's results in the quarter beat all expectations.

There's just one slight problem: Shopify's size.

At a \$235 billion market cap, the company is going to have a hard time matching its past returns in the future. Size is the anchor of performance, after all, and another 5,000% return from here would give Shopify a market cap that would dwarf the biggest U.S. tech giants easily. Most likely, that won't happen. But similar returns could be delivered by other stocks starting from a lower base. Small-cap stocks always have the potential for extreme returns in a best-case scenario, and the markets have plenty of small/medium cap stocks that have Shopify-like potential. In this article, I'll explore three such stocks that could be the next big thing.

Lightspeed POS

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) is a [Canadian tech stock](#) with a \$16 billion market cap. Often referred to as the "next Shopify," it does have many similarities to Canada's e-commerce juggernaut. Like Shopify, it is involved in payments and e-commerce. Also like Shopify, it had an IPO a few years ago. Finally, like Shopify, it has delivered superior returns. Since going public in 2019, LSPD has risen over 500% in the markets. That's not as big as Shopify's return since its IPO, but Lightspeed hasn't been a public company for nearly as long. Lightspeed's most recent quarter was a huge success, with revenue up 220% year over year. That was even better than Shopify's growth in the same period. So, this is one small stock with big potential.

Docebo

Docebo ([TSX:DCBO](#))([NASDAQ:DCBO](#)) is another Canadian tech company that [went public just recently](#). It closed at \$13 on its first day of trading last year and is now worth over \$90. It was a mighty impressive, fast gain. And it has the potential to continue. Docebo is a company that creates online learning software for companies to make self-directed online training modules. It has already signed up several well-known Fortune 500 companies as clients. The company's service became very popular during the COVID-19 pandemic, as the work-from-home trend necessitated remote training. Today, its service is still relevant and may become even more so if the Delta variant hits hard in the fall.

Square

Square (NYSE:SQ) is the one non-Canadian company on this list. It's a fintech company that is best known for developing card readers for mobile phones. It also owns Cash App, a money-transfer service that lets people send Bitcoin for free. The company is currently in the process of buying **Afterpay**, a "buy now, pay later" app. Square's most recent quarter was a huge beat, with cash earnings up 86% and total net income up an astounding 143%. Even with Bitcoin's price collapsing in the second quarter, Square still saw a huge revenue boost due to the sheer volume of payments. However, it had to take some impairments because of the Bitcoin on its balance sheet. Overall, it was a solid quarter, and Square should continue rising from here on out.

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2. NYSE:LSPD (Lightspeed Commerce)
3. NYSE:SHOP (Shopify Inc.)
4. NYSE:XYZ (Block)
5. TSX:DCBO (Docebo Inc.)
6. TSX:LSPD (Lightspeed Commerce)
7. TSX:SHOP (Shopify Inc.)

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