Quick Picks & Lists

Shopify Will Be Worth It If All Goes Well For A Decade

Jul. 23, 2020 4:05 AM ET | 168 comments | 14 Likes | About: salesforce.com, inc. (CRM), SHOP

Matthew Zeets
Long only, value, REITs
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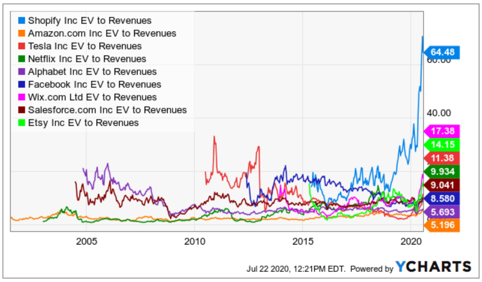
Summary

- Shopify is a fantastic company that benefits from this stay-at-home movement, but will grow fast regardless of how long that lasts.
- However, Shopify trades at valuations I've never seen before.
- I offer up Salesforce as a similar, more mature, high-growth alternative.

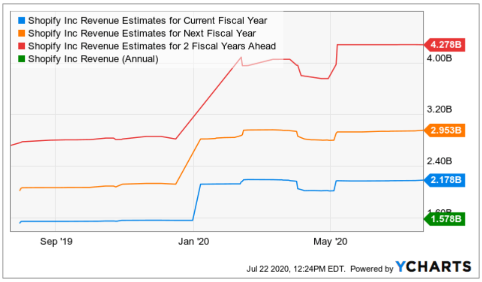
Are we entering another tech bubble? Obviously, this debate has been back and forth for years. People have been calling for stocks like Amazon (AMZN), Netflix (NFLX), and Tesla (TSLA) to fall for the last decade. Typically, the arguments were rudimentary and would say they aren't worth their current P/E ratios. The problem with those bearish arguments was that these companies still had high growth runways of decades, not years, so the valuations made sense. To me, some tech stocks have gotten too high, while others still have plenty of room to run.

Valuations still matter at some point and the most ridiculous one to me is Shopify (SHOP). They are a fantastic company and have a great setup for growth for the next decade or two and the stay-at-home mindset is certainly fantastic for them. It will certainly help them expand customers to new small and large businesses alike. However, their valuation has gotten ahead of itself as they now have a higher EV/Sales ratio than Amazon, Netflix, Tesla, or any other high-growth name I could think of had at any point in those companies' histories!



Data by YCharts

So even with such high valuations, I expect SHOP to eventually grow into those valuations. It's just a matter of how far ahead do you want to pay for it. Even if SHOP averages 50% growth for the next 5 years, they still will have to trade at ~9x EV/Sales at that point to be the exact same market cap as now. As you can see below, current estimates don't even have them growing at 50% a year, but closer to 40% per year.



Data by YCharts

Now perhaps if you're willing to hold for at least the next decade, you can justify these valuations; but I'd still just call them a Hold at these levels even so, not a Buy. They'd have to grow revenues at a CAGR of 30% for the next decade for the stock to see any sort of returns. The reason valuation matters so much is because stocks like AMZN and NFLX had the advantage of high growth with people not respecting that they'd ever be profitable, so they traded at much lower multiples. They were able to experience both the fantastic revenue growth as well as multiple expansion, with both companies trading at higher multiples now than most times in their past. Here is how much their multiples have expanded in the last 10 years, with markets finally giving them their due on just how long their growth runways are.

Depot
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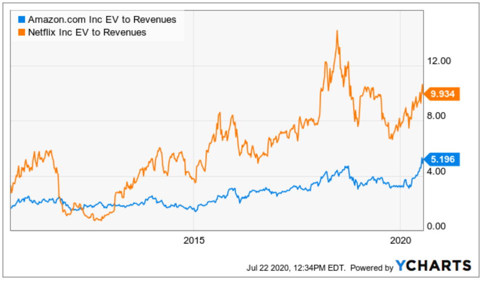
AMZN	3,008.91	0.75%
CHTR	561.72	0.23%
SHOP	929.81	0.15%
DG	191.70	0.03%
AAPL	370.46	-0.25%
NVO	66.17	-0.38%
ACN	221.44	-0.39%
CHD	85.87	-0.41%
GOOGL	1,508.21	-0.56%
FB	230.71	-0.81%
BABA	249.00	-1.14%
VRNT	43.04	-2.14%
GILD	73.64	-2.54%

Expand Portfolio

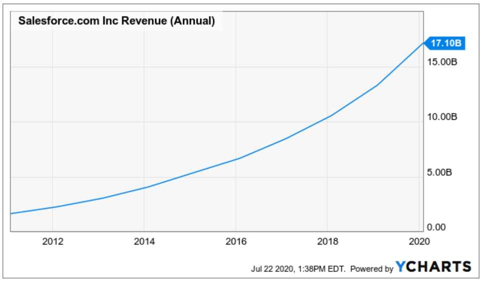


Data by YCharts

The problem with SHOP is that I can guarantee you they won't see multiple expansion from their current 64x EV/S in 10 years. Even if they still trade at 10x EV/S (more than most tech companies currently) in 10 years, they will have to keep up 30% annual revenue growth for an entire decade to even see 8% annual return on shares. 30% revenue growth is possible during the first few years of a company, but extremely tough as the revenue base gets bigger. Some companies have seen that sort of growth over a decade span, but even Amazon growing from $25B at the start of 2010 to $280B at the start of 2020, means a CAGR of ~27%.

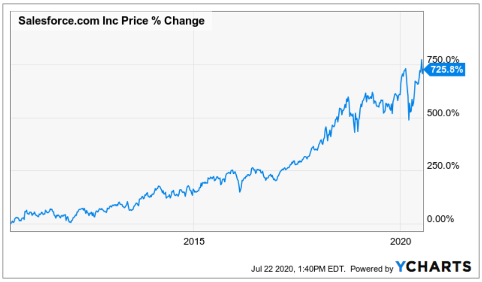
Granted Amazon was already further along a decade ago than SHOP is now, so perhaps they weren't able to grow revenues as quickly from the larger base. I personally think the best comparison to look at for SHOP is Salesforce (CRM). Unlike Amazon, Shopify won't be stealing market share from the entire American consumer market. Both CRM and SHOP help businesses move to an online format and benefit greatly as more and more do, but they won't be selling directly to the American consumer. The business models of Salesforce and Shopify seem very similar to me as they help small and large businesses alike update their ways to do business.

The Salesforce comparison also works out well to see where Shopify could be in a decade, as CRM also had between $1B and $2B in revenue a decade ago (similar to SHOP's $1.58B at the end of 2019). Salesforce managed to grow their revenue from $1.3B at the start of 2010 to $17.1B at the start of 2020 for a CAGR of 29.5%.



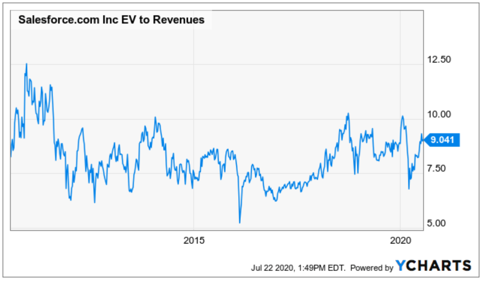
Data by YCharts

Now certainly I would expect Shopify bulls to see Salesforce as an excellent company to be in when making comparisons. Salesforce has been truly groundbreaking in bringing about new ways to do business and their CEO Marc Benioff will surely go down as one of the greatest CEOs of all time, revolutionizing the sales business the way Jeff Bezos has consumerism in America. Salesforce has decimated the returns of almost all companies not in FANG over the last decade.



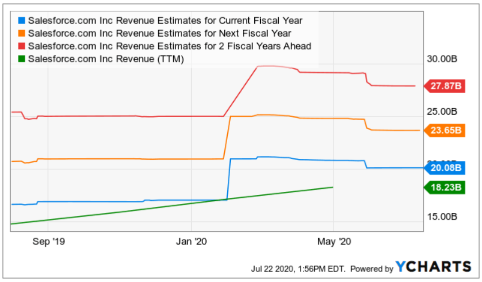
Data by YCharts

So while it is great for Shopify to be compared to Salesforce from a probable growth perspective, they are definitely not in the same starting place from a valuation perspective. Back a decade ago, Salesforce was only trading near 10x EV/Sales, so with SHOP trading at more than 6x higher, it means 1/6th of the returns if they grow at a similar rate, but eventually come down to in-line valuations with peers. 1/6th of CRM's 720% returns comes out to 120% returns over the next decade.



Data by YCharts

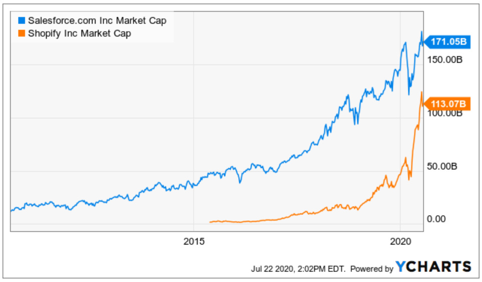
Now it's not saying investing in SHOP at these levels is terrible. If you do think it's inevitable that SHOP grows at 30% for the next decade, then getting 120% return or a CAGR of ~8% is not terrible. And if you think they can grow at a CAGR of 40%+ for an entire decade, then they are truly a Buy. However, I think there are much better options for total returns, such as Salesforce themselves. CRM is still expected to grow revenues at 15-20% the next few years.



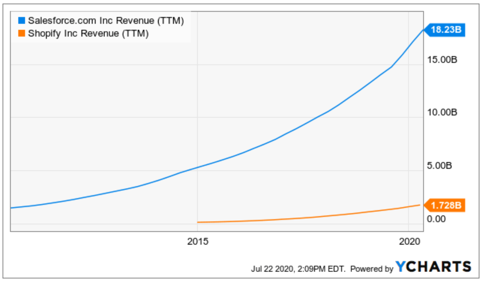
Data by YCharts

So if both SHOP and CRM hit current estimates, and valuation metrics eventually even out for both (say in 5 years), I expect CRM to return 15% a year and SHOP to return 8% per year. I also think CRM offers less risk as they've already proven themselves over a long time period. For SHOP to hit the same sort of growth that CRM has done for the last decade is no certainty and I posit a lot would have to go right, even with their excellent business and positioning.

Shown another way, even with Salesforce being a truly groundbreaking company with a revolutionary CEO for more than a decade, they still barely trade at a higher market cap today than Shopify, who is still in their early days revenue-wise.



Data by YCharts



Data by YCharts

Conclusion

While I think Shopify trades at reasonable multiples if you're willing to hold for the next decade or more, the upside is minimal at this point and plenty of things can go wrong. If you own SHOP and are looking for an alternative if you were to sell, I would recommend CRM as a fantastic stock to park your money in. Perhaps if SHOP traded at half of where they do now or about what CRM traded 2 years ago, I would consider them a Buy.

Disclosure: I/we have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

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Vitaliy Katsenelson, CFA

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Tony Montana Munich

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Tall Seller

Comments (8770) | + Follow

Fasten your seatbelts Shopify LONGS....

"Another Round Of $1,200 Stimulus Checks Coming, Trump Officials Say"

👉 www.google.com/...

...in other words, my consumer spending to help SKYROCKET Shopify further coming soon.

Buy and Hold people. Shopify's July 29th earnings call is going to be MASSIVE.

📈📈📈🚀🔜💰💰💰

26 Jul 2020, 10:15 PM Like 0 Reply

stevem1

Comments (128) | + Follow

@Tall Seller

Not so fast regarding the US stimulus.

The 1200 might very well be capped to adults/familes making less than 40K on a sliding scale. Different from the 1st time. At the same time, the 600 unemployment might very well be quite a bit less.

If the 600 is reduced to be 70-80% of job income, then there's going to be a lot less pump to the economy overall from the target segment at the lower rung of the economic base.

All of this might very well mean less online buying from this group. Keep in mind, plenty of things in local stores now. Not the same situation in the local stores as when the 1st stimulus was implemented.

27 Jul 2020, 05:54 AM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@stevem1

We are running up to an election. There will be more stimulus to come, rest assured.

🎉🎉🎉

27 Jul 2020, 07:33 AM Like 0 Reply

stevem1

Comments (128) | + Follow

not for unemployed.

the negotiated new amount for the 600 will go until the election.

but I tend to agree, depending on who wins. If Dems sweep, then yeah, there will be additional unemployment. should trump win, naw. /he'd no longer need to prop up that segment.

27 Jul 2020, 07:48 AM Like 0 Reply

stevem1

Comments (128) | + Follow

so...

shop and amzn... have hit their 10% lows from highs... what if anything does this mean...

amzn down 13%.

the fact that amzn lost 100+ and then came back.. was interesting.

going to be interesting for shop.. and those who got in after 800. do you stay.. or do you get out and rethink after the earnings.

amzn will kill it, but again, the tech leaders seem to be being smacked a bit after earnings..

perhaps now is the time to simply chill for a bit, and get back in later.

on the other hand, if you're up enough, just ride the wave and don't sweat it.

26 Jul 2020, 10:08 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

Check out how TINY the amount of GMV WooCommerce had last year....

👉 woocommerce.com/...

$11.8BILLION

That's TINY compared to Shopify!

WooCommerce does NOT have more merchants than Shopify, ACCORDING TO WOO...

👉 woocommerce.com/...

Similar number of merchants but 80% less GMV.😂😂😂

Sounds like the cruddy high churn kind of merchants, right?😘

And you can rest assured 100000 times more merchants flooding to Shopify during COVID than they did to Woo. Woo is a TINY company and doesn't have the features, channels, 2,000,000 partners, anywhere near the employees, nowhere near the cash at hand or available....that Shopify does.

COVID just sped up Shopify's CRUSHING of Woo.😂

25 Jul 2020, 06:00 PM Like 0 Reply

rogosun

Comments (239) | + Follow

@ Tall Seller: Are you officially or unofficially working for Shopify PR?

25 Jul 2020, 03:15 PM Like 1 Reply

hawk007

Comments (1520) | + Follow

What kind of question is that?.....Are you officially or unofficially wanting to trash Shop?....Is THAT a fair question?....or course not! You should show the same respect for Tall....There are people that are not too bright trashing Shop and then there are people wanting to trash Shop hoping to scare people into selling, thereby driving down the price so they can get a better price.....so which one are you?....(officially or unofficially)

25 Jul 2020, 03:37 PM Like 3 Reply

hawk007

Comments (1520) | + Follow

...thanks Ramy and Tall

25 Jul 2020, 06:52 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

cult stock.... @rogosun a bunch of people in love

25 Jul 2020, 07:35 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

NOW, on top of Google just announcing Shopify merchants can list products on and use Shopify checkout for FREE (here: twitter.com/...), Facebook recently said Shopify merchants can also integrate onto their platforms and use Shopify to power the checkout there for FREE.

At the 8:00 Mark Zuckerberg says:

"Now it's [Facebook Shop] FREE and it's simple to set up a Shop. Our business model here is ads, so rather than charge businesses for Shops, we know if Shops are valuable for businesses, they are in general going to want to pay for more ads and we are going to eventually make money that way."

👉 news.shopify.com/...

Shopify's industry leading OMNICHANNEL (and other solutions) helps merchants succeed so incredibly well, Google and Facebook both want Shopify merchants to integrate AND transactions on for FREE.

🎉Woot Woot🎉

24 Jul 2020, 02:40 PM Like 2 Reply

Shanepj41

Premium

Comments (1) | + Follow

@Tall Seller

Do you think SHOP hits it's high of 1050 after earnings report ? Have the 925 July calls. Trying to determine to sell before or after earnings report.

25 Jul 2020, 07:27 AM Like 0 Reply

vancouvervic

Comments (317) | + Follow

@Shanepj41

Sell. 👍

25 Jul 2020, 10:57 AM Like 1 Reply

Oracle Of Alpha

Contributor

Comments (294) | + Follow

@Matthew Zeets The issue with Shopify's valuation runs much deeper than their outrageously high price to sales. In fact I have recently revised my next article submission to include a deep fundamental analysis for both merchant solutions and subscription solutions, with a combined total addressable market of just under $70 billion. Of course this would require them to not only manage to reach

100% market share in hosted e-commerce, but far more importantly would require the indisputably impossible feat of commanding a 100% market share in global retail e-commerce sales projected at $4.2 trillion FY20. While you would think revenue generated from $4.2 trillion in GMV would be significantly higher, it actually only comes to $65 billion with the other $4.8 billion of their TAM coming from subscription solutions. It's available as a blog while pending publication, and of course goes into much deeper detail as to where these numbers come from. I would love to hear your thoughts, but in particular I would love to hear any counter arguments from Shopify bulls.

seekingalpha.com/...

(Edited) (edited)

24 Jul 2020, 02:14 PM Like 3 Reply

Tall Seller

Comments (8770) | + Follow

@Oracle Of Alpha

WRONG!

The global e-commerce market was $29TRILLION in 2017 according to the CREDIBLE source the UNITED NATIONS, as seen here:

👉 unctad.org/...

B2B e-commerce is TEN TIMES the size of D2C, which you are omitting, and Shopify happens to be the VERY BEST IN THE WORLD, combined B2B and D2C omnichannel e-commerce provider.

Shopify has barley gotten started and their July 29th earnings call is going to be MASSIVE due to the global surge in e-commerce from COVID.

BUY and HOLD for me.

📈📈📈📈

24 Jul 2020, 02:39 PM Like 1 Reply

Oracle Of Alpha

Contributor

Comments (294) | + Follow

I said global retail e-commerce, and if you actually read the article you would know Shopify used the same source themselves to determine TAM. (edited)

24 Jul 2020, 02:46 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@Oracle Of Alpha

So what?! They service B2B and D2C....and that market is near $40TRILLION today, right?

Here is one of many great examples of a giant company with $BILLIONS in sales who has chosen Shopify for BOTH B2B and D2C...

Impossible Foods

👉 https://impossiblefoods.com/

Shopify has MASSIVE growth ahead, which is substantially larger than you indicate.

BUY AND HOLD for me!

📈📈📈🚀🔜💰💰💰

24 Jul 2020, 03:02 PM Like 1 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author's reply » @Oracle Of Alpha

Very helpful. I'll have to look over it in more depth later. I've definitely only done a cursory glance at SHOP so far, so projections like that are extremely helpful. Thanks for the comment and blog post.

24 Jul 2020, 03:15 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@Matthew Zeets

Helpful if they use the accurate and complete data. But, they do NOT!

24 Jul 2020, 03:18 PM Like 1 Reply

Tall Seller

Comments (8770) | + Follow

Who cares about Stripe. They are a one pony show payment processor and OF COURSE they should be valued significantly less than Shopify. Hahhahs

24 Jul 2020, 08:30 PM Like 1 Reply

Tall Seller

Comments (8770) | + Follow

Gotta love when Shopify merchant SpaceX (here: https://shop.spacex.com) wants to raise funds for a $44BILLION valuation (seen here: twitter.com/...).

Come on Elon, build that brand more, so the whole world buys your merchandise through your Shopify store; sell $BILLIONS (or just hundreds of $millions) through your Shopify store.

🎉WOOT WOOT🎉

24 Jul 2020, 01:56 PM Like 1 Reply

User 52256947

Comments (88) | + Follow

are they going to sell rocketshops online! that is alot of GMV!!

24 Jul 2020, 01:59 PM Like 1 Reply

Tall Seller

Comments (8770) | + Follow

I don't care if he sells turds, as long is it's MASSIVE GMV, he pays for Shopify's high margin solution offerings along the way, and he pays Shopify's 3rd party PARTNERS who generates $6.9BILLION last year (and growing) which will further support that ecosystem to CRUSH all Shopifys lame'o so called competitors.

24 Jul 2020, 02:07 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

He didn't choose cruddy WiX. No real businesses would.

24 Jul 2020, 02:30 PM Like 0 Reply

Ramy Taraboulsi, CFA

Contributor Premium

Comments (2103) | + Follow

@Tall Seller , you passion and support for WiX is very apparent...

24 Jul 2020, 04:18 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@Ramy Taraboulsi, CFA

WiX is garbage compared to Shopify. No real businesses with real GMV, who would be for real solutions that generated around $8.5BILLION last year for Shopify and their 3rd party PARTNERS, would ever choose WiX over Shopify. The SMART ones will choose Shopify EVERY time.

Name 5 decent sized WiX merchants that come anywhere close to the MANY enterprise marchers and superstate merchants who ALWAYS choose Shopify over WiX.

WiX is dog meat compared to Shopify.

"Cruddy WiX"!

24 Jul 2020, 05:00 PM Like 1 Reply

User 52256947

Comments (88) | + Follow

Wixx has Morsey as a client, a multibillion swedish company..

24 Jul 2020, 05:19 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

I said 5. 😂😂😂😂

24 Jul 2020, 05:36 PM Like 0 Reply

Ramy Taraboulsi, CFA

Contributor Premium

Comments (2103) | + Follow

@Tall Seller , "Cruddy WiX" has over 160M sites built on it. I will let you know once I finish going through all of them... (edited)

24 Jul 2020, 05:41 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

ONE site?😂

Show me the WiX the E-COMMERCE site with REAL GMV for this customer! If you're talking about just a service provider site, that's a loser no-moat website category.

The only site close to that I could find is that of famous Steven Patrick Morrissey where the merch link on his website [www.morrisseyofficial.com] points to his SHOPIFY site:

👉🏻 https://uk.mporium.org

👆🏻😂👆🏻😘👆🏻😂👆🏻

24 Jul 2020, 05:42 PM Like 0 Reply

krokodilica

Comments (124) | + Follow

Shopify can never justify this price with their current business model.

24 Jul 2020, 11:59 AM Like 1 Reply

vancouvervic

Comments (317) | + Follow

Shopify doesn't have to justify anything to you, or me. If the stock is too pricey then sit on the sidelines until such time that it drops low enough for you to bite. But, if by chance, that doesn't happen tough shite. 🤦🏻‍♀️

24 Jul 2020, 01:23 PM Like 2 Reply

User 52256947

Comments (88) | + Follow

it is not the only stock in the market so ... fomo ... nah!

24 Jul 2020, 01:43 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@krokodilica

Heard that one since $50/share. Glad I didn't listen.

24 Jul 2020, 01:55 PM Like 2 Reply

hawk007

Comments (1520) | + Follow

I ask a friend of mine what my house was worth and do you know what he said?....."It's worth what people are willing to pay for it".....Simple statement but it stayed with me. Shop is the same....

25 Jul 2020, 06:56 PM Like 1 Reply

Ramy Taraboulsi, CFA
Contributor Premium
Comments (2103) | + Follow

Hmmmm... @hawk007 , do you remember what happened with house prices in 2008? Are you suggesting that the same will happen with Shopify?

25 Jul 2020, 09:31 PM Like 0 Reply

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hawk007
Comments (1520) | + Follow

Yes I do....prices fell almost 10%....and that could happen to Shop which is in the realm of possibility....likely ? NO.....(but I will be backing up the truck if it does.....

25 Jul 2020, 10:42 PM Like 0 Reply

Ramy Taraboulsi, CFA
Contributor Premium
Comments (2103) | + Follow

I always thought that the drop was higher than 20%, so I researched, and found this link that shows that the drop in the average home price was 21.8% ($262K to $205K).

www.census.gov/...

26 Jul 2020, 10:41 AM Like 0 Reply

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hawk007
Comments (1520) | + Follow

so this is a good example of how and why we discuss things here ....I knew what your were talking about (the drop) but did not know how much so I googled it and that is what I came up with .....so this is a great example of different answers the same question....it is not fake news from you OR me....but as Tall would say: " Who cares"? it is not important .....I will buy at a 10 OR 22 % drop......

26 Jul 2020, 06:24 PM Like 0 Reply

User 52256947
Comments (88) | + Follow

12 percentage point different doesn't matter ... lol

26 Jul 2020, 06:43 PM Like 0 Reply

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vancouvervic
Comments (317) | + Follow

In 2008 house prices didn't drop in Vancouver. We in Canada are fortunate to have missed the credit implosion that was suffered by many nations. Thanks to our solid banking sector AND to PM Harper.

27 Jul 2020, 01:29 AM Like 0 Reply

---

vancouvervic
Comments (317) | + Follow

I miss PM Harper, much better than that doofus masquerading as pm now.

27 Jul 2020, 01:32 AM Like 1 Reply

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krokodilica
Comments (124) | + Follow

Overvalued at $50/share might not be far from the truth. We'll see in a couple of years when market decides it's time for Shopify to show some profits.

At present they are growing sales by burning cash. If they switch to profits mode, there is a danger of rapid market share loss.

Competition is fierce and Shopify's main selling point is the low price. Perhaps investors will be happy to keep their eyes closed and finance cash burning for many years to come.

27 Jul 2020, 05:05 AM Like 0 Reply

ZenMasterMind
Comments (41) | + Follow

The conventional metrics are perhaps not quite meaningful, if one believes that Shopify is a game changer that will profoundly change the retail business.

23 Jul 2020, 09:02 PM Like 2 Reply

Tall Seller
Comments (8770) | + Follow

Holy smokes!!!!!

One of the biggest popstars of all time (who is a Shopify merchant), Taylor Swift, is 🚀launching her new album on her Shopify site (here: https://store.taylorswift.com) TONIGHT, as per her announcement on her twitter profile here:

👉 twitter.com/...

💰Can you imagine the MASSIVE amount of album sales and merchandise sales she is going to transact through her Shopify store. WOW!!!💰

Taylor Swift has:

- 137 MILLION followers on Instagram:

👉 instagram.com/...

- 71 MILLION followers on Facebook:

👉 m.facebook.com/...

- 86.5 MILLION followers on twitter:

👉 twitter.com/...

- 38.5 MILLION YouTube followers:

👉 www.youtube.com/...

- 37 MILLION fans on tiktok:

👉 t.tiktok.com/...

- HUGE fan base on snapchat
- ...and MUCH MUCH MORE.

🎉How many B-B-B-$BILLIONS of music and merchandise sales is Taylor Swift

🎉How many B-B-B-$BILLIONS of music and merchandise sales is Taylor Swift going to transact through her SHOPIFY site (here: https://store.taylorswift.com) tonight, tomorrow, and in coming years???🎉

p.s. Taylor Swift, and other such massive stars, would never choose cruddy WiX!! They ALL choose Shopify!

23 Jul 2020, 06:01 PM Like 5 Reply

hawk007

Comments (1520) | + Follow

.....but I hear tilktok is controlled by the CCP....correct? or not?

24 Jul 2020, 09:50 PM Like 0 Reply

Up and Away

Comments (3063) | + Follow

Investors should push back on wall street who has been pushing value stocks and telling people to rotate out of tech stocks.

23 Jul 2020, 04:22 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

🎉This is MASSIVE NEWS for Shopify, right?🎉

“We announced a partnership with Google to make it easy for merchants to list their products for free on the Google Shopping tab through Shopify’s Google channel. Today, we're further extending our Google partnership by announcing that Shopify Payments will be available to U.S. merchants through Buy on Google, the search engine's native checkout option. This marks the first time Shopify Payments will be made available outside of Shopify, making it easier for merchants to enable purchases on many different channels, wherever buyers are.”

👉 news.shopify.com/...

Google is allowing merchants to checkout with Shopify Pay, just like Facebook Shops does!! Sounds like Shopify is taking over the world.

🎉WOOHOO🎉

23 Jul 2020, 02:20 PM Like 5 Reply

CBS_Guy8

Comments (46) | + Follow

I live in Canada and we do not have the tech companies to invest in like in the USA. Investors seem to blindly invest in these tech companies, fundamentals go out the window. Nortel, Blackberry, etc. Some of my friends invest in Canadian stocks only, hence the reason some of the high flying tech companies get out of touch with reality. $100B plus company with 63 P/S ratio TTM, impossible for it to grow into that valuation in the short-term. There may be some profits in the longer term, kind of like Cisco from early 2000s but almost twice as expensive in terms of P/S valuation.

23 Jul 2020, 02:19 PM Like 7 Reply

Tall Seller

Comments (8770) | + Follow

@CBS_Guy8

😴😴😴😴

Shopify is DUALLY LISTED on NYSE and TSX (same shares that can be traded on either exchange), where SIGNIFICANTLY more Americans own Shopify shares because they are BEST IN THE WORLD B2B and D2C omnichannel e-commerce provider with DECADES of growth ahead.

23 Jul 2020, 03:02 PM Like 3 Reply

vancouvervic

Comments (317) | + Follow

@ CBS_Guy8

I AM CANADIAN

m.youtube.com/...

Kidding aside, we have plenty awesome enterprises up here. Once upon a time even Obama much preferred his berry over the fruit. 😂

24 Jul 2020, 07:59 AM Like 0 Reply

hawk007

Comments (1520) | + Follow

O soma bama?

24 Jul 2020, 09:52 PM Like 0 Reply

vancouvervic

Comments (317) | + Follow

The under-qualified Chicago community organizer, the one that shipped Billions to the Iranians. That one.

25 Jul 2020, 08:05 AM Like 1 Reply

User 52256947

Comments (88) | + Follow

Sector rotation today!.... shopify to test 800 area ...

23 Jul 2020, 02:04 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

Why? Guess?

Shopify’s July 29th earnings call is going to show their MASSIVE growth due to COVID, so expect a TIDAL WAVE rotation in to Shopify shortly.

23 Jul 2020, 02:17 PM Like 3 Reply

User 52256947

Comments (88) | + Follow

rotation to value.... it will need to have a lot of buyers that it will squeeze and make new highs... unlikely....

23 Jul 2020, 02:26 PM Like 2 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

You can do whatever you do, I'll happily BUY AND HOLD leading up to Shopify's Q2 earnings call only July 29th.

Based on 3 FAANG, a whack of Big Tech related to Shopify and e-commerce, and Shopify themself, they ALL indicated Shopify and e-commerce in general is SURGING...significantly, where Shopify's share price will likely seem CHEAP once they quantity their MASSIVE growth on July 29th.

BUY AND HOLD for me!

📈📈📈📈📈

23 Jul 2020, 02:51 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

I would say it would be smart to buy at around $800-$850, i will be buyer there...

23 Jul 2020, 03:11 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

That's a bit of a stretch hoping Shopify dips there before their upcoming MASSIVE Q2 earnings call on July 29th, where their share price will likely SKYROCKET then. If I were you, FOMO😏 would probably service you well.

23 Jul 2020, 06:32 PM Like 1 Reply

hawk007

Comments (1520) | + Follow

....don't tease with me....

24 Jul 2020, 09:53 PM Like 0 Reply

hawk007

Comments (1520) | + Follow

....me too!!!!!!!!!!!!! ....but I don't think it will "fold it's tent" that far!!!

24 Jul 2020, 09:55 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

Can Amazon help merchants like Shopify can here???? NO!

Shopify merchant Flow Alkaline Hydration (https://flowhydration.ca) close a $45 million funding round, backed by a group of investors that includes pop star Post Malone [twitter.com/...] and former MLB champion Chase Utley [instagram.com/...] to scale distribution and production, and DOUBLE its consumer base.

DOUBLE!

👇👇👇👇👇

👉 www.bevnet.com/...

👆👆👆👆👆

Shopify's OMNICHANNEL (www.shopify.com/...) is helping them SKYROCKET....during Covid!!!

These are some of the channels profiles Flow is using that I could find for their OMNICHANNEL strategy with Shopify the hub connector between all of them....and there are many more advertising and sales channels that they use (google them):

- Facebook: www.facebook.com/...
- Twitter: twitter.com/...
- Pinterest: www.pinterest.ca/...
- Instgram: www.instagram.com/...
- YouTube: www.youtube.com/...
- Microsoft: www.linkedin.com/...
- Amazon: www.amazon.com/...
- Costco: www.costco.ca/...
- Loblaws: www.realcanadiansuperstore.ca/...
- Staples: www.staples.ca/...
- Kroger: www.kroger.com/...
- MANY MORE!

Even "Gwyneth Paltrow Wants People To Start Drinking 'Flow' Alkaline Water"😂

👉 www.google.com/...

Shopify is WAYYYYYYYYY better for REAL BUSINESSES than TINY, one channel amazon ever will be.

BUY AND HOLD Shopify for me.

💰💰💰💰💰

23 Jul 2020, 01:34 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

Where is Salesforce's market share in the TOP 100K e-commerce sites category, as seen here:

👉 trends.builtwith.com/...

They are a NOBODY. And Shopify has TOP MARKET SHARE there....by a SIGNIFICANT margin, as seen here:

👉 trends.builtwith.com/...

REAL BUSINESSES with real GMV choose Shopify first.

LONG Shopify!

Their upcoming July 29th earnings call is going to be MASSIVE due to their merchants SURGE in e-commerce since COVID.

📈📈📈🚀🔜💰💰

23 Jul 2020, 12:17 PM Like 2 Reply

kuldipsingh

Comments (25) | + Follow

I find it difficult to understand . Why these negative Shopify writers ever admit they been wrong.

Shopify was the same at $50,at $150 and $220 and $500, $800 at $1000

When Shopify release her results all numbers PE sales ratio will get cut in half,

The stock will appreciate North 30%.

These writers will be still standing where they have been for 5 years.

Tesla

Wix

MA

V

NIO

If you are a negative thinker. Well God bless you.

Shopify will be $1700 + in December 2020

23 Jul 2020, 11:41 AM Like 7 Reply

You like this

Tall Seller

Comments (8770) | + Follow

@kuldipsingh

Shopify could be $2000 USD by the end of their July 29th earnings call and, if not then, by years end for sure, in my opinion.

23 Jul 2020, 12:09 PM Like 3 Reply

RCSTOCK

Comments (397) | + Follow

I find it difficult to understand why these negative Shopify writers write as if they've never head of a stop-loss. As if one can't buy Shopify (or any stock) and ride it as it goes up then simply sell Shopify AFTER it's violated some downward price. I'm sure that by whatever metric these negative Shopify writers buy a stock they also have some metric for selling that stock. So, the idea of selling should not be foreign to them. Buyers of SHOP are not entering into a life-long agreement to own it no matter what.

23 Jul 2020, 12:19 PM Like 2 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author's reply » @kuldipsingh

You're certainly right that authors bearish on tech stocks have been mostly wrong for the last decade. That's actually why I pointed out early in this article why most authors tried simplifying things down to P/E ratios too much typically. SHOP is trading at EV/Sales multiples currently not seen by any of the greatest tech stocks in their histories.

At some point, all tech stocks can't grow at these rates. Some of the ones that make it certainly can, but I don't think SHOP has proven they'll be one of the few yet. To be clear, this is the first negative article I've written about a tech stock. I understand you have to look 5-10 years out and many investors underestimate the earnings potential far down the line.

If you are so certain SHOP will hit $1700 by Dec 2020, Call options are a lot more lucrative than owning the stock outright. A lot more risk of course though.

23 Jul 2020, 12:20 PM Like 3 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author's reply » @RCSTOCK

That's a good point and a great strategy for momentum buyers. I probably haven't dabbled with it enough. I just noticed that SHOP trades at some EV/S multiples I've never seen anything close to, so I thought I'd point it out.

23 Jul 2020, 12:28 PM Like 0 Reply

Wez

Comments (8419) | + Follow

@Matthew Zeets

"SHOP is trading at EV/Sales multiples currently not seen by any of the greatest tech stocks in their histories."

Pearls before swine...

23 Jul 2020, 12:38 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@Wez

And they should be. Shopify has MASSIVE and very long term growth ahead. Their grow has even SIGNIFICANTLY ACCELERATED due to COVID and will likely stay elevated from the trajectory their growth was on prior to COVID for at least a couple years.

23 Jul 2020, 01:06 PM Like 1 Reply

RCSTOCK

Comments (397) | + Follow

Using a weekly chart: 5MA & 10MA crossovers with, principally, TSI & OBV confirming.

23 Jul 2020, 02:09 PM Like 0 Reply

hawk007

Comments (1520) | + Follow

God bless America!!!!....(and Shop)

24 Jul 2020, 09:57 PM Like 0 Reply

hawk007

Comments (1520) | + Follow

wow....that is MASSIVE ....now that is very bullish....Not sure about the timing of that...2000 for sure, but don't know when.....

24 Jul 2020, 10:00 PM Like 0 Reply

vancouvervic

Comments (317) | + Follow

@hawk007

As a Canadian you’re welcome.

We’re fortunate to share North America. Thank God for the Magna Carta.

25 Jul 2020, 11:02 AM Like 0 Reply

Wez

Comments (8419) | + Follow

"They'd have to grow revenues at a CAGR of 30% for the next decade for the stock to see any sort of returns."

Each year, as Revs grow, it becomes harder to maintain that kind of growth rate and to buy it now, hoping they do succeed, is more risky with investment capital than I'm comfortable with.

23 Jul 2020, 10:32 AM Like 4 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author’s reply » It certainly does become harder once a company reaches a certain size. I am definitely assuming some 40-50% growth years early on for them to even be able to hit a target like 30% CAGR for a decade. And that's just a bullish assumption to show that they're only barely worth buying even if they manage to hit that sort of growth rate.

23 Jul 2020, 11:40 AM Like 0 Reply

Wez

Comments (8419) | + Follow

@Matthew Zeets

The fact that we are even discussing a 10 year estimate is yet another sign of just how removed from sanity we are right now.

23 Jul 2020, 12:44 PM Like 2 Reply

Tall Seller

Comments (8770) | + Follow

@Wez

Why? You think Shopify is going to stop growing in 10 years? NOT A CHANCE!

Shopify’s has very long term growth ahead.

23 Jul 2020, 01:07 PM Like 1 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author’s reply » @Wez

I think investors learned from the FANG stocks that you have to look 10 years out due to the growth in these areas having such long runways of high growth. If you only look 1 year out or 2 years out, they'll always look overvalued, but if you correctly identify companies that can keep up growth for a long time, it's how people got several hundred percent returns on FANG stocks over the last decade.

I do agree that having to look 10 years out makes it that much tougher to nail the growth rate, which is why these stocks are so much more volatile. Little changes in annual growth sure do change the end valuation a lot.

23 Jul 2020, 06:53 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

If you do a simple DCF assuming 50% growth and 25% FCFE for 10 years + perpetuity at 5% growth, the company is more than fairly valued....

a lot of execution risk to just get the carry / cost of capital....

23 Jul 2020, 07:05 PM Like 0 Reply

Wez

Comments (8419) | + Follow

@Matthew Zeets

That's fair, but the FANGs had a 2009 valuation bottom to run off of...now, not so much.

24 Jul 2020, 08:33 AM Like 0 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author’s reply » @Wez

Yeah I guess depends on the company. Amazon basically didn't dip much. They dipped for a few months in 2009, but basically just kept going up much the same as many tech companies are today. I think we still agree for the most part that valuations have gotten ahead of themselves. AMZN never traded anywhere near 64x Sales, even when they were growing fast, which is why they had such great returns over the years. SHOP being at such a high multiple right now is a really tough spot to buy in.

As I stated in my article, I really do think it's possible SHOP will be well worth what they currently are some day. People that buy today just aren't going to see the same sort of returns that they would have on FANG stocks, since their market cap is already over $100B before they make $2B in revenue. They're doing a fantastic job getting into everything, but unless they find better ways to monetize it without losing customers, I don't see how they make more than $20B in revenue in 10 years.

24 Jul 2020, 10:25 AM Like 0 Reply

Wez

Comments (8419) | + Follow

@Matthew Zeets

"Amazon basically didn't dip much. They dipped for a few months in 2009"

Actually, peak to trough fall in AMZN was 60%.

24 Jul 2020, 10:59 AM Like 0 Reply

Wez

Comments (8419) | + Follow

@Matthew Zeets

"AMZN never traded anywhere near 64x Sales, even when they were growing fast, which is why they had such great returns over the years."

Bingo!

24 Jul 2020, 11:00 AM Like 1 Reply

User 52256947

Comments (88) | + Follow

But amazon did not have a $40T TAM and omnichannel!!!

24 Jul 2020, 11:41 AM Like 2 Reply

Tall Seller

Comments (8770) | + Follow

@Matthew Zeets

And Amazon shouldn’t have ever traded at 64X because their opportunity is TINY for e-commerce compared to Shopify’s.

Amazon = one TINY channel

Shopify = EVERY worthwhile channel

One versus EVERYWHERE!

Think about your TV...who wins...the TV with one channel or the TV with 100? DUH!

Shopify wins. And Shopify has infinitely more growth ahead compared to Amazon.

24 Jul 2020, 11:57 AM Like 1 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author’s reply » @Wez

My mistake. I should have said, AMZN didn't dip for that long. It was indeed a pretty deep dip (as were basically all stocks then), but my point was that you saw great returns over the next decade no matter when you bought them.

24 Jul 2020, 12:38 PM Like 0 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author’s reply » @Tall Seller

@User 52256947

I agree SHOP is doing a fantastic job of spreading like a virus. However, I've yet to see them monetize it much. If any bull would talk about how much they can make per say thousand dollars of sales done through their channels, then I would listen more. It seems bulls always just want to spout off how much all their customers make. How much of that will pass down to SHOP? I'm asking seriously. You may be able to turn me into a bull if you know of any presentations that SHOP has given that talks about how much they'll make per transaction or anything like that.

24 Jul 2020, 12:44 PM Like 1 Reply

User 52256947

Comments (88) | + Follow

I am being sarcastic shopify is a great company that is very overvalued but some people keep talking about tam and omni channel like it is everything.

24 Jul 2020, 01:03 PM Like 1 Reply

Wez

Comments (8419) | + Follow

@Matthew Zeets

"my point was that you saw great returns over the next decade no matter when you bought them."

Right, that's the justification many use to argue for stocks like SHOP, "the next Amazon". There are only a few Amazons out there.

24 Jul 2020, 01:09 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@Wez

Amazon? That’s alone is a LOSING e-commerce strategy for most real businesses.

Amazon = a LONELY channel

Shopify = EVERY worthwhile Big Tech and big box online store channel

Shopify's merchants can integrate EVERYWHERE worthwhile online which is astronomically better for merchants than one pony show Amazon.

25 Jul 2020, 12:38 AM Like 0 Reply

Ramy Taraboulsi, CFA
Contributor Premium
Comments (2103) | + Follow

Yes, I agree with @Tall Seller : Amazon is TINY (in capital letters) compared to Shopify; Its revenue is only 140 times as much as Shopify's revenue, and its net income is (yes, net income) is only 6 times as much as Shopify's total revenue (yes, total revenue).

Amazon is certainly is a pony show compared to the Shopify circus...

25 Jul 2020, 02:35 AM Like 2 Reply

vancouvervic
Comments (317) | + Follow

🎪

25 Jul 2020, 10:59 PM Like 0 Reply

Tall Seller
Comments (8770) | + Follow

@Ramy Taraboulsi, CFA

Ramy, do you really think ONE channel Amazon is better for real businesses that EVERY channel Shopify???

ONE channel versus line 50 channels.

It's a no brainer. Amazon alone is a LOSING e-commerce strategy for most real businesses where being on many channels with Shopify for sales, marketing, brand building, etc., is the WINNING strategy.

27 Jul 2020, 03:16 AM Like 0 Reply

Ramy Taraboulsi, CFA
Contributor Premium
Comments (2103) | + Follow

@Tall Seller , let's forget about the debate of whether Shopify is better or worse than Amazon; The discussion will take us no where...

I have a real technical question: Can a Shopify site owner use Shopify for managing his/her FBA?

I am asking because I was talking to someone today who told me that they cannot, and I find it hard to believe.

As a disclosure, I am still net long on Shopify...

Thanks in advance.

27 Jul 2020, 04:08 AM Like 0 Reply

sirtradealot
Comments (48) | + Follow

I agree with your assessment that SHOP is possibly the most overvalued stock in the history of investing (with the exception of a few dozen internet stocks that crashed in 2000). The problem is that SHOP may not even still be in business a decade from now. There were thousands of high-flying internet stocks in the late 90's that people thought would dominate for decades, and virtually all of them went out of business. For every AMZN, there were hundreds of companies that just disappeared. SHOP's biggest competitor may not have even been born yet. Just look at what happened to RIMM (Blackberry). Like SHOP it was seen as a pioneer in it's market (mobile devices) and became the most valuable company in Canada (just like SHOP is today). Then Apple, who didn't even make phones at the time, decided to jump into the market with a new product called the iPhone, and they completely destroyed Blackberry and nearly ran them into bankruptcy. I'm just saying that the chances of SHOP becoming the next AMZN in terms of market success and market cap, are very small. And people are bidding the stock up as if it's already a done deal. And for the record, I'm not a short. I've never shorted any stock. In fact I was long SHOP until just a couple months ago. I bought it in 2016 for $42 and sold in the $700's. It was a great ride but now the valuation is just absurd so I had to take my profits and run. I may buy back in some day but the price would have to be cut in half for me to consider it again. Good luck everyone!

23 Jul 2020, 10:25 AM Like 7 Reply

Matthew Zeets
Contributor Premium
Comments (1113) | + Follow

Author's reply » Well said. The way I see it is at best SHOP will be a mediocre investment from this point and at worst they could crash. Kudos to you for holding for so long too. I imagine in your position that I would have sold at $200-$500 range. I really never dreamed they would fly this high.

23 Jul 2020, 10:31 AM Like 0 Reply

vancouvervic
Comments (317) | + Follow

"a mediocre investment", eh. That's the best you can do? Before you brush off Shopify (or any other security) you owe to yourself to due real due diligence. Hate on Shopify all you want I don't care, but at least make an effort to find out why Shopify is killing it in its market. 🤦‍♀️

23 Jul 2020, 04:24 PM Like 1 Reply

Matthew Zeets
Contributor Premium
Comments (1113) | + Follow

Author's reply » @vancouvervic

What sort of growth rates do you expect for the next 5 years? 10 years?

23 Jul 2020, 06:49 PM Like 0 Reply

Tall Seller
Comments (8770) | + Follow

@Matthew Zeets

With everyone globally hating malls and stores now due to COVID, Shopify’s growth will probably stick to at least 70%/year for the next 10 years.

23 Jul 2020, 06:55 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

no one hates malls... i would say the other way around, people are anxious and want to get out of their houses

23 Jul 2020, 07:05 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

I’m extremely happy to agree to disagree. Their is a MASSIVE global aversion to malls that is forever engrained in many people now.

With so many of the best brands in the world using Shopify’s omnichannel D2C strategies, I’d rather order most things online, which is the same for MANY MANY MANY more people now.

23 Jul 2020, 07:16 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

Most people will order online more, and in the future but you are mixing to subjects,

i just said people don't hate malls, i never said people will buy more in malls...

you are taking things out of context

23 Jul 2020, 07:28 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

Their is a MASSIVE global aversion to malls that is forever engrained in many people now.

you seem to have a lot of data behind this.... share it

23 Jul 2020, 07:28 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

Where is your data?

GLOBALLY, there will forevermore proportionally more people buy proportionally more goods in proportionally more categories than before.

23 Jul 2020, 07:41 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

Well you are the one saying people hate malls... i have never heard that people hate malls....

23 Jul 2020, 07:43 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

again, this is correct but does it mean people hate malls???

life is not black and white, one day you will understand with more life experience

23 Jul 2020, 07:44 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

Of proportionally more course they hate malls, where proportionally more people will buy proportionally goods online forevermore.

If you want to go to a probable diseased cesspool of a mall, of for it. I ain’t, if I can help it, most of the time. And there are WAAYYYYYYY more people that feel way I feel than you feel. It’s ludicrous to think the exact same number of people will jump at going to malls ever again, if they can buy many things online.

23 Jul 2020, 07:49 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

You still don't get it, you are completely missing the point of what i am saying but it is ok.... good luck.

23 Jul 2020, 08:39 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

I’m not missing it. I just totally disagree with it, which is allowed. I believe COVID has caused significantly more people to forevermore buy significantly more products online in significantly more categories. And it will NEVER go back to where we were or go back to the same timeline of e-commerce adoption as before.

23 Jul 2020, 09:36 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

this is true but this is not what i am talking about, i will end the discussion here since you are not paying attention to what i am trying to tell you....

i am not talking about ecommerce going up.

23 Jul 2020, 10:23 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

Many people who never hated malls and stores before will hate malls and stores now and forevermore.

Less people will buy in stores and malls.

More people will buy more of everything online.

LONG Shopify!!

24 Jul 2020, 12:20 AM Like 0 Reply

hawk007

Comments (1520) | + Follow

"mediocre investment".....wow...This "mediocre investment has made me a millionaire!!!! (Giving God the credit....not me)

24 Jul 2020, 10:12 PM Like 0 Reply

Ramy Taraboulsi, CFA

Contributor Premium

Comments (2103) | + Follow

Nice short article. Thanks.

@Matthew Zeets , you did not discuss the potential decline in the business of smaller retailers (the vast majority of Shopify clients) in the future; I am interested in your opinion on this one, and how it may impact your growth projections.

Thanks again.

23 Jul 2020, 09:10 AM Like 3 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author's reply » You bring up a great point. I definitely haven't looked into how much SHOP makes per customer or anything to come up with real growth projections. In general I am giving them the benefit of the doubt that they may grow at a similar pace to some of the best tech companies of the last decade. Then I just wanted to show that IF they manage that, they're basically just fairly valued. Your point is one of the risks I alluded to that if anything goes wrong at all, they'll be worth well less than they are now.

23 Jul 2020, 11:12 AM Like 1 Reply

Tall Seller

Comments (8770) | + Follow

@Ramy Taraboulsi, CFA

Do you mean the small retailers like the cruddy ones on WiiX, Weeble, BigCommerce, WooCommerce, ETC.?

Shopify has more ENTERPRISE merchants than anyone, at least than the TOP online selling ones, as seen here:

👉 trends.builtwith.com/...

23 Jul 2020, 12:12 PM Like 4 Reply

Ramy Taraboulsi, CFA

Contributor Premium

Comments (2103) | + Follow

@Tall Seller , you seem to have a personal vendetta against WiX as you try to switch the subject to attack it on every opportunity. Maybe you can explain why you always look for opportunities to do that?

And, yes, I agree, there an overlap of customers among all these companies, and they all serve smaller retailers.

24 Jul 2020, 11:51 AM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@Ramy Taraboulsi, CFA

It's because WiX SUCKS! No real business will choose them over Shopify. NAME FIVE big businesses who use WiX. They Suck!

27 Jul 2020, 05:19 AM Like 0 Reply

electra7

Comments (966) | + Follow

SHOP makes TESLA look cheap.

I would be very surprised if SHOP doesn't pull back and Tesla continue its dramatic rise.

You can throw 50 billion at SHOP with acquisitions, etc. and be a competitor right out of the gate.

Throw 50 billion at TESLA with acquisitions, etc. and it is likely that you have just done your 50B.

23 Jul 2020, 07:57 AM Like 1 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author's reply » Some great points. Tesla certainly has an infrastructure set up and brand name that is tougher to compete with.

23 Jul 2020, 12:21 PM Like 0 Reply

vancouvervic

Comments (317) | + Follow

Shopify isn't in competition with Tesla. Shopify is in competition with Intuit, according to at least one Intuit fanboy.

24 Jul 2020, 08:10 AM Like 0 Reply

bobcajun55

Comments (91) | + Follow

you should know that Amazon is currently spending many billions to expand their footprint, new leases plus equipment while shop will rely on existing third party warehouse (and distributors including D2C suppliers) to establish a network far greater than Amazon can imagine.....at a very small fraction of AmAzons cost. it's all about those magical robots and integrated software. and the desire among businesses not to get sucked and locked into the Amazon vortex.

23 Jul 2020, 07:30 AM Like 1 Reply

Matthew Zeets
Contributor Premium
Comments (1113) | + Follow

Author's reply » @bobcajun55

I agree many businesses would want to get away from Amazon. I wonder how much SHOP gets per customer they have on average.

23 Jul 2020, 11:21 AM Like 0 Reply

bobcajun55
Comments (91) | + Follow

This is a growth company, everyone knows ecommerce sales are accelerating so project that into the future.

23 Jul 2020, 07:27 AM Like 1 Reply

Matthew Zeets
Contributor Premium
Comments (1113) | + Follow

Author's reply » Are you just saying my 30% a year CAGR is too conservative?

23 Jul 2020, 10:33 AM Like 1 Reply

You like this

Tall Seller
Comments (8770) | + Follow

@Matthew Zeets

Of course it's too conservative, by a long shot.

According to this statements from Shopify's CTO, Shopify's growth right now is in the 380-760% quarter over quarter range due to COVID:

👉 mobile.twitter.com/...

And, COVID will FOREVER change peoples online purchasing behaviors, so expect a much higher growth rate for Shopify than prior to COVID.

23 Jul 2020, 01:17 PM Like 1 Reply

Matthew Zeets
Contributor Premium
Comments (1113) | + Follow

Author's reply » @Tall Seller

I don't see the 380-760% Q/Q growth you speak of mentioned anywhere.

23 Jul 2020, 06:48 PM Like 0 Reply

Tall Seller
Comments (8770) | + Follow

@Matthew Zeets

I'm happy to do the math for you.

Shopify's CTO said they are seeing traffic near DOUBLE their normally busiest weekend of the year (Black Friday Cyber Monday) now EVERY DAY:

👉 mobile.twitter.com/...

The math; when you can compare Shopify's merchants $2.9BILLION ($725,000,000/day) in sales over Black Friday Cyber Monday 2019 (seen here: news.shopify.com/...), and compare that to Shopify's Q1 2020 Gross Merchandise Volume (GMV) of $17.4BILLION for everyone entire quarter or $190,333,333/day (seen here: s23.q4cdn.com/...), if Shopify's CTO's statements above about "traffic" correlates to GMV, which there is NO reason it shouldn't, it suggests between a 380%-760% in growth quarter over quarter =

MASSIVE GROWTH ACCELERATION🚀📈.

Event Adobe's CEO said Magento compared their sales to Black Friday Cyber Monday every day in their last earnings call, which reinforces Shopify's CTO's statement INDEED correlating "traffic" to GMV.

BUY AND HOLD baby. Shopify's Q2 earnings call on July 29th is going to be MASSIVE.

📈📈📈📈

23 Jul 2020, 07:05 PM Like 0 Reply

User 52256947
Comments (88) | + Follow

you cannot trust an insider for this type of information they will always pump the stock

23 Jul 2020, 07:05 PM Like 0 Reply

Tall Seller
Comments (8770) | + Follow

@User 52256947

I'm very happy to agree to disagree.

Shopify, Adobe, and Salesforce all said similar things about e-commerce SURGING...with adobe CEO and Shopify's CTO essentially saying the same things about the equivalent of Black Friday Cyber Monday occurring every day.

And then, Facebook, Google, Amazon, DH Smith, FedEx, UPS, PayPal, VISA, MasterCard ALL SAYING e-commerce is SURGING significantly.

Sorry...Shopify's growth is MASSIVE right now, as all this sources together prove that to be unequivocal.

23 Jul 2020, 07:27 PM Like 0 Reply

User 52256947
Comments (88) | + Follow

Did those stocks double in price with these news???

23 Jul 2020, 07:32 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

Did Amazon stock price double after those news???

Think again before saying this stock will get to $2,000...

Run a simple DCF, 50% revenue growth rate with 20% FCF to equity

8% WACC (low by the way relative to risk)

perpetuity assume 15-20x ebitda

.... nothing is priced in....

markets are not 100% efficient, they are 90-99% efficient...

when this news come out, it gets priced in, do you think you are the only one that reads news articles???

hedge funds have millions of dollars in infrastructure and still cant beat the market....

i ask you, what is your edge???

23 Jul 2020, 07:34 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

Sorry I'm very happy to agree to disagree. MANY MANY MANY MANY MANY sources say shopify's growth has been MASSIVE since e-commerce. I'll believe them, as all of them cumulatively are EXTREMELY CREDIBLE.

23 Jul 2020, 08:35 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

You've been saying Shopify is overpriced since $50-135/share, while I've been saying Shopify would easily grow to where we are today that entire time.

There is PROOF of my edge, thanks (aka RESULTS).

23 Jul 2020, 08:35 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

NOPE.

You think no earnings calls have ever resulted in a share price spiking up, even if that news was somewhat expected?

There certainly is some optimism priced in to Shopify now, but it's NOWHERE NEAR fully priced in for what's coming from Shopify's soon-to-be-announced MASSIVE growth from COVID.

23 Jul 2020, 08:39 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

so you say a sample of 1 stock is enough to be an edge????

23 Jul 2020, 08:52 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

but why did amazon not double with these news?

23 Jul 2020, 08:53 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

how do you know that???? nowhere near when it is 60x revenue??

23 Jul 2020, 08:53 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

If Shopify does indeed announce 380-760% growth quarter over quarter in relation to their CTO's statements, today's share price will NOT be 60x revenue. It will be a MUCH LESS multiple than that, very likely in a realm that makes Shopify's share price today VERY CHEAP compared to what multiples investors have been willing to pay for Shopify...which will likely cause Shopify's share price to SKYROCKET on July 29th.

23 Jul 2020, 09:31 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

You are assuming this growth if it even is close to these numbers will be recurring, if the growth is a 1 time thing and the company lost money then it is a past event that has no effect on value.....

You are assuming that this growth will go on forever...I am telling you, current price assumes company will grow more than 50% YoY for 10 years at very high margins, which is unlikely....

23 Jul 2020, 09:38 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

It's all just speculation. I speculate Shopify's growth will be extremely strong for a very long time, as they accelerate at CRUSHING their competitors, and COVID has just exacerbated/accelerated that CRUSHING.

23 Jul 2020, 10:22 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

OK cool nothing wrong with that.

24 Jul 2020, 12:19 AM Like 0 Reply

bobcajun55

Comments (91) | + Follow

yeah so in 10 years if at the low end shop market cap is still only worth 20% of Amazon which might be worth $6T (4X current) at least, then shop needs to increase at least $100B per year. as amzn did, a share split, or several may be needed to get there. of course 20 percent could be way too conservative. you snooze you lose.

23 Jul 2020, 07:22 AM Like 1 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author's reply » @bobcajun55

Well that's all one way of looking at it, but I see several issues with those valuations. Amazon could hit $6T, but I think it's unlikely. What sort of EV/S do you expect AMZN to trade at by that time? They're already trading at 20 year highs in that regard even though their revenues are growing at near 15% per year these days. So once again, while possible, I think a valuation near $3T is much more likely for AMZN in 10 years.

And I definitely don't see SHOP being worth 20% of AMZN. Maybe it's our assumptions in what sort of products SHOP will offer that differ. My assumption is that they'll still just sell web and software services to help other businesses be able to sell online. I don't see SHOP having a marketplace that can compete with the likes of Amazon, Facebook, Google, and Wayfair.

What do you expect SHOP's revenues to be in 10 years to hit that $1.2T valuation?

23 Jul 2020, 11:57 AM Like 0 Reply

gutcheck

Comments (3053) | + Follow

website hosting is a commodity business. shareholders have given shop 2B in cash raise over last 9 mos to be able to make less than 2B in revenue. how long can this ponzi scheme continue

23 Jul 2020, 05:53 AM Like 6 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author's reply » Website hosting is definitely a commodity. SHOP offers a lot of other services though. But in general I agree with you that if the market were worth pursuing, we'd be seeing the big tech companies try to get a slice of the pie.

23 Jul 2020, 11:09 AM Like 1 Reply

You like this

Tall Seller

Comments (8770) | + Follow

@gutcheck

Most of Shopify's so called competitors don't have a fraction of the services that Shopify has. E-commerce is A LOT MORE than just a loser e-commerce website business, and Shopify is in the A LOT MORE category.

If e-commerce is only a website business, then how did Shopify's 2,000,000 3rd party PARTNERS generate $6.9BILLION last year? 😂

23 Jul 2020, 12:20 PM Like 2 Reply

krokodilica

Comments (124) | + Follow

E-Commerce Software total addressable market is worth less than 20B today, could reach 30B in the next 10 years. Shopify alone is valued over 100B.

Magento (Adobe), Salesforce, WooCommerce (Automattic), Wix, Squarespace, BigCommerce and many other companies are competing for their share of a 20B market, but Shopify alone is valued 6x entire addressable market.

I would be scared to hold this bag.

23 Jul 2020, 04:33 AM Like 12 Reply

Tradeworke

Comments (1) | + Follow

I would say the E-Commerce Software market ist more than double that size, but I see the same risks. Where do you have this data from?

23 Jul 2020, 06:07 AM Like 0 Reply

krokodilica

Comments (124) | + Follow

Mentioned here thereformedbroker.com/...

23 Jul 2020, 06:48 AM Like 0 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author's reply » @krokodilica

Great points. I may be wrong, but to me it seems that the bulls are under the assumption that SHOP will have a market place that will be stealing market share from traditional retail like Amazon does. I think most us bears assume they'll continue selling software and analytics to traditional retailers. A great business model, but certainly not to the scale as Amazon. Perhaps that's why it's such a battle ground stock and has managed to climb this high.

23 Jul 2020, 12:04 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@krokodilica

Why do you ignore that the global e-commerce market was $29TRILLION in 2017 according to the UNITED NATIONS for B2B and D2C (seen here: unctad.org/...), and expected to grow substantially.

With Shopify the BEST IN THE WOLRD combined B2B and D2C OMNICHANNEL e-commerce provider, Shopify has MASSIVE growth in this MASSIVELY growth market

23 Jul 2020, 02:58 PM Like 0 Reply

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krokodilica

Comments (124) | + Follow

If a company sells shipping containers, how much is global shipping market relevant to its valuation? Not too much. What is relevant for that company is the size of shipping containers market.

Likewise for Shopify only the size of the e-Commerce Software market is a relevant information. Their total addressable market is 6 times smaller [sic!] than valuation of a single company competing for a slice of that market.

23 Jul 2020, 05:21 PM Like 1 Reply

Tall Seller

Comments (8770) | + Follow

@krokodilica

Why can't Shopify enable a shipping container company? THEY CAN. They have the best e-commerce software in the world.

You somehow found a can calculate exactly what businesses they can enable and not enable of that approx $40TRILLION/year e-commerce market?? Sorry, they can enable almost all of it. TAM does not equate to current customers...it equates to what they have the ability to enable.

23 Jul 2020, 06:01 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

most of the $40T is B2B which shopify will never touch

23 Jul 2020, 06:15 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

Why not? They can enable websites for every inch of B2B and D2C of it...and help businesses integrate everywhere worthwhile online too. If they have the ability to

Touch all if that's the TAM.

TAM is defined at what they have the ability to reach.

Either way, Shopify EASILY can enable many many $TRILLIONS of it. And, with Shopify the ABSOLUTE global

leader for combined B2B and D2C omnichannel e-commerce provider, it's going to be EASY for the MANY MANY MANY new to e-commerce B2B and D2C businesses to choose Shopify going forward. It'll be like shooting ducks in a barrel for Shopify. Who else are they going to choose going forward?

$TRILLIONS/year of GMV coming down the pipe for Shopify.

BUY AND HOLD baby.

📈📈📈📈📈

23 Jul 2020, 06:54 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

Anyone can do anything..... that is not their target market right now, their focus is small and medium retailers and medium sized brands for shopify plus....

Shopify's main efforts are in B2C. The B2B segment is a whole different story.

23 Jul 2020, 07:03 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@User 52256947

WRONG!!

Shopify has MORE by DOUBLE market share of enterprise merchants than any other vendor, at least of the TOP online selling ones.

Shopify is the BEST IN THE WORLD for businesses of ALL SIZES.

23 Jul 2020, 07:20 PM Like 0 Reply

User 52256947

Comments (88) | + Follow

It doesn't matter, it is still not their primary focus... i am not comparing to competition , I am talking about business strategy.

I am talking about their focus in the market, you are talking about market share vs competition.

Most of the other competitors are focused on SMB as well, large companies normally deploy their own infrastructure and have more advance technologies than what shopify can provide

23 Jul 2020, 07:27 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@Tall Seller

WRONG!

They have a TIDAL WAVE massive merchants coming to them NOW, many of whom like GE, Nestle, Unilever, Procter Gamble, Techtronic Industries, Johnson and Johnson, etc., can use Shopify for a mix of you'll NEVER KNOW or B2B and D2C....AND channel integrations behind the scenes as Shopify as their hub connector

Loren Padelford, GM of Shopify Plus, has had a SURGE in inquiries from PLUS sized enterprises RECENTLY:

🗣"I've had more conversations with large retailer executives using legacy platforms in the last 4 weeks than I've had in the last 4 years. Retailers need better partners and better outcomes. The end is nigh for the old enterprise mafia, it's time to upgrade."

👉 twitter.com/...

23 Jul 2020, 07:44 PM Like 0 Reply

horuss

Comments (112) | + Follow

Online retailing and merchandising is not a bubble at all. It's a tsunami. Retail transactions are undergoing a fundamental change that is going to last for generations. SHOP will more than perform well during this period. They will soar.

23 Jul 2020, 04:25 AM Like 10 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author's reply » @horuss

I agree there is plenty of money to be taken from traditional retailers. That market is gigantic and Amazon and others have only just taken a fraction so far. But how much will SHOP get of that? Isn't SHOP just selling web site and software services to help companies update their way of doing business? How much do they even make per customer?

It's possible I just don't understand all their offerings well enough, but to me it seems people are using a very generic all-ecommerce-companies-will-make-me-rich way of thinking without really analyzing how much growth they'll have/profit they'll make down the line. Definitely reminds me of the .com crash in that sense.

23 Jul 2020, 11:05 AM Like 1 Reply

Tall Seller

Comments (8770) | + Follow

@Matthew Zeets

The aggregation of Shopify's merchants sales in the USA puts them as the equivalent of the SECOND LARGEST ONLINE RETAILER IN THE ENTIRE USA.

Shopify is the very best in the world combined B2B and D2C OMNICHANNEL e-commerce provider.

READ about how powerful Shopify's OMNICHANNEL solutions are for businesses and why businesses will ALWAYS choose Shopify first, here:

👉 www.shopify.com/...

(edited)

23 Jul 2020, 01:31 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@Matthew Zeets

More than possible. More than probable. Definite!

23 Jul 2020, 01:42 PM Like 0 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author's reply » @Tall Seller

If they're already the second largest online retailers in the entire USA, then the long-term growth picture is worse than I thought. How will they ever make more than $20B in revenue if they only made $1.7B in 2019 while being the 2nd largest in the US? I think it shows that there just isn't much money to be made in offering web services. Doesn't really matter how much their clients make if they don't see a bigger slice of the pie.

23 Jul 2020, 06:45 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@Matthew Zeets

The penetration of e-commerce is in its infancy globally still according many credible sources, including Mark Zuckerberg at their last earnings call.

And, don't forget Shopify is the BEST IN THE WORLD combined B2B and D2C omnichannel e-commerce provider and B2B is TEN TIMES the size as D2C.

Shopify has BARELY gotten started.

23 Jul 2020, 07:20 PM Like 0 Reply

Matthew Zeets

Contributor Premium

Comments (1113) | + Follow

Author's reply » @Tall Seller

I agree that e-commerce is still in its infancy. It only made up 16% of all retail sales in 2019. However even if it got to 50% within 10 years, that still only means ~3x the amount it is now. I'm sure SHOP will find more ways to monetize, so they will likely make more than 3x what they made in 2019, but it's still tough to imagine them making more than $20B anytime soon.

How much do you expect them to make per say thousand dollars of transactions done through their channels eventually? I realize it will take time to get there.

24 Jul 2020, 12:53 PM Like 0 Reply

Tall Seller

Comments (8770) | + Follow

@Matthew Zeets

It was only 15% in the USA prior to COVID and a whack of sources say it jumped to over 25% since COVID.

And, there are many countries around the world where the penetration is much lower, where Shopify accommodates nuances for 175 counties and 20 languages (and growing), and 100 payment methods.

AND......IMPORTANTLY.... Shopify does B2B e-commerce too, and that market is TEN TIMES THE SIZE as D2C with TONS of room for growth still. And, with Shopify the very best in the world combined B2B and D2C omnichannel e-commerce provider, that near $40TRILLION/year and growing B2B and D2C e-commerce market just means Shopify has barely gotten started...

27 Jul 2020, 05:19 AM

Like 0 Reply

Add a comment

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Your feedback matters to us!

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