

# Shopify

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## Sustainable Growth Hypothesis:

Shopify provides the infrastructure that enables merchants of any size to sell online - via their own websites and on their own terms. It's growing suite of products, from payments to advertising, levels the playing field for small businesses.

### 1. Growth: How likely is the company to deliver 10% p.a. profit growth over the next decade?

- Shopify is well-positioned to deliver consistent profit growth over the next decade. Its focus on empowering merchants, expanding internationally, and leveraging partnerships provides multiple avenues for sustained growth. Achieving this target will depend on its ability to maintain efficiency improvements, expand its monetization strategies, and navigate competitive pressures effectively.

### 2. Resilience: How much control does the company have over its own success?

- Shopify has a considerable degree of control over its own success, underpinned by strategic foresight, a strong and adaptable culture, and a deep commitment to empowering merchants globally.

### 3. Valuation: What is our insight?

- Shopify's improved outlook reflects strengthened margins and efficiency gains, alongside significant growth potential from international markets and enterprise adoption. Its low monetization rate suggests room for further growth while maintaining alignment with merchants.

### 4. Products: To what extent will the core products & services create value for society over the next decade?

- Shopify lowers barriers to entrepreneurship by empowering small businesses with scalable tools, fostering job creation, economic growth, and equality. Its impact is particularly significant in places with lower e-commerce penetration.

### 5. Practices: Does the company show leadership in its business practices?

- Shopify demonstrates leadership in its merchant-first approach, prioritizing long-term alignment with merchants' success over short-term monetization.

### 6. Ambition: What is the company's purpose, and how ambitious are they?

- Shopify's mission is to "make commerce better for everyone" by empowering entrepreneurs globally. Its goal to enable 10 million merchants by 2030 underscores its ambitious vision for inclusive e-commerce growth.

### 7. Trust: Should we trust the company with our clients' capital?

- While Shopify's culture and leadership inspire confidence, recent management turnover and founder control rights introduce risks that require monitoring. Its strong alignment with merchants supports trust in its long-term vision.

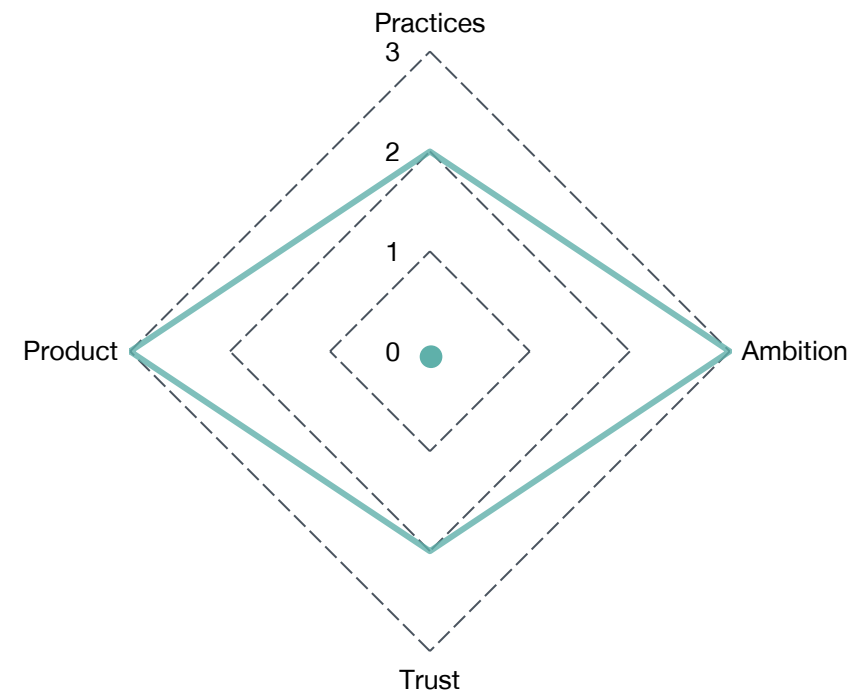
### 8. Engagement: No company is perfect, what should be our engagement priority?

- Engagement should focus on Shopify's cultural evolution and climate-related initiatives.

### 9. Milestones: What developments should we pay most attention to? Where could we be wrong?

- Shopify's strong alignment with its merchants and mission-focused approach support trust in its long-term vision. Recent management turnover and the founder's significant voting control introduce risks that require monitoring.

## Compass Scores



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