



# Shopify Investor Day

Kaz Nejatian, Chief Operating Officer

# 1

Build the best product  
in the world and the  
team and culture to  
support it





# 1

Build the best product  
in the world and the  
team and culture to  
support it

# 2

Make money so we  
can do more of #1



# 1

Build the best product  
in the world and the  
team and culture to  
support it

# 2

Make money so we  
can do more of #1

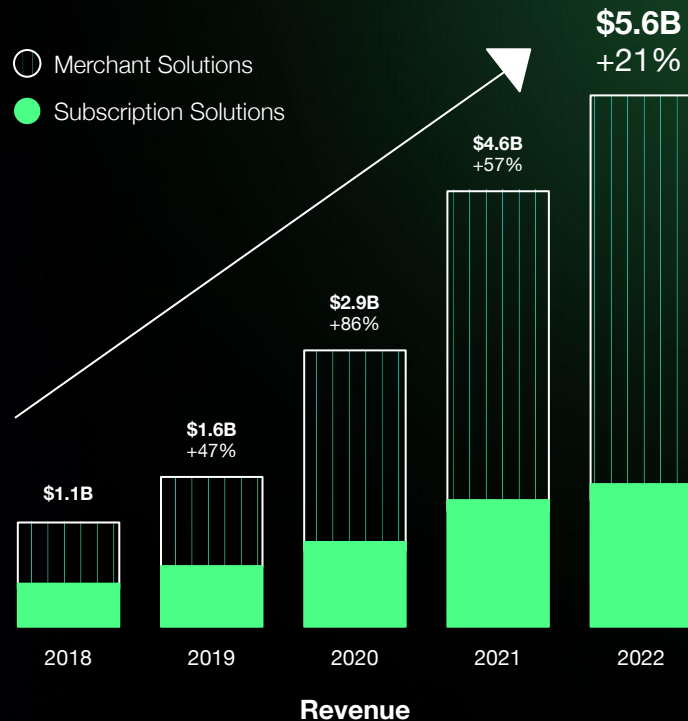
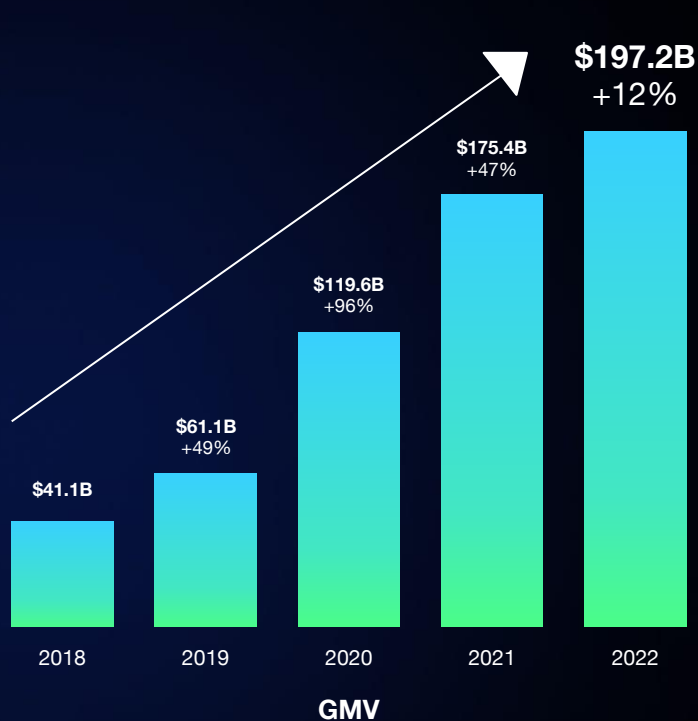
# 3

Never reverse  
#1 and #2



# Our success-based business model puts merchants first

Helping our merchants grow their business drives our business



# Merchant-first focus through product innovation

Lowering barriers, simplifying operations, catalyzing merchant sales







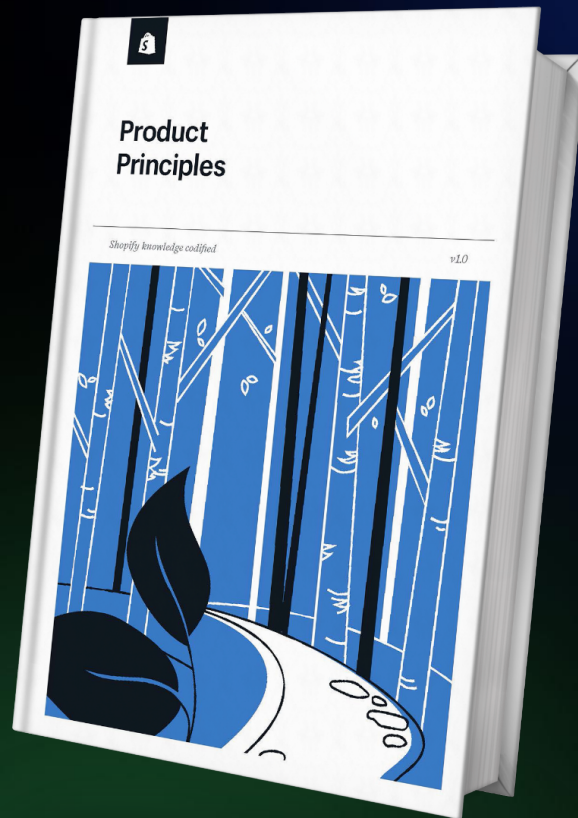
As our merchants grow, our  
revenue grows with them



\*Visual representation of Shopify monthly cohorts from 2011 to 2023 YTD where each bubble represents the size of a cohort based on the number of active shops from that cohort in the given month  
Revenue measured along the X-axis and GMV measured along the Y-axis

A stylized illustration of the Earth from space, showing the continents of Europe and Africa. The Earth is depicted with a blue and green color scheme, and its surface is covered with numerous small, glowing yellow and orange dots representing city lights. Several bright pink dots are also visible, likely representing specific locations of interest. A network of thin, white, curved lines orbits the Earth, suggesting satellite paths or global communication networks. The background is a deep black space filled with many small, white stars of varying brightness.

# From Hello World to IPO





We want Shopify to be  
operationally excellent  
and have the highest  
talent density of any  
tech company



We want Shopify to be  
operationally excellent  
and have the highest  
talent density of any  
tech company



We want Shopify to  
have the world's best  
growth engine





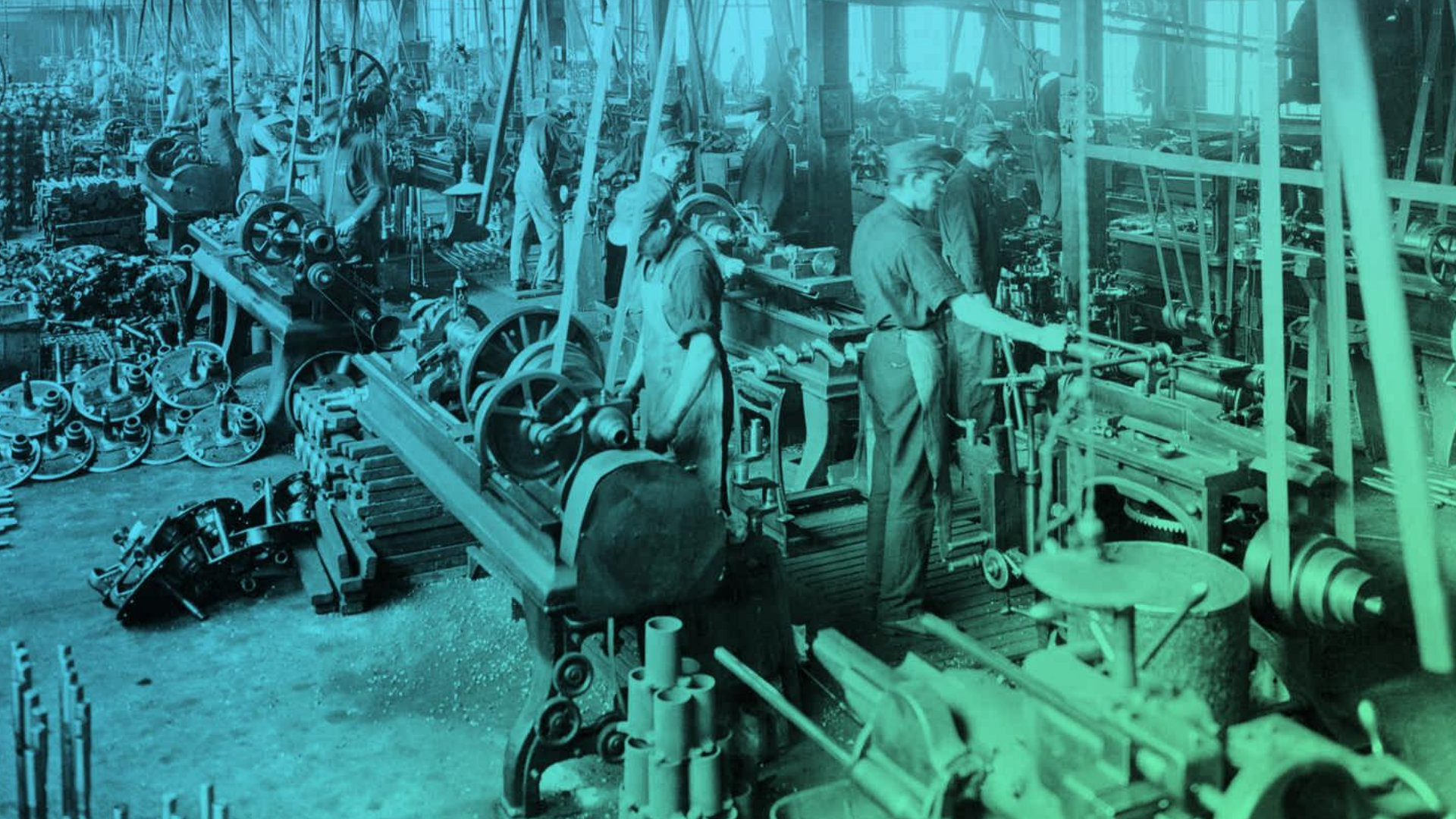
We want Shopify to be operationally excellent and have the highest talent density of any tech company



We want Shopify to have the world's best growth engine



We want to make more money so we can build better products



Our commitment is to make  
Shopify a “**crafter’s paradise**”



**22%**

Senior engineer  
meeting time  
is **down**



**44%**

Crafter-to-crafter  
pair programming  
is **up**



**37%**

**Increase** in  
engineer  
productivity

**Increased** the number of projects per  
Product Manager by

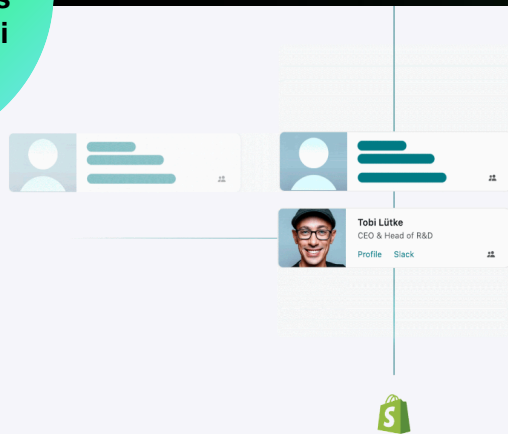
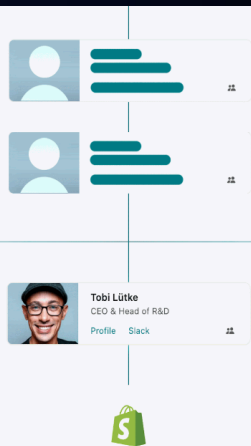
**56%**



\*All metrics shown for R&D org. Crafter-to-crafter metrics compare the 4 months before and after the Company's reduction in force in May 2023. Project stats represent Q3-23 YTD compared to Q3-22 YTD.  
Engineer productivity as measured by number of pull requests. A pull request is a feature in GitHub that allows developers to propose changes to a code base

Flatter companies are faster  
companies and Shopify  
wants to be fast.

We have reduced  
the average  
number of layers  
reporting to Tobi





# Everyone at Shopify works on a project or multiple...

The screenshot shows the 'Vault' project page in Shopify. The page has a teal header with 'Vault', 'Spin', and a search bar. A sidebar on the left contains navigation links: Chat, Projects, Pages, Teams, Themes, and Unicorn. The main content area is titled 'Ending in 5 weeks' and contains two sections: 'What is it and why is it important to Shopify?' and 'What does success look like?'. The first section describes a pop-up marketing campaign. The second section lists three reasons for success: Customer Engagement, Data Collection, and Brand Visibility. A 'Timeline' section at the bottom shows a progress bar with a green circle labeled 'last week' and a red circle labeled 'next week'. A 'Project Health' section shows a red status icon and a message: 'The project status will be updated to Off Track on the next health check because: Review has been opened for 16 days. Please ping your reviewers to ensure they have enough context to review.' A 'Timeline' section at the bottom shows a progress bar with a green circle labeled 'last week' and a red circle labeled 'next week'.

The screenshot shows the 'Missions' page in Shopify. The page has a teal header with 'Missions' and a search bar. A sidebar on the left contains navigation links: Chat, Projects, Pages, Teams, Themes, and Unicorn. The main content area is titled 'Missions' and contains a table of active contributors and projects. The table has columns: Title, Group, Area, Responsible, All, RnD, Eng, Projects, Last update, and Age. The table lists 10 projects, each with a responsible person and a progress bar. The 'Projects' column shows the number of projects completed, with a green bar indicating progress. The 'Last update' column shows the date of the last update. The 'Age' column shows the age of the project.

Title	Group	Area	Responsible	Active Contributors			Projects	Last update	Age
				All	RnD	Eng			
Gorgeous Wooden Wallet			Mh						2w
Intelligent Wooden Car	Core			6	5	1	2		2w
Rustic Bronze Plate	Core	Build							2w
Aerodynamic Granite Chair	Core	Checkout							2w
Incredible Cotton Knife	Core	Deliver							2w
Small Plastic Chair	Core	Production Engineering	Mh						2w
Global Market Expansion	Core	Sell		13	8	3	3		2w
Sleek Bronze Shirt	Engineering Operations								2w
Sleek Cotton Shoes	Engineering Operations	RnD Programs		5	3	1	1		2w
Heavy Duty Marble Hat	Engineering Operations	Trust							2w

## ...Those projects ladder up to missions.





```
// UX Pool
allocations: pools: ux: #Pool & {
  let _ratio_ux_to_engineers = (x / y)
  allocation: allocations.pools.engineering.allocation * _ratio_ux_to_engineers
  subdiscipline_allocations: {
    industrial_design: a
    content_design: "b%"
    ux_design: "c%"
  }
}
```

```
// Product Pool
allocations: pools: product: #Pool & {
  let _ratio_product_to_engineers = (x / z)
  allocation: allocations.pools.engineering.allocation * _ratio_product_to_engineers
  subdiscipline_allocations: {
    product_management: allocation
  }
}
```



**~50%**

reduction in Talent Support  
Operations workflow

\*Based on number of requests relating to Talent matters in employee support channels that have been resolved without human intervention through VaultBot, over the time period when VaultBot was introduced in August 2023 to November 2023




# Built our own ChatGSD....

component in Observes?


securely stored when using Starscrea...

the OpenAI translation tool in Z...


 What is the USA vacation policy?


Where can authorization credentials be securely stored when using Starscrea...


Which languages are currently supported by the OpenAI translation tool in Z...

 The vacation policy at Shopify varies depending on the region. In the United States, time off requests of 5 days or less are automatically approved in Workday. Requests for more than 5 days will need to be approved by the manager. It is encouraged for employees to take at least 3-4 weeks of vacation during the year. Shopify does not pay for vacation not taken unless required by local law. When employees request 2 or more consecutive weeks, a conversation with the manager is required before approval. Different team members may have different statutory vacation minimums based on their location. Managers may need to say no to vacation requests in certain scenarios, such as when the team is already short-staffed or when an employee is on a Performance Improvement Plan. You can find more information about the vacation policy [here](#).

Ask a question









We want Shopify to be operationally excellent and have the highest talent density of any tech company

1

We are designing a system that keeps Shopify flat, fast, and a crafters paradise

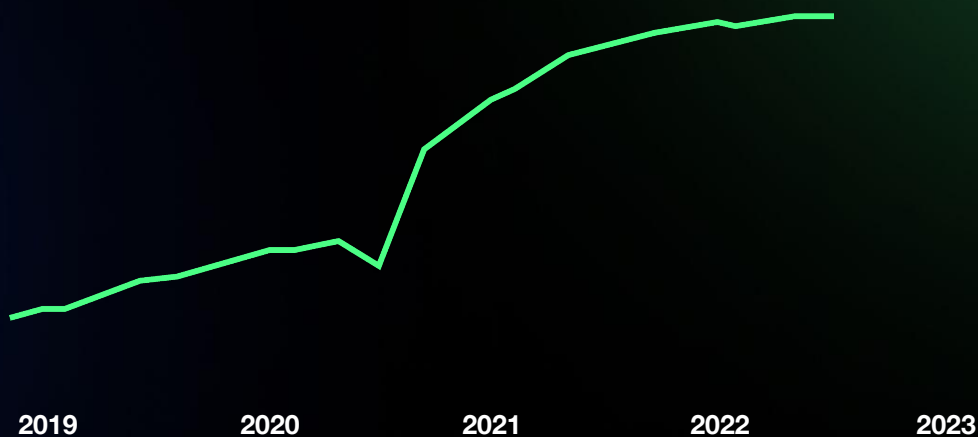
2

Shopify the company is operating more like Shopify the product

3

Delivering benefits across the business, with more opportunity to improve further

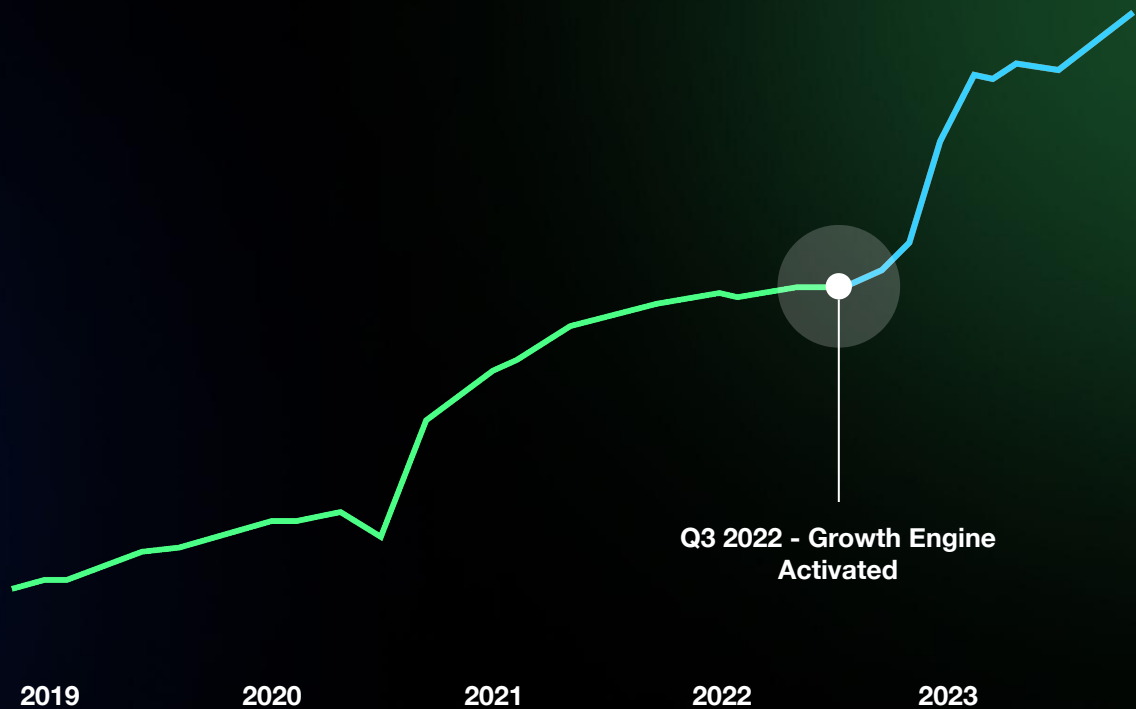
# Merchants



\*"Merchants" refers to the total number of unique shops that are paying for a subscription to our platform as of a particular date, inclusive of paid trials



# Merchants



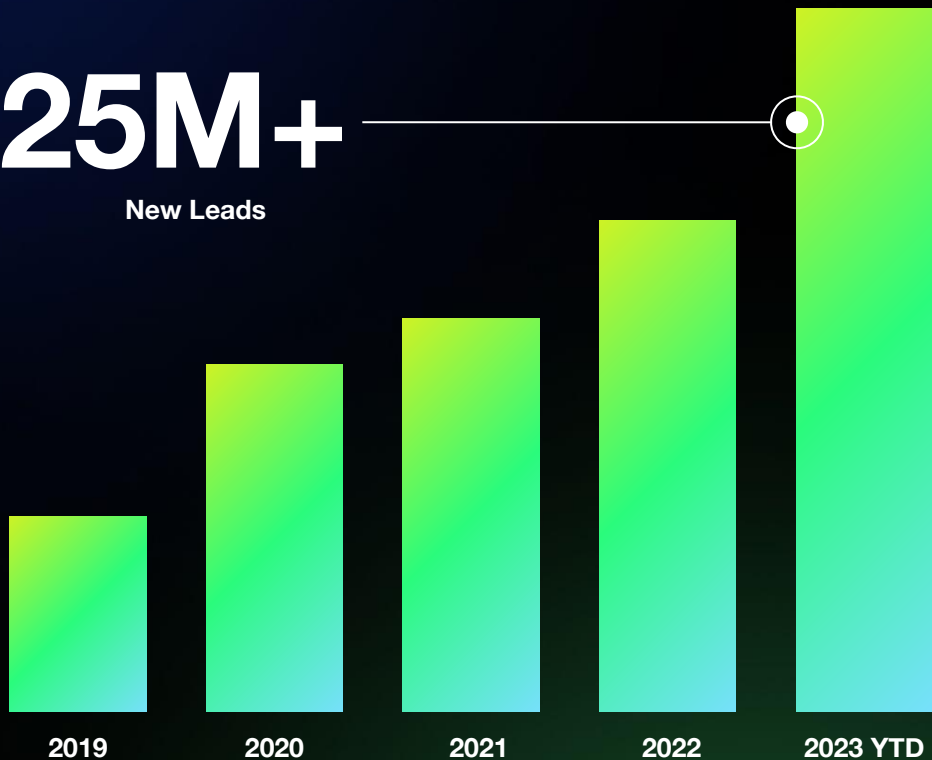
**Q3 2022 - Growth Engine  
Activated**

\*"Merchants" refers to the total number of unique shops that are paying for a subscription to our platform as of a particular date, inclusive of paid trials

# Shopify Leads/Trials

# 25M+

New Leads



\*Lead is defined as anyone who signs up for a free trial. 2023 YTD as of October





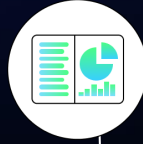
# Proprietary growth platform **gives our marketers superpowers**



Automated  
bidding engine



Experimentation  
platform



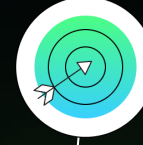
CDP  
platform



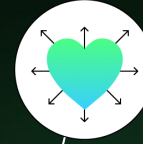
Automated  
SEO tooling



Predictive  
models



Audience targeting  
platform



Marketing  
automation



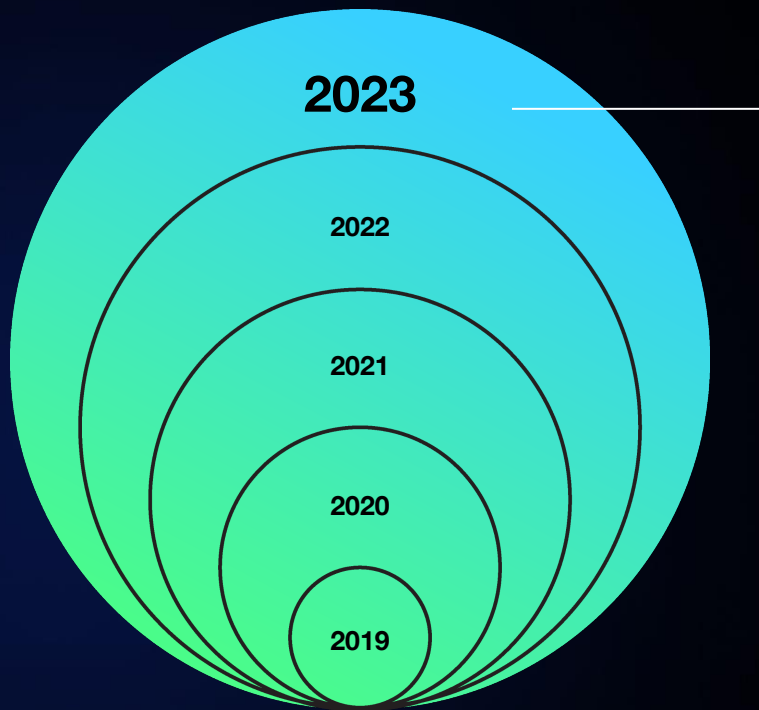
Data investigation /  
visualization



Anomaly  
detection



These **teams and systems** accelerate us



**+500%**



**Increase** in monthly experimentation volume



**Eliminate reliance** on expensive 3rd parties



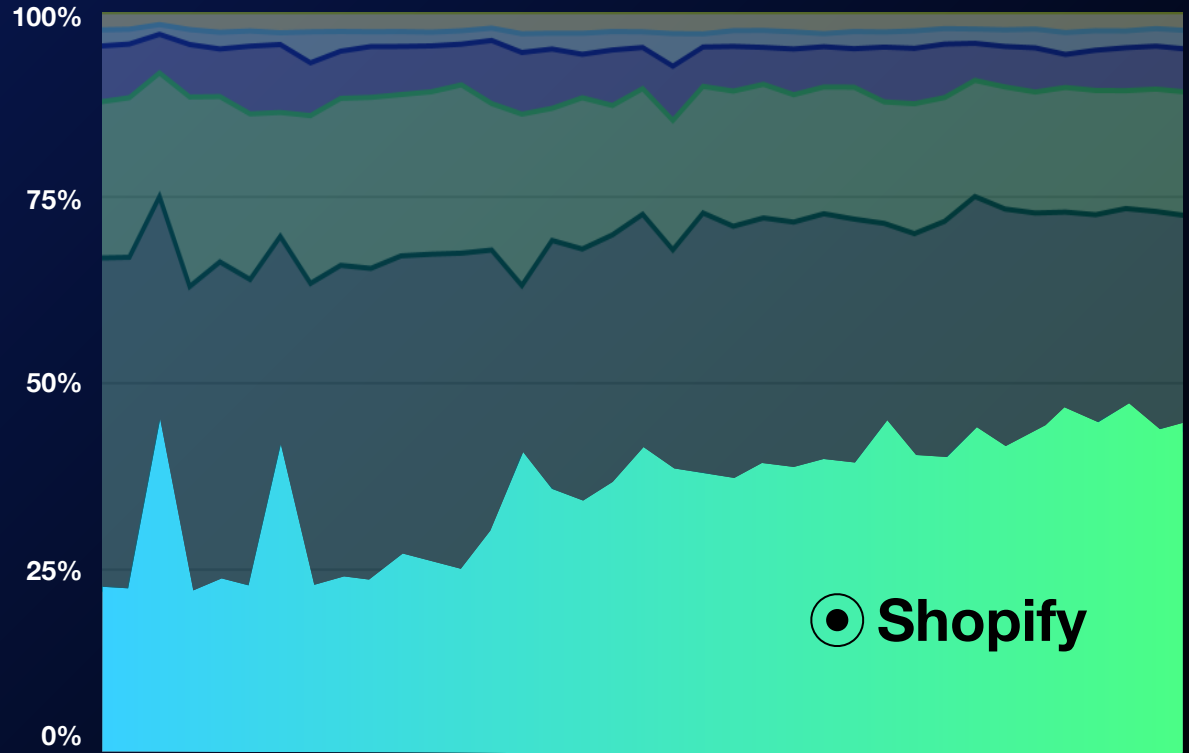
**Free our talent** to innovate rather than toil

\*Monthly experimentation volume measures the number of tests comparing versions of code, features, products, or processes to gather data / insights against a hypothesis  
Growth rate represents October 2020 vs October 2023



# Marketshare - Shopify vs. Online Store Competitors

- Shopify
- Company A
- Company B
- Company C
- Company D
- Company E



\*Source: StoreLeads - April 2022 - December 2022



# First Sales



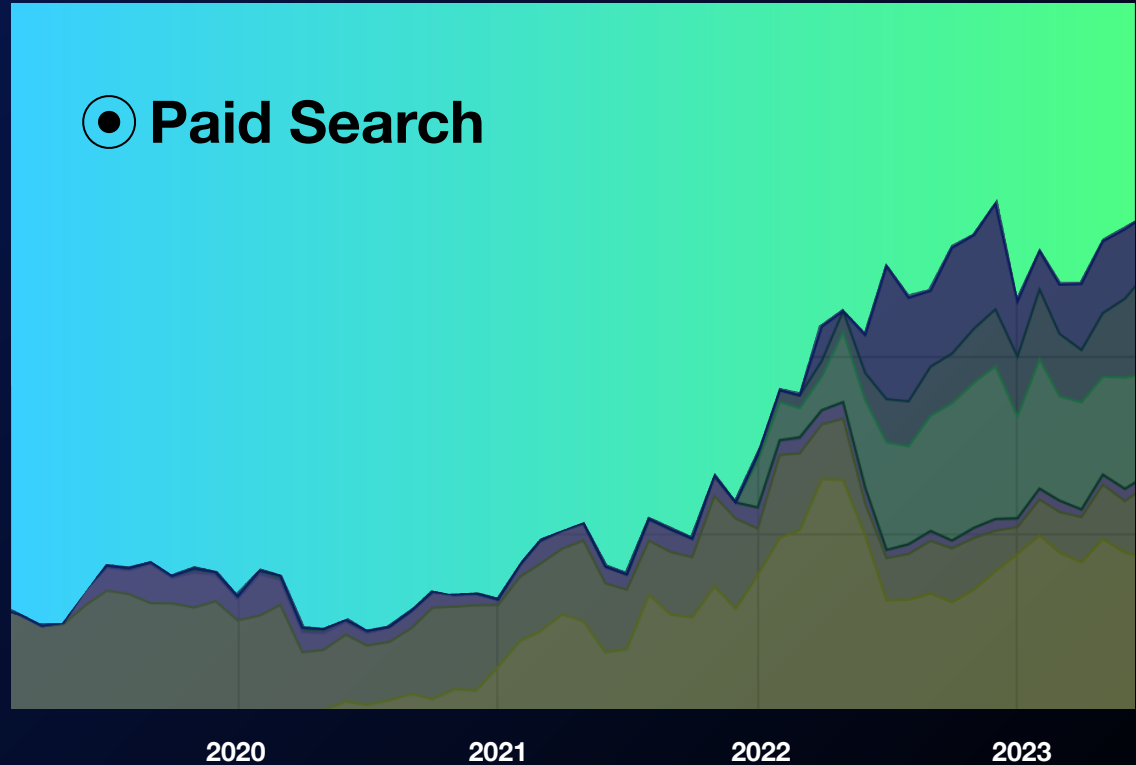
\*First Sales refers to the number of stores that made their first sale in a given month, through September 2023



# Performance Marketing Spend Distribution

## ● Paid Search

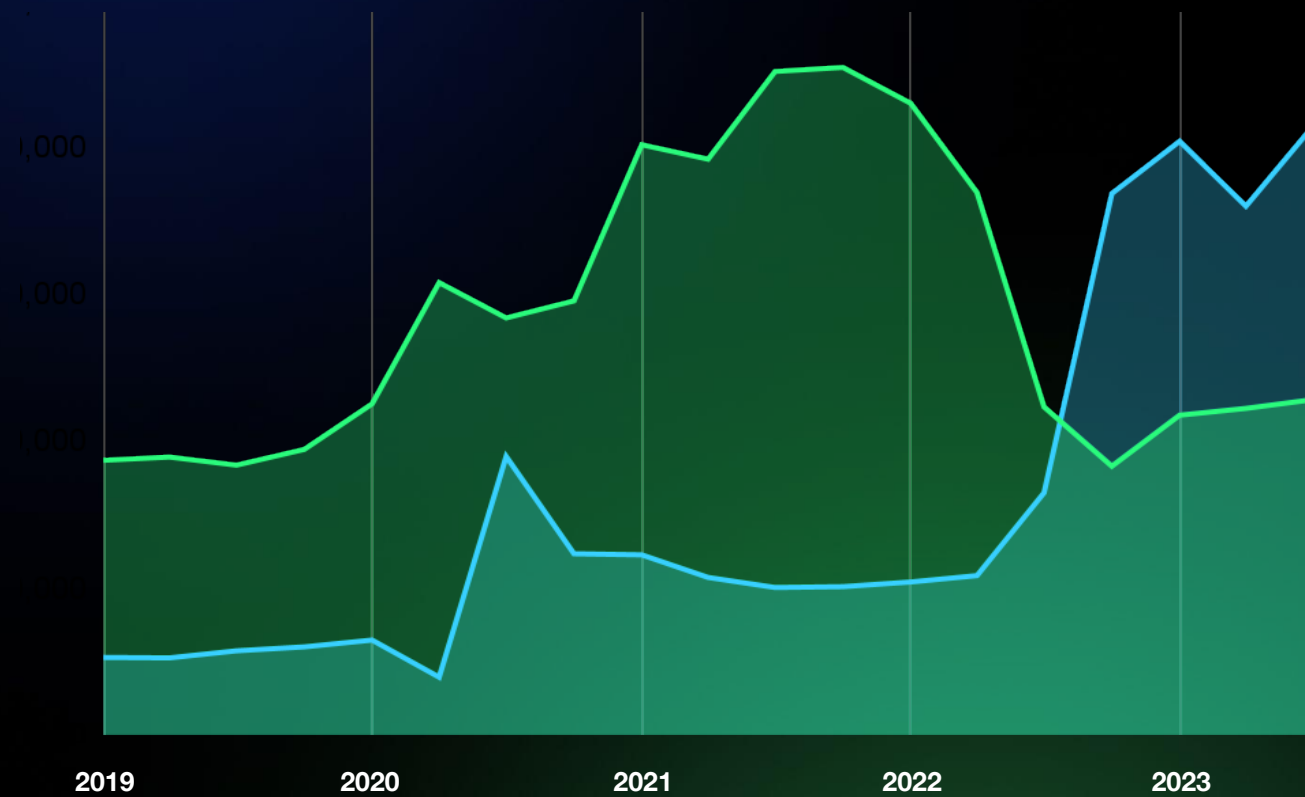
- Group 8
- Group 7
- Group 6
- Group 5
- Group 4
- Group 3
- Group 2

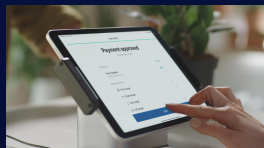
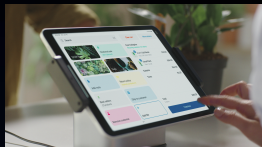




# Paid Search Spend & New Merchants from Paid Search

- Paid Search Spend
- New Merchants





**shopify**

# Start selling for \$1/month\*

Online, in person, and around the world



# "SHOPIFY WAS LIFE CHANGING."



- Giana Allen, CEO & Founder, Culture's Closet



# BEST Checkout EVER



**shopify**

## Sell in person with Shopify Point of Sale

Shopify makes it easy to manage your retail and online sales.

### Get Shopify POS Pro for \$1/month\*

Scan to learn more or visit [shopify.com/launch-pos](https://shopify.com/launch-pos)

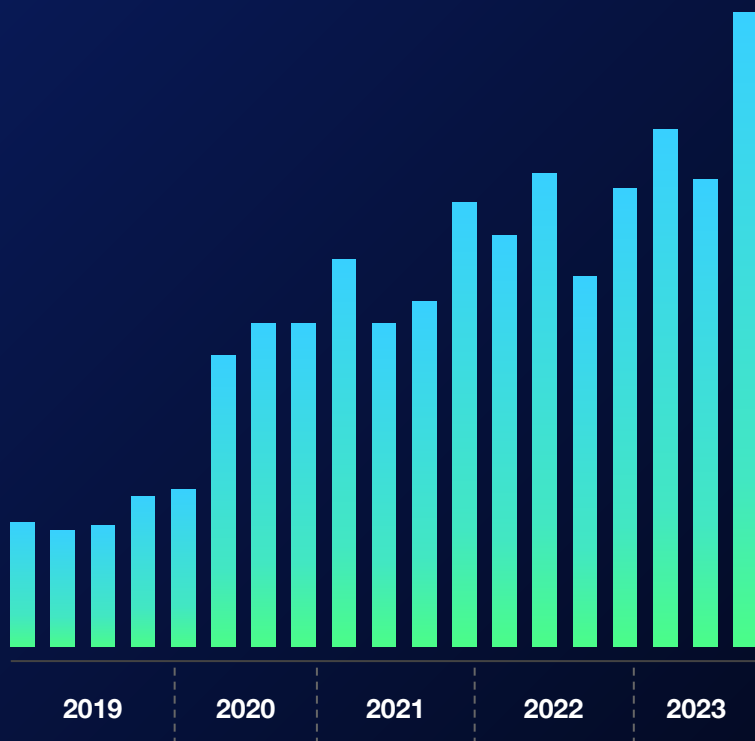


## Sell everywhere people shop.

In person. Online. Around the world.



## Plus Upgrades



## New Retail Paid Pro Merchant Growth



\*Plus Upgrades represent the volume of subscription changes into a Plus plan with little to no sales involvement for the time period

\*\*New Retail Paid Pro Merchant Growth refers to the YoY growth in number of merchants that have newly opted into a paid retail add-on to accompany their main subscription plan for the time period



shopify



shopify POS



shopify plus



shopify POS PRO



 **shopify**audiences

 **shopify**collective

 **shopify**partners

 **commerce**  
components

 **shopify**payments

 **shopify**shipping

**shop** Promise

 **Inbox**

 **shopify**markets

 **shopify**themes

**shop**

**linkpop** by shopify

 **shopify**experts

 **shopify** app store

**shop** Pay

 **shopify**balance

 **shopify**capital

 **shopify**credit

+++ many more +++

 **shopify**

 **shopify**POS

 **shopify**plus

 **shopify**POS **PRO**



We want Shopify to have the  
world's best growth engine

1

We've taken a software driven  
approach to marketing

2

Developed a process and team  
that is delivering results

3

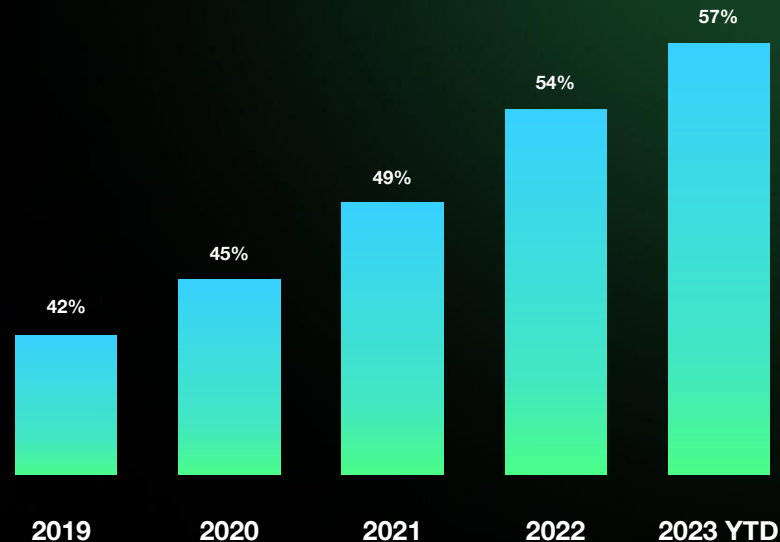
We will use this proven  
approach to attack  
every funnel

With a proven track record of **driving attach rates** over time

Product Attach Rate



Gross Payments Volume (GPV)



\*Product attach rate is defined as total revenue divided by GMV. Gross Payments Volume, or GPV, is the amount of GMV processed through Shopify Payments. 2023 YTD as of September 30





# Shopify Investor Day

**Bobby Morrison, Chief Revenue Officer**

# We have **traction** and we are growing faster

## Lifetime Revenue Bookings

● New business bookings in period

**~105% Growth**  
From Q1-22 to Q3-23



\*Lifetime Revenue Bookings are the estimated discounted, incremental lifetime revenue to Shopify from the sale of products and services to new or existing Shopify merchants in a given period

# We have **traction** and **growing faster and faster**

## Lifetime Revenue Bookings

● New business bookings in period

**~105% Growth**

From Q1-22 to Q3-23



## ...and we're growing profitably

● Lifetime Margin less Opex (excl Support)

**~90x Growth**

From Q3-22 to Q3-23



\*Lifetime Revenue Bookings are the estimated discounted, incremental lifetime revenue to Shopify from the sale of products and services to new or existing Shopify merchants in a given period

\*\*Lifetime Margin is the estimated discounted, incremental lifetime gross profit to Shopify from the sale of products and services to new or existing Shopify merchants in a given period

\*\*\*Lifetime Margin less Opex (excl Support) chart shown above not to scale with Lifetime Revenue Bookings graph



We have momentum and are taking  
share of the market...



**43:1**

Midmarket  
vs.  
Competition



\*Ratio is the number of Shopify Merchants added vs. the number departed to competitors YTD through September 2023

\*\*Midmarket segment defined as merchants generating between \$2-\$20M annual GMV

We have momentum and are taking  
share of the market...

**43:1**

Midmarket  
vs.  
Competition

**26:1**

Large  
vs.  
Competition



\*Ratio is the number of Shopify Merchants added vs. the number departed to competitors YTD through September 2023

\*\*Midmarket and large account segments defined as merchants generating between \$2-\$20M and \$20-\$125M annual GMV, respectively

We have momentum and are taking  
share of the market...

**43:1**

Midmarket  
vs.  
Competition

**26:1**

Large  
vs.  
Competition

**38:1**

Enterprise  
vs.  
Competition



\*Ratio is the number of Shopify Merchants added vs. the number departed to competitors YTD through September 2023

\*\*Midmarket, large account, and enterprise segments defined as merchants generating between \$2-\$20M, \$20-\$125M, and \$125M+ annual GMV, respectively





People



Culture



Execution

Laying the foundation

# 12 Disconnecting things...

Revenue  
Plays

Learning &  
Coaching

Voice of  
Customer

Incentive  
Comp

Campaigns

Processes  
& Tools

Talent  
Sourcing

Performance  
Management

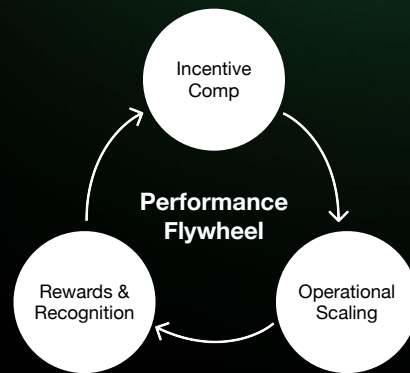
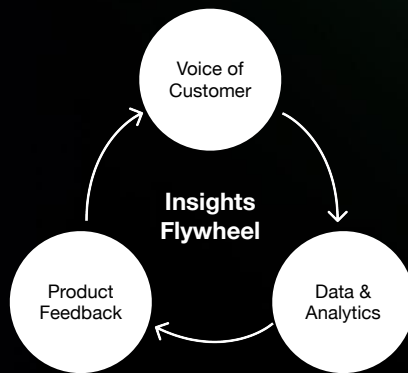
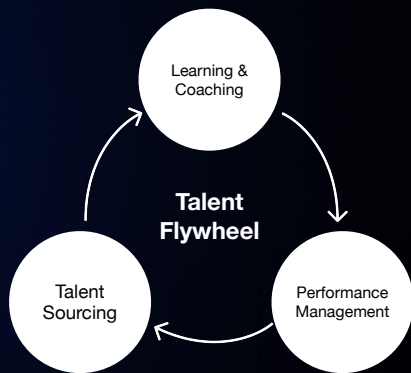
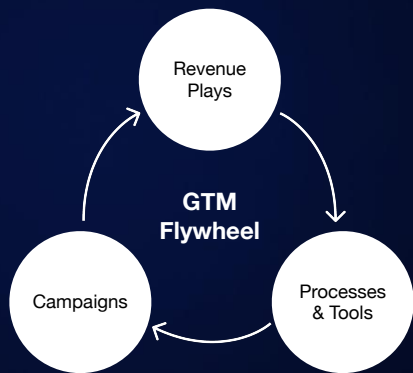
Product  
Feedback

Data &  
Analytics

Rewards &  
Recognition

Operational  
Scaling

## 4 Operating Flywheels...



## DATA SOURCES

AI Help Center Interactions  
**95K+**  
weekly

AI Help Center Interactions  
**95K+**  
weekly

Live Agent  
Tickets  
**80K+**  
weekly

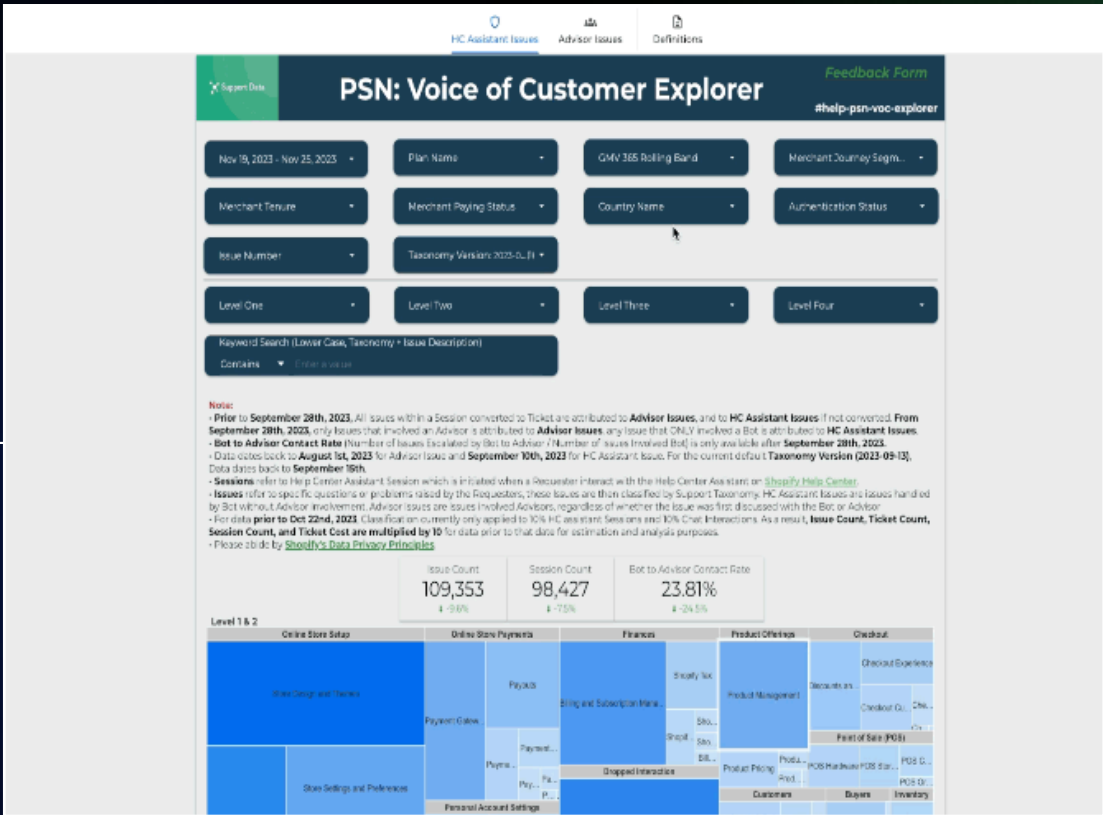
Live Agent  
Tickets  
**80K+**  
weekly

## FUTURE

## Sales Transcripts

## Customer Success Insights

## All Commercial Surfaces



## Product Gaps and Concerns

## Trends in Adoption

## Merchants at risk

## Launch tracking

# 1

We are just  
for SMBs and  
Entrepreneurs

1

We are just  
for SMBs and  
Entrepreneurs

2

We are just an  
ecommerce  
company



1

We are just  
for SMBs and  
Entrepreneurs

2

We are just an  
ecommerce  
company

3

We have  
finite TAM

Myth 1: We are just for SMB's



Source: Shopify internal estimates, third party study, eMarketer, U.S. Bureau of Labor Statistics

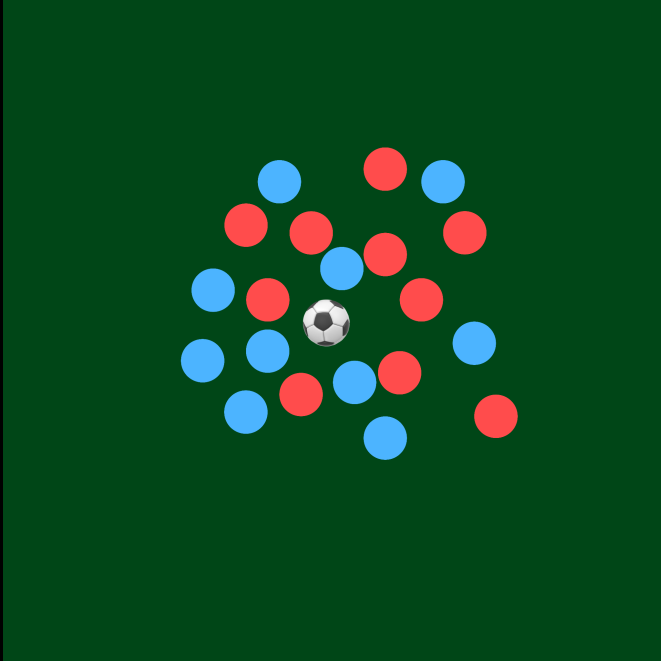
\*Revenue opportunity shown. ecommerce includes subscription solutions (\$81B) and Shopify Payments (\$157B)

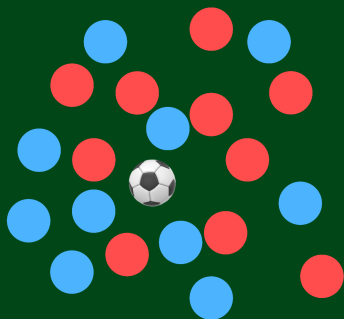




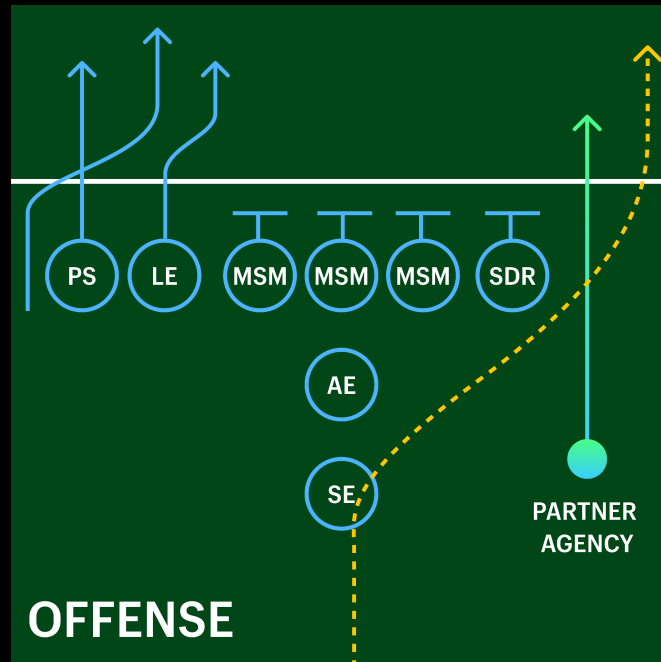
GTM Orchestration

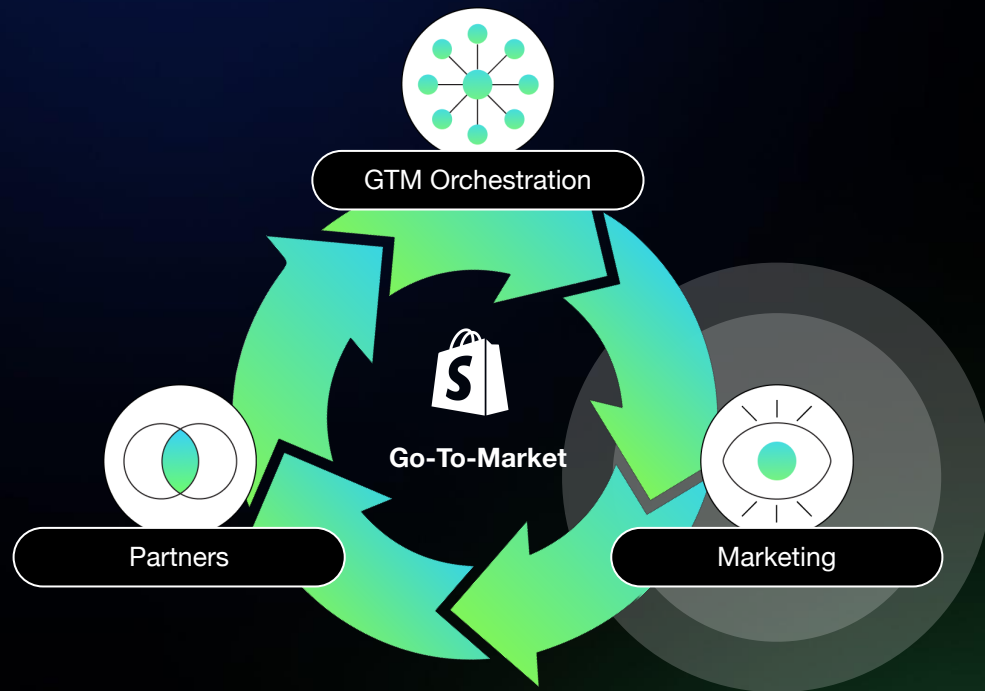






VS







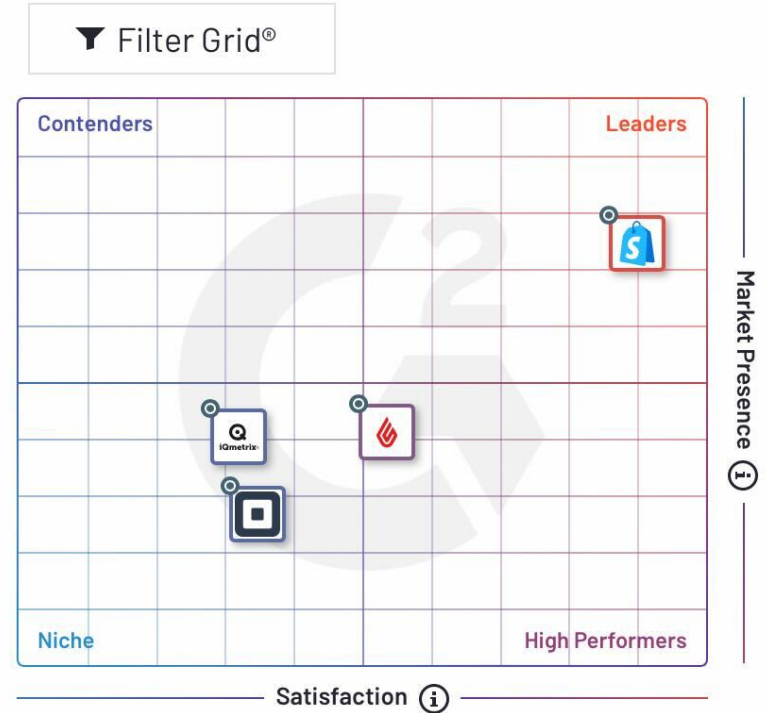
## GARTNER

Figure 1: Magic Quadrant for Digital Commerce

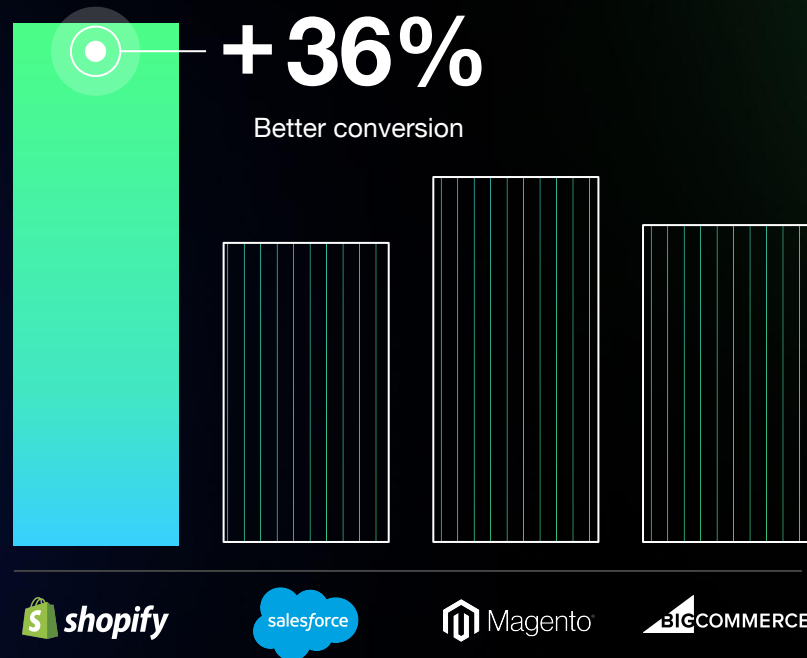


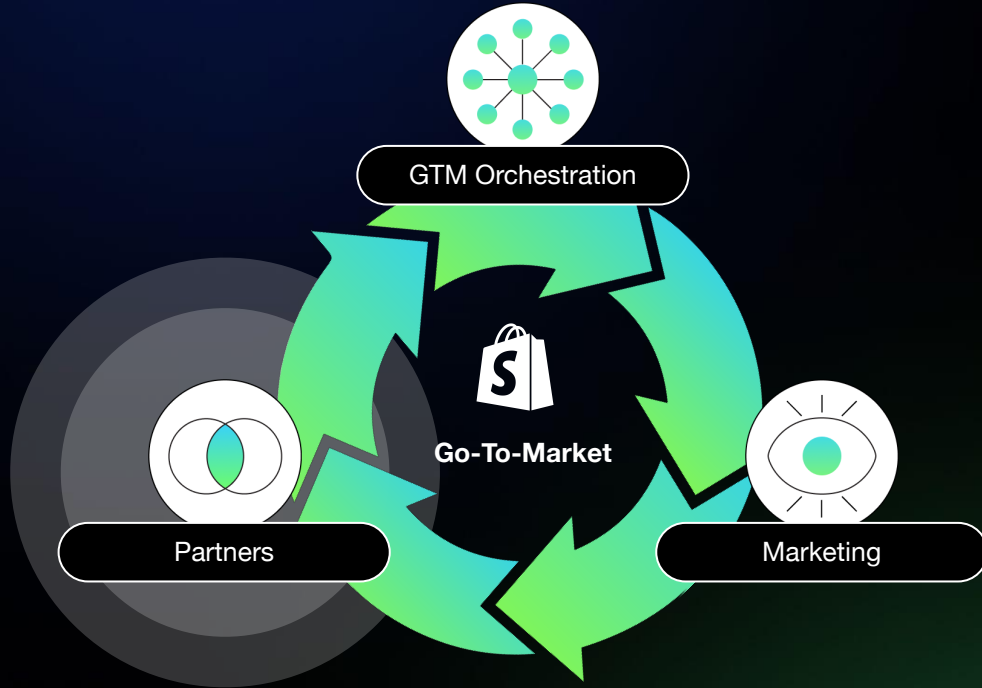
## G2

G2 Grid® for Retail POS



Shopify converts up to **36% better**





# Partner Channel Evolution: Accelerating Enterprise Market Development

SYSTEMS INTEGRATOR  
PARTNERSHIPSSTRATEGIC  
PARTNERSHIPS

## BUILD 2022

accenture  
Deloitte.

## GROW 2023

IBM EY KPMG  
cognizant

## EXPAND 2024

Capgemini wipro  
Tech Mahindra <epam>

Globant Google Cloud  
TOTVS CATTERTON adyen  
WPP aligent

ABeam Consulting astound COMMERCE DEPT  
PHOTON amblique

# Brands who have said yes to Shopify in 2023 ...



# Today's Midmarket is tomorrow's Enterprise

**~25%**

**Large  
accounts  
growing  
>40% YOY**

**~18%**

**Midmarket  
accounts  
growing  
>40% YOY**

\*Percentages shown represent the proportion of large / midmarket accounts out of total large / midmarket accounts with more than 40% GMV growth for the 12-month period as of November 2023 compared to the 12-month period as of November 2022

\*\*Midmarket and large account segments defined as merchants generating \$2-\$20M and \$20-\$125M annual GMV, respectively



Myth 2 : We are just an ecommerce company



Source: Shopify internal estimates, third party study, eMarketer, Grandview Research, U.S. Bureau of Labor Statistics  
\*Revenue opportunity shown. ecommerce includes subscription solutions (\$81B) and Shopify Payments (\$157B)



## Offline

### 2021

Began as a pure-play standalone, mostly attaching to our current base.

### 2022

Offline team became embedded in the Cross-sell function. Losing out to easier sales efforts (Capital, Payments attach)

### 2023

Created a dedicated sales team with an operationalized GTM plan. New acquisition grew Q1: 43% to Q3: 68%, while increasing average deal size by 20% over the same time period

Emergence of offline & ecommerce coming at the same time - demonstrates we can lead and win with Unified Commerce value prop, with key opportunities in the Large Accounts segment

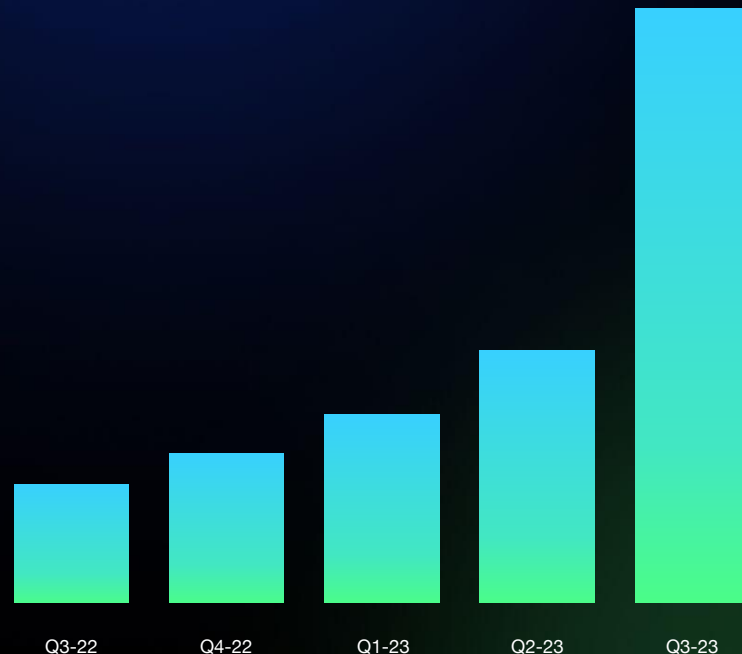
\*New acquisition refers to signing of net new merchants to Shopify under a "Retail First" path, as opposed to selling Retail solutions to existing ecommerce merchants. New acquisition growth shown based on proportion of estimated annual Gross Payments Volume (GPV) closed won from new acquisition deals

Average deal size based on average of estimated GPV per closed won deal of a Retail sale

\*\*Large account segment defined as merchants generating \$20-\$125M annual GMV

## Lifetime Offline Bookings

New business bookings in period



\*Lifetime Offline Bookings is the estimated discounted, incremental lifetime revenue to Shopify from the sale of our Offline products and services to new or existing Shopify merchants via our cross-sell and dedicated Offline sales teams in a given period



BR HOME

OAK + FORT

PAIGE.

buybuy  
BABY.



FIGS



XpresSpa®

ALEX + ANI

MAISON LAVANDE  
CULTURE & PARFUMERIE

FRESHLY  
COSMETICS

SKIMS



TESKEY'S

Smileie

db DESIGNER EYES

cozey

♥ babylist

REBEL  
ATHLETIC



FRAMEBRIDGE

ALESSI

PRIME HOUSE DIRECT

IN  
THE  
KNOW-  
SAMPLE SALE



HARDWOOD  
PRODUCTS



AllStarWine.com



Lulus

ROYCE'  
CHOCOLATE

TOMLINSON'S

LOUNGE  
UNDERWEAR

Rails

TICKNORS  
MEN'S CLOTHIER



GOODALL  
pools & spas



Brandy  
Melville ♥



tipton + hurst



enESCO.  
Bringing Joy Every Day®



B2B

Q3 GMV **nearly doubled** YoY

By August 2023 we had  
**surpassed total B2B  
GMV for all of 2022**

**Well known brands**  
around the world are  
adopting B2B on Shopify



**NORMAKAMALI**

bareMinerals



**brooklinen**

**FILTROUS**

**KraftHeinz**

**PAULA'S CHOICE**  
SKINCARE

Supergoop!

laura mercier



Myth 3 : TAM is finite



Source: Shopify internal estimates, third party study, eMarketer, Evolve Business Intelligence, Grandview Research, U.S. Bureau of Labor Statistics, Statista

\*Revenue opportunity shown. ecommerce includes subscription solutions (\$81B) and Shopify Payments (\$157B). Merchant Services TAM shown excludes Shopify Payments since included in ecommerce



Cross-Sell

# Merchant Services Ecosystem

 **shopify** capital

 **shopify** payments

 **shopify** markets **PRO**

 **shopify** audiences

**MARKETS**

**INSTALLMENTS**

**SHOP PAY**

**CAPITAL**

**BALANCE**

**SHIPPING**

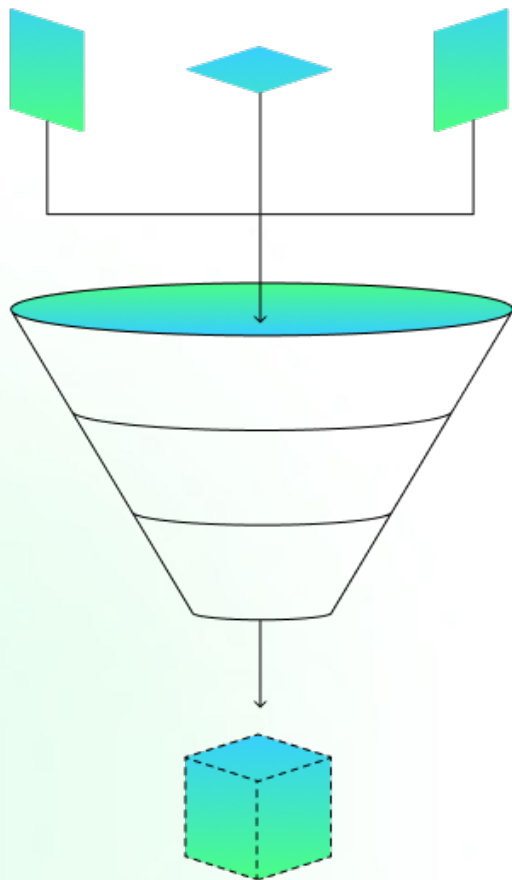
**B2B**

**POS PRO**

**TAX**



Cross-Sell



LEVERAGING AI

Sales Team  
Productivity:  
**~2.5x YoY**

INCENTIVIZE VALUE  
CREATION

Sales Team  
ROI:  
**~2.5x YoY**

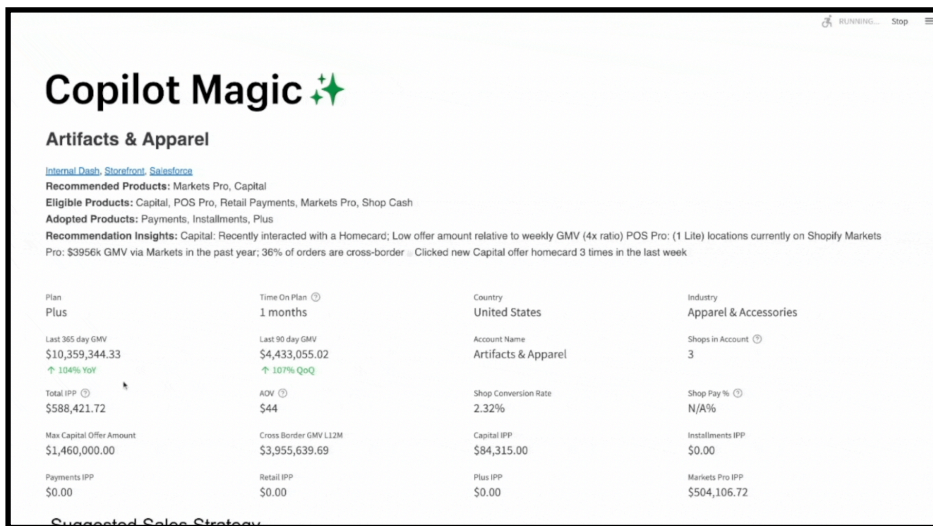
\*Productivity defined as Lifetime Margin per effective sales head in a given period

Growth rate represents Q3-23 compared to Q3-22 and based on global sales rep team

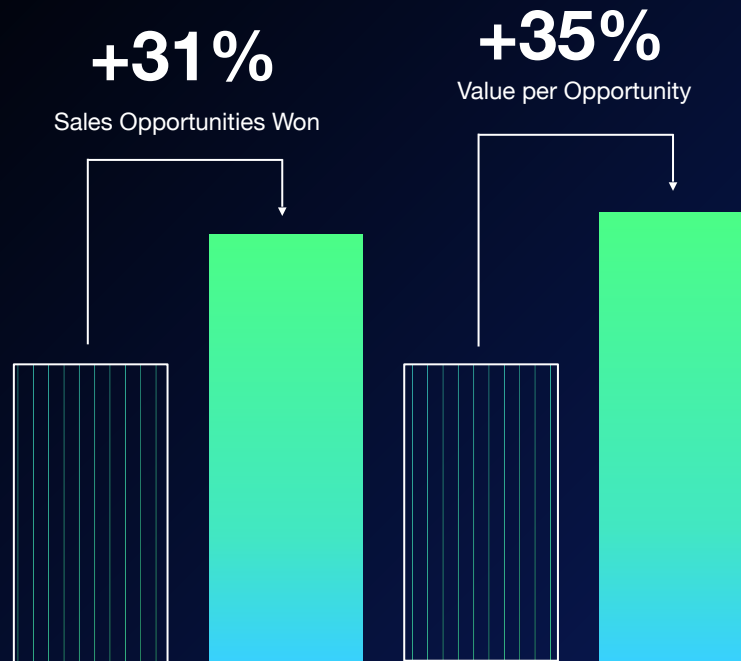
\*\*ROI defined as Lifetime Margin divided by sales rep costs in a given period

Growth rate represents Q3-23 compared to Q3-22 and based on North America reps only





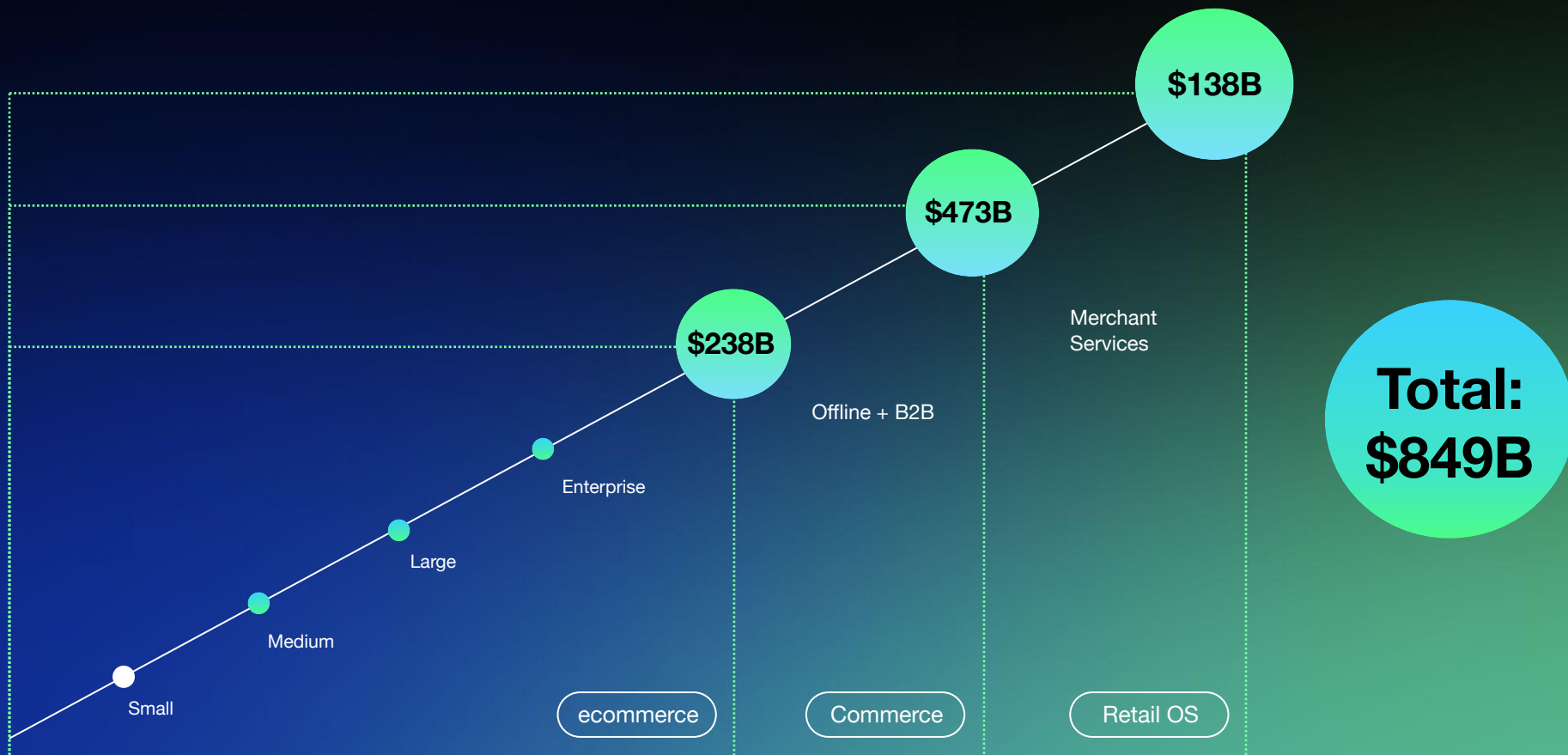
## Shopify's AI tools increase Sales rep productivity



\*Growth rates shown are the incremental improvement in performance of a beta test group of sales reps using AI tooling compared to their peers without AI tooling on the same team and region based on 6 weeks pre vs. post launch date of AI tools on July 7, 2023. Opportunities won defined as deals that move to contract signing stage. Value defined as Lifetime Margin for cross-sell which is the estimated discounted, incremental lifetime gross profit to Shopify from the sale of products and services to existing Shopify merchants in a given period



TAM



Source: Shopify internal estimates, third party study, eMarketer, Evolve Business Intelligence, Grandview Research, U.S. Bureau of Labor Statistics, Statista

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# 1

We've transformed  
the trajectory of  
the business

# 2

We're taking share  
from the competition

# 3

We have a commercial  
model that is grounded  
in both operational and  
fiscal discipline