This Under-the-Radar Stock Had a Bigger IPO Than Shopify (TSX:SHOP)

Description

Lightspeed ([TSX:LSPD](#)) is one of those companies you never hear about until it's almost too late. That is why you probably didn't realize that the company recently set a new record for the largest IPO issued by a tech company in Canada in nine years.

[Lightspeed was founded](#) in 2005 in Canada, but it only became publicly traded this year through an IPO held on March 7. The company develops point-of-sale and e-commerce software primarily for small- and medium-sized businesses. Today, the software the company develops is being used in 100 different countries and has processed a total of over $13 billion worth of transactions.

Why is Lightspeed so special?

When you think about e-commerce and POS software, the first thought is how saturated the industry is by the likes of **Shopify**. Indeed, Shopify had set a record after its 2015 IPO of 2015 by raising $131 million. Now comes Lightspeed, which managed to raise $240 million in its IPO this year to bring its total valuation to $1.7 billion.

What makes this company different is how it included additional features for supply chain management and analytics. What's more, Lightspeed has made its services cloud-based, allowing the software to be installed even on an iPad for mobile sales without compromising on any features.

For these reasons, [Lightspeed convinced institutional investors](#) such as **JPMorgan Chase**, **Bank of Montreal**, and **National Bank** to raise $276 million even before the IPO this year. The software developed by this company is now being used by over 50,000 retailers and restaurants around the world, and you can bet it is seeking even further growth in the future.

Is Lightspeed a good investment for you?

Looking back at the feats accomplished by this company should give you confidence in the management's ability and competence to grow a company from scratch to a $3 billion valuation in 14

years. At the helm of this company is founder and CEO Dax Dasilva, who is himself a programmer. Under his leadership, the company won numerous accolades over the years, including being on the list of Canada's fastest-growing companies and winning the Annual Innovative award in 2012.

If that wasn't enough to convince you, perhaps the company's stock's growth will. During the IPO, Lightspeed shares were being offered at $16 on the Toronto Stock Exchange. By the end of the trading day, the shares were valued at $19 — up 19% in a day. Since then, the stock has more than doubled to reach an all-time high just below $50 before slipping back to $42 at the time of writing. Nevertheless, this has been a remarkable growth in share price

Following the March 2019 IPO, the company has only released one financial report for the fourth quarter of the fiscal year 2019. If you were already an investor, then the 38% rise in revenue from $17.5 million to $24.1 million in addition to the stock price surge should have put a smile on your face.

And even if you were not yet an investor in this company, consider its prospects for growth. The POS market is expected to grow up to $108 billion by 2025 at a 7.8 CAGR. With Lightspeed's average year-over-year revenue growth of 36% and the growth of the industry as a whole, these make the company a worthwhile investment. Management expects to hit around 45-48% revenue growth in fiscal 2020 and reach between $112 million and $115 million.

Final word

Given the potential growth of the POS industry and the position of Lightspeed in it, this company presents an excellent investment opportunity for you. Although it may not enjoy as much growth as its main competitor Shopify, it remains a solid investment.

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