



Why Lightspeed POS (TSX:LSPD) Could Double This Year

Description

A stock slowly but surely creeping up the ranks of popularity these last few months is tech stock **Lightspeed POS** ([TSX:LSPD](#)). This brand-new tech stock has investors thrilled over recent performance, breaking records again and again.

The biggest record came the day of the company's initial public offering (IPO), where Lightspeed brought in a whopping \$240 million. This was the biggest IPO of 2019 in Canada and the [biggest IPO](#) of any Canadian tech stock in at least the last nine years. Needless to say, since then, analysts have been keeping an incredibly close eye on Lightspeed.

Since the company's IPO, the stock hasn't had the ups and downs usual to an IPO. In fact, it's remained quite steady. The stock has increased a whopping 133% as of writing. Yet Lightspeed also [saw a decrease](#) over the last few days on the tail of its stellar earnings report, losing about 18% after hitting around \$48 per share.

That earnings report is now the second that shows the strong results Lightspeed can bring in since its IPO. Its most recent report saw year-over-year revenue growth of 36%, with management expecting revenue growth for fiscal 2020 to hit 45-48% — somewhere between \$112 and \$115 million.

So, why the sell-off? It's likely due to the incoming recession. Tech stocks are usually dropped like hot stones during downturns, and as Lightspeed is a new growth stock, some investors are getting nervous. But honestly, this stock is setting itself up to be an incredible growth stock over the long run.

Lightspeed is part of the point-of-sale (POS) market — a market expected to grow up to \$108 billion by 2025. The POS market is huge, because it creates safe transactions for its customers and makes it more convenient for both customers and merchants. Lightspeed is only in its infancy yet is already set up in 100 countries and has processed \$13 billion worth of transactions.

The company might sound similar to other e-commerce companies, but where Lightspeed is different is how its POS system works to improve itself. Lightspeed includes features that collect information for supply chain management and analytics. All its services are then cloud-based, so software can be installed on nearly any wireless device. This means you can even make mobile sales while you're out

and about, without worrying that you're losing a feature of the program.

So, where is Lightspeed headed? Well, first off, the company mainly focuses on small- and medium-sized businesses. This has allowed these businesses to compete with even the largest firms, but Lightspeed might soon attract these larger businesses as well. Lightspeed also focuses mainly on the retail and restaurant industries, but there are obviously so many more areas where this company could thrive.

In the meantime, Lightspeed will likely continue to attract small- and medium-sized businesses as the company gets more publicity, especially from its stellar performance both on and off the stock market. Offering these businesses a simple solution to managing their business and transactions will continue to allow this company to thrive for at least the near term.

There might be a slight dip when a recession hits, as Lightspeed has obviously never had to go through a recession environment on the stock market. However, once that happens, this stock is sure to rebound quickly, doubling in that time. When investors are ready, they're sure to see this stock as the bargain that it is and buy in bulk. By the end of 2020, I wouldn't be surprised at all if this stock has doubled yet again.

Of course, there are risks, as this company is a new growth stock, as I mentioned. But this stock has a long future ahead of it for the investor looking for both incredible growth and a long-term hold.

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