



TFSA Investors: Miss Out on Shopify (TSX:SHOP)? Lightspeed POS (TSX:POS) Could Be Your 2nd Chance

Description

All of a sudden, Canada has become a hotbed to innovative tech companies whose stocks have been defying the laws of gravity.

The broader markets have been a roller-coaster ride of [steep ups and downs](#), but clearly, **Lightspeed POS** ([TSX:LSPD](#)) hasn't received the memo. The 2019 Canadian tech IPO continues to soar high, making new all-time highs on a consistent basis, as the TSX index hovers in limbo.

So, if you find that you're one of the Canadians who've been using their TFSAs for parking cash, bonds, GICs, annuities, or any other weak "risk-free" assets, betting on a cloud-harnessing up-and-comer like Lightspeed can allow you to make up for lost time.

But be warned: Lightspeed stock is up 133% over the past year and could be too hot to handle for those investors with below-average risk tolerances. With no signs of slowing down, the high-momentum name looks perfect from a technical perspective, much like a **Shopify** in its earlier years. And like Shopify, the price of admission is absurdly high at over 33.6 times sales (that's sales, not earnings) and nearly 15 times book.

For those unfamiliar with Lightspeed POS, it's a cloud-based point-of-sale (POS) solution for retailers within various industries. The one-stop-shop platform allows clients to quickly take care of mundane day-to-day tasks in the world of retail, such as managing inventory, processing transactions, and all the sort.

Most interestingly, Lightspeed's POS platform allows retailers the ability to leverage next-generation data analytics that can be applied to accelerate sales growth, drive comps, and maximize efficiency. Data analytics is a big deal, and since data is arguably the most precious resource for businesses, Lightspeed's product provides a set of invaluable services that essentially pay for themselves.

To make the Canadian cloud prince even sweeter, it also has a versatile e-commerce platform that could one day rival the likes of a Shopify.

After more than doubling since its IPO, Lightspeed is one of the most expensive Canadian stocks out there. While the name is worthy of your watch list, I'd have to mark the name as a "too hot to handle" for Foolish investors.

Foolish takeaway

Add it to your watch list for now and be ready to pull the trigger on a [pullback](#). Given the boom-and-bust nature of IPOs, I find it more than likely that an opportunity to buy the name at a fraction of its current price will present itself over the coming months.

The momentum in Lightspeed stock looks unstoppable now, but the next thing you know, the stock could take a 180-degree turn without a moment's notice, and given the valuation, there's no telling how far the white-hot IPO could fall.

Stay hungry. Stay Foolish.

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