



Lightspeed POS (TSX:LSPD) vs. Uber (NYSE:UBER): Which Is the Better Tech Stock?

Description

Lightspeed POS ([TSX:LSPD](#)) and **Uber Technologies** ([NYSE:UBER](#)) have been two of the most talked about IPOs this year. One, a relatively unknown Canadian point-of-sale company, gained renown when its IPO hit the ground running. The other, a ubiquitous American ride-sharing service, became infamous after [its IPO tanked](#). The two stocks are a study in contrasts. And yet they have one crucial thing in common: they're both recent IPOs that appeal to growth-oriented investors.

While Lightspeed and Uber do two completely different things, they're comparable from the perspective of tech stock buyers seeking superior performance. With that in mind, here's a side-by-side comparison to help you decide which is the better tech stock for you.

The case for Lightspeed

The biggest thing Lightspeed has going for it is the fact that it's a new IPO that's already close to becoming profitable. In its most recent quarter, the company had \$24 million in revenue and a \$5 million loss (adjusted EBITDA). The fact that the company is losing money may seem discouraging, but remember that early-stage startups typically do lose money, and \$5 million is a very small loss as a percentage of \$24 million.

On top of that, the company is growing its revenue at [36% year over year](#) and increasing its presence in more than 100 countries worldwide. As a company that only went public this year, it's already processing \$13 billion worth of transaction volume annually and has plenty of room to grow from there. Point-of-sale systems are projected to become a \$125 billion industry by 2024, which means Lightspeed has a huge target market continue growing and thriving in for the foreseeable future.

The case for Uber

Lately, it's been hard to find anyone with nice things to say about Uber. After a Q2 report that showed a massive loss and stalling earnings growth, the company seems to have run out of steam.

However, it does have one thing going for it: its service keeps getting more popular.

Although Uber's losses are staggering, and its growth isn't what it used to be, it just keeps attracting more and more customers. In its most recent quarter, the company saw gross bookings rise 31% (37% at constant currency) and trips increase 35%. That's pretty strong growth for a company that's already dominant in its industry.

However, going forward, regulatory problems are going to be a huge barrier to continued growth for Uber. Many countries have regulations on cab services that make it impossible for Uber to operate in them, and some jurisdictions have banned the service outright.

Even Uber's home state of California recently tabled anti-"Gig Economy" legislation that would put serious roadblocks in front of the company, calling into question whether it is truly "safe" anywhere. Although the proposed California laws would not stop Uber from operating, they show just how much regulatory trouble ride-sharing services have to deal with, and how "home field advantage" doesn't help companies in this red tape-laden industry.

The verdict

Between Lightspeed and Uber, I have a slight preference for Lightspeed. Even though its stock is highly expensive, the company has a clear path to profits and could start rising again after it releases a new quarterly report showing continued growth. Uber, however, just keeps losing more money, and it has constant regulatory issues to contend with. I'm not buying either of them, but if I had to, I'd pick Lightspeed.

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