



How a Small Canadian Company Produced 2019's Best IPO

Description

In 2019, the tech IPO scene was widely regarded as disappointing.

With big-name companies **Uber** and **Lyft** tumbling after their offerings, most of the publicity surrounding IPOs this year was negative.

To a certain extent, this was fair. The largest IPOs of the year delivered negative returns to investors who bought on the offering date, and many of them are still tanking as we head into 2020.

However, there was one exception. A little-known Canadian tech company, it managed to not only [rise dramatically after its offering](#), but keep up the gains through the year. As of this writing, this stock is up 80% from its closing price on the day it went public. And the incredible part is, it may still have further yet to go.

Lightspeed POS

Lightspeed POS ([TSX:LSPD](#)) is a company that offers point-of-sale software for retail businesses as well as an e-commerce platform.

The company's business model in some ways resembles that of **Shopify**, [another successful Canadian IPO](#).

Like Shopify, Lightspeed is involved in payment processing and makes most of its money off renewable subscriptions. However, there are a few key differences. Unlike Shopify, which is focused on e-commerce, Lightspeed is mainly focused on brick-and-mortar retail. Also, Lightspeed has a focus on inventory analytics, whereas Shopify is more oriented toward marketing. However, the two companies are similar to the extent that they're involved in payment processing and share considerable overlap in terms of the vendors they're targeting.

Factors behind Lightspeed's successful IPO

The similarity of Lightspeed to Shopify was probably a big contributor to its successful IPO.

In the months after Lightspeed's offering, it wasn't uncommon to hear it referred to as "the next Shopify," and in a hype-oriented scene like tech investing, that kind of publicity matters.

Second, Lightspeed has been enjoying solid growth metrics.

In its second most recent quarter, the company grew revenue at 38% year over year. In the quarter after that, revenue growth actually accelerated to 50%. In this respect, Lightspeed has been doing better than Shopify, whose revenue growth has been decelerating.

Finally, Lightspeed's growth in adoption has been impressive. Just a few months after its IPO, the company is driving \$13 billion in revenue, with customers in more than 100 countries worldwide. These are impressive figures for a company not even a year out from its IPO, although it must be mentioned that Lightspeed operated as a private company for 14 years before going public.

Foolish takeaway

Over the years, tech IPOs have been a mixed bag. While many have rewarded investors handsomely, many more have not — particularly in the months immediately after going public. As Lightspeed's post-IPO success shows, there are a few standout offerings that can buck the trend. If this company can keep up its revenue growth, its stock may even continue outperforming.

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