



## TFSA Investors: This Canadian Stock Beat Amazon (NASDAQ:AMZN) in 2019!

### Description

**Amazon** has, in many ways, been the stock market success story of the decade. Driving founder Jeff Bezos's massive \$123 billion fortune (as of this writing), the stock has outperformed the market by leaps and bounds. If you'd put \$1,000 in AMZN at the start of the year 2000 and held until today, your holdings would be worth over \$30,000.

It's been a wild ride — there's no doubt about it. But more recently, Amazon has been far from the best-performing tech stock on earth. Although it has been a market beater over the last five years, some small-cap tech stocks have done much better. You may have heard about **Shopify**, the TSX tech stock that has risen over 1,900% since its IPO in 2015. In this article, I'll be reviewing *another* Canadian tech stock that outperformed Amazon last year.

### Lightspeed

**Lightspeed POS** ([TSX:LSPD](#)) is a [point-of-sale \(POS\) software company](#) based in Montreal. Powering over \$20 billion in sales across 74,000 customer locations, the company is rapidly gaining market share in the POS industry.

Lightspeed's core offerings are POS systems for retail businesses and restaurants. Like many modern POS systems, Lightspeed software runs on any computer or tablet, rather than requiring dedicated cash register hardware. To that extent, it's similar to competing software. What makes it different is its inventory management and analytics. The company's software lets you track inventory, get alerts on low stock, and receive detailed analytics on inventory. It also has a number of convenient customer service features like customer profiles and loyalty program creation.

### Excellent earnings results

Although POS is perceived as a crowded vertical, there's no doubt that Lightspeed's product is taking off. As previously mentioned, it's driving \$20 billion in sales a year across 74,000 customer locations. In addition to that, the company is also posting excellent earnings results.

In its most recent quarter, Lightspeed posted 61% year-over-year revenue growth, a 46% increase in gross margin, and a \$55.3 million [reduction in its net loss](#). Revenue growth was powered by the addition of new subscribers, while the higher net income was mostly due to a fair value loss on preferred shares in the prior year quarter. If you take that item out of the equation, then the net loss was roughly unchanged year over year. That does dampen the significance of the loss improvement somewhat. However, Lightspeed is doing a good job overall of managing its cash flows, which points to the possibility of an enterprise with a profitable future.

## The next Shopify?

It's hard to avoid comparing Lightspeed to Shopify, another Canadian tech startup that had a phenomenal IPO a few years back. Like Shopify, Lightspeed is involved in payment processing. Also like Shopify, it's growing its revenue at a rapid pace. Finally, like Shopify, it's in tacit competition with Amazon for vendors.

However, the similarities end there. Whereas Shopify is focused on e-commerce, Lightspeed is more brick-and-mortar oriented. That's a huge difference that limits the extent of competition between the two companies. Given how crowded the retail POS space is, I expect that LSPD has a much lower ceiling than SHOP. But having risen 71.5% last year — when Amazon rose just 9.5% — it's clearly on a roll.

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