



## 1 Under-the-Radar Stock That Could Beat Out Shopify (TSX:SHOP) in 2020

### Description

Are you searching for the next hottest tech company in Canada? While Canada is known to be lacking in the tech sector, there is hope for the industry.

Every investor is after a stock that can replicate the success of **Shopify** and, even better, exceed it. One such under-the-radar stock to look out for this year is **Lightspeed POS** ([TSX:LSPD](#)).

Despite a [disappointing crash this month](#), there are a lot of reasons to believe the stock presents an excellent opportunity for investors and could potentially be a real millionaire maker.

### LSPD's growth potential

It is not an unknown fact the e-commerce sector is growing at an unprecedented rate. This year, the global e-commerce sales are expected to total more than the US\$4.06 trillion, a hike of US\$642 billion compared to last year. Analysts predict exponential growth in the years ahead, back primarily by a shift in consumer preference towards online retail and improvements in the e-commerce logistical and supply chain infrastructure.

As a provider of point-of-sales (POS) and e-commerce software, industry trail-blazers such as Lightspeed are poised to expand rapidly as a result of this trend. Its past few years of growth reflects this; since 2017, the company's annual revenue has more than doubled from US\$42,6 billion to US\$105.65 billion as of the last trailing 12-month period.

Finance pundits predict Lightspeed's earnings to average around an incredible 50% or more annually over the next few years. There aren't many other companies that can boast of such stellar upsides. The company is also on a steady drive towards profitability, cutting down on its losses. In the third most recent quarter, the company reported a loss of \$15.8 million compared to a loss of \$71 million in the same quarter last year.

Despite being a fairly young company, Lightspeed already boasts a healthy worldwide presence. In recent years, the company has also managed to grow its customer base rapidly. Currently, the figure

stands at +74,000 customer locations — nearly double that of last year.

## Making sense of the current situation

After a strong entry into 2020, Lightspeed's stock [crashed earlier this month](#), falling by nearly 20% in value. However, investors shouldn't be alarmed by this. Such hyper-volatility in stock value is expected from small-cap companies expanding rapidly. Similar volatility is also present in other top growth stocks, including Shopify.

Short-term quarterly losses should blind us from the company's long-term trajectory. If anything, such double-digit drops represent excellent buying opportunities.

## Summary

Because of its strong growth prospects, Lightspeed is often cited as the next Shopify. It went public just last year in March but has already seen its stock price grow from \$18.10 to \$36.41 at the time of this writing. This means that an initial \$10,000 investment during its IPO would have been \$20,110 by now.

As of most the recent quarter, Lightspeed's stock is being traded at a price-to-book ratio of 16.17; while relatively overvalued, it is still fairer priced compared to Shopify at 18.95.

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