



This Tech Company Could See Ludicrous Growth After the Market Recovers

Description

Will investors' sentiment improve if the new cases of coronavirus dramatically decrease? It could temper the volatility but not trigger an immediate turnaround. However, if the vaccine becomes available, markets could rebound at lightning speed.

In the tech sector, **Lightspeed POS** ([TSX:LSPD](#)) should see ludicrous growth once the market stabilizes and recovers. This company unlocks business potentials using a powerful point-of-sale (POS) system. Its debut in March 2019 signaled the entry of another [high-quality growth company](#) in Canada's tech ecosystem.

Lightspeed's software as a service (SaaS) platform focuses on small and midsize businesses, retailers, and restaurants. The goal is to make the target market become smarter and render the best customer experience possible.

Smashing trading debut

After **Shopify**, Lightspeed is the second-hottest TSX tech stock. The 2019 IPO was the largest by a tech company in almost nine years. Lightspeed's smashing debut injected [new life](#) into a stock exchange that has been struggling from a scarcity of IPOs.

The Montreal-based firm raised \$179 million on its first trading day. It closed at \$18.90, or 18.13% higher than the IPO price of \$16. Expectations are high that Lightspeed will mirror the success of Shopify. The price soared to \$45.60 on January 20, 2020.

As of this writing, the shares of Lightspeed are trading at \$28.02, which is a year-to-date loss of 28.22%. Anyhow, data compiled by *Bloomberg* shows Canada's tech sector is growing at a faster rate among all sectors over the past four years.

Go-to player

Lightspeed's founder and CEO presented some interesting financial highlights for Q3 fiscal 2020. There was 61% top-line growth during the quarter versus the same period in 2019. The company was able to exceed the high end of its guidance range by \$32 million.

A shade below 90% of the base consists of recurring software and payments revenue. The growth during the quarter was 58%. It indicates that small- and medium-sized businesses (SMBs) are starving for a recognized global market leader in providing solutions for business growth.

After one year since going public, management is beaming with pride. Lightspeed is now the go-to player of entrepreneurs and business owners. Since its IPO, customer locations globally have grown to 74,000. Early in 2019, the concentration of clients was in North America. At present, the mix is more balanced.

Roughly 45% of total locations and about 50% of international clients make up Lightspeed's overall footprint. As of December 2018, the gross transaction volume (GTV) of Lightspeed's customers was about \$13.6 billion. A year after the IPO, GTV has grown by 47% to nearly \$20 billion.

The remarkable growth reflects a growing customer base that is discovering greater-than-before success by partnering with Lightspeed. The ambition to turn into a category leader for the fragmented SMB sector is nearing realization.

Organic growth foundation

The strong organic growth foundation should help Lightspeed achieve its vision to be the world's leading cloud-based POS provider to SMBs. However, the coronavirus outbreak will set back the timetable.

When normal conditions return, electronic payments should be gaining traction worldwide. This tech stock will be up to speed and resume its accelerated growth.

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