



## Forget Shopify (TSX:SHOP): Buy These 2 TSX Cloud Stocks Instead!

### Description

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) has led the upward charge on the TSX, surging above its pre-pandemic highs. I was a raging bull on the e-commerce kingpin, highlighting the fact that the company provided a vital lifeline to many small- and medium-sized businesses (SMBs) amid the coronavirus pandemic. As one of the few companies that is actually ahead of where it was prior to the pandemic, Shopify stock has arguably been the hottest stock, not just in Canada, but the world.

While Shopify is unlikely to ever trade at a multiple that a value investor would consider attractive, one has to draw the line somewhere. And after nearly doubling since bottoming out in March, I think now is a terrific time to take your quick profits out of Shopify and put it into one of Canada's better-valued, up-and-coming tech sensations.

Without further ado, consider **Lightspeed POS** ([TSX:LSPD](#)) and **Ceridian HCM** ([TSX:CDAY](#))([NYSE:CDAY](#)), two rapidly growing, cloud-harnessing tech companies that I think could be next in line for a Shopify-like breakout in the year ahead.

### Lightspeed POS

Before the pandemic, Lightspeed POS, an up-and-coming commerce-enabler, was [starting to look like an early stage Shopify](#). The company also has a compelling e-commerce software solution aimed at SMBs, but unlike Shopify, Lightspeed is more geared towards point-of-sale (POS) services, which is in the realm of the physical.

A considerable chunk of Lightspeed's clientele are sitting at ground zero of the coronavirus crisis. Think restaurants and independently owned brick-and-mortar retail stores. The coronavirus-induced pain spreads from Lightspeed's clientele to itself, as the fate of the firm's previously sustainable cash flows are at risk of vanishing due to bankruptcies of the SMBs that Lightspeed serves.

Lightspeed offers an invaluable service to its clients. And its best growth days are ahead of it, but for now, the exogenous environment has gripped shares of the name, and there isn't much that the company can do other than hope that the coronavirus will be eradicated and the economy will re-open

for business sooner rather than later.

With shares trading at 12.7 times sales, Lightspeed looks nothing short of a bargain compared to the likes of a Shopify. So, if you're looking for a company that could rocket higher on an economic recovery, look no further than Lightspeed.

## Ceridian HCM

Up next, we have Ceridian HCM, a human capital management (HCM) software developer that you've probably never heard of. The company is behind the flagship cloud-based HR software Dayforce, which has been picking up traction in recent years with medium- and large-sized enterprises.

Like Lightspeed and Shopify, Ceridian offers a value-adding service that pretty much pays for itself. Although the HCM market is getting crowded, switching costs have grown to a level that makes Ceridian's product offerings look pretty sticky. Over the long haul, I see Ceridian growing by double digits while doing so profitably — something that few cloud-harnessing firms can do these days.

In the meantime, Ceridian, like Lightspeed, is facing disruption to its business as a result of COVID-19. An unprecedented surge in unemployment will hit Ceridian over the intermediate term, given it charges on a per-employee basis. Unlike Lightspeed, however, Ceridian is more exposed to larger firms that are better able to survive this crisis.

With shares trading at 9.6 times sales, I'd say Ceridian is a bargain for growth investors hungry for high returns.

Stay hungry. Stay Foolish.

### CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. NYSE:CDAY (Ceridian HCM Holding Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:DAY (Dayforce)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:SHOP (Shopify Inc.)

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