Market Recovery: 1 Tech Growth Stock for the Modern Age

Description

Technology has certainly been the way to go this year. In fact, it has practically been the *only* way to go. There have literally only been two ways to invest this year if you wanted to make money, and that's technology. This sector has been so powerful that it has practically single-handedly lifted the **S&P 500** and the **NASDAQ** back to within spitting distance of all-time highs.

There is no other place — literally nowhere else in the entire world — that has made money this year other than technology. Sure, utilities and consumer staples have held up, but they haven't made any significant money in the way that technology has.

Where should I invest?

If you are a value investor, it is a bit of a head-scratcher. Stocks, especially technology, were very expensive going into the stock market crash. They are much more expensive now, especially given that a prolonged recession will lead to a contraction in earnings.

If you are a growth investor who is not afraid of a potential pull-back in tech stocks, you might want to take a look at a company light **Lightspeed POS Inc.** (TSX:LSPD). While the stock has already tripled since it fell to around $10 a share in March, it has yet to make any headway for the year. This formerly hot stock might be just the thing you need to reinvigorate your portfolio.

Operations

Lightspeed was punished far more severely than many other technology stocks when the market took a nosedive back in March. I suspect this was largely due to the fact that the company's focus is on point of sale (POS) services offered to the hospitality industry.

Well, the industry is in shambles, as we now know, so the assumption at the sell-off was that it would negatively impact Lightspeed's revenues.

Positive quarterly results

The market's negative view on Lightspeed's results turned out to be false, at least for the moment. Despite a global shutdown, the company managed to grow its revenue by 70% year over year as of its latest quarterly report. There was also a 400% increase in adoption by e-commerce retailers over this period, helped by the fact that practically everything is online at the moment.

Recurring revenue also increased by 70% year over year. The company still has a large amount of cash, with over $200 million ready to deploy. This cash combined with Lightspeed's excellent balance sheet should be beneficial as it starts to take advantage of opportunities should acquisition targets present themselves.

The bottom line

While Lightspeed was punished along with other restaurant stocks, its quarterly report has proven that it is much more than a restaurant terminal stock. The move into online commerce is a shot in the arm for the company. The lockdown has been as much a boon as a hindrance, which is encouraging from a business standpoint.

This point-of-sale company is a great way to play the transition to online shopping. It's a growth area that has been turbocharged in recent months and is likely to continue growing into the future.

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