



Is White-Hot E-Commerce Stock Lightspeed POS (TSX:LSPD) Still a Buy After Soaring 177%?

Description

Few TSX Index stocks are as hot as **Lightspeed POS** ([TSX:LSPD](#)) right now, with shares nearly tripling from their March lows. The cloud-harnessing commerce-enabler [popped 40% following a wonderful earnings report](#) but still remains a country mile below its all-time highs.

And just like that, the up-and-coming Canadian tech company went from being among the most vulnerable to the COVID-19 pandemic to actually benefiting from it, as small- and medium-sized businesses (SMBs) look to gain any edge they can to make it through this socio-economic disaster.

After Lightspeed stock's exponential move, shares have begun to cool off alongside "growthy" tech darlings, as investors seek to rotate out of names that have been working for the most "at-risk" names at ground zero of the COVID-19 crisis.

While there's no question that Lightspeed POS sports a valuation that's too lofty for most [value-conscious investors](#), I think young momentum investors with the stomach for volatility would be best served by scaling into a position in the white-hot LSPD sooner rather than later. Why? Lightspeed smells like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)).

Could Lightspeed POS be the next Shopify?

I've noted of Lightspeed's Shopify-like attributes in prior pieces urging to buy LSPD stock after it had collapsed 70% amid the coronavirus-induced market crash.

Shopify is more of a pure-play e-commerce player, and Lightspeed is more of a tech firm focused on helping retailers (and restaurants) leverage next-generation technologies in the physical realm. What many investors have discounted, however, is the fact that Lightspeed may be more of an "on-ramp" for various traditional brick-and-mortar retailers that have yet to jump on the e-commerce bandwagon.

You see, Lightspeed has an impressive e-commerce platform and a lineup of compelling offerings that it can upsell to its existing clientele. The future of retail isn't just 100% digital. It'll likely be a mix of both

physical and digital. And over the extremely long term, Lightspeed POS is a terrific way to play not only the transition of physical retailers to the digital realm but potentially the transition of digital to physical. Physical retail isn't dying. For many SMBs, there's tremendous value in having both a physical and digital presence

However, right now, in the age of coronavirus, it's all about the move to the digital.

The future of many SMB firms depends on a robust digital presence, as lockdowns continue to take a toll on their top and bottom lines. For many SMBs, a solid e-commerce platform can be the difference between survival and bankruptcy. Lightspeed and Shopify are seen as a significant lifeline through the eyes of such SMB firms. And that's a major reason why shares of both companies have been skyrocketing into the stratosphere of late.

Foolish takeaway

While Shopify has more momentum of late, I'd argue that the value proposition is far greater with Lightspeed POS stock at this juncture. Shares trade at a lofty 17.7 times sales, which is really expensive, but not absurdly so when you consider Shopify stock has traded north of 50 times sales.

As a promising up-and-coming small-cap with a lot going for it, I'd urge investors to add Lightspeed POS stock to their radars, with the intention of buying after a meaningful pullback that I view as likely after the latest exponential move higher.

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1. Coronavirus
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2. TSX:LSPD (Lightspeed Commerce)
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