



Forget Shopify (TSX:SHOP): This Hot E-commerce Stock Is Poised for Further Gains

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has been one of the [hottest stocks](#) on the **TSX Index** over the past few months. At around 50 times sales, it's also one of the most expensive and looks way too hot to handle for even the savviest growth investors out there.

To put it simply, there's expensive, ridiculously expensive, and then there's Shopify's level of expensive. Whether or not Shopify is genuinely worth a 50 times P/S remains to be seen. The company has continued to defy the odds time and time again, posting blowout numbers on a pretty consistent basis.

While Shopify may still have a tonne of growth left in the tank, it doesn't make sense for an investor to pay up for many years' worth of growth right off the bat.

With one of the priciest stocks out there, the risks involved with buying the insanely expensive e-commerce kingpin isn't worth the rewards with the stock above the \$1,000 mark and believe that the odds of a vicious correction are high.

Valuation *always* matters even if you consider yourself a growth investor — just ask Warren Buffett

Shopify investors are no strangers to [volatility](#), but as Warren Buffett once said, "All investing is value investing." Whether you define yourself as a growth investor or a value investor, you must always consider the price you'll pay because even the most wonderful growth business in the world can be a terrible investment if you get in at the wrong price.

Today, I think Shopify is overbought, overvalued, and overdue for a correction.

If you're looking for off-the-charts growth for at a lower price of admission, consider the following tech stocks that could be poised for further gains into year-end. Without further ado, consider shares of **Lightspeed POS**

([TSX:LSPD](#)), a white-hot tech stock with enormous momentum, with way more room to run relative to the likes of a Shopify.

Lightspeed has a Shopify-like growth story for a fraction of the price

Lightspeed POS is a commerce-enabling firm that had no business losing over 70% of its value during the coronavirus crash. The firm had a considerable amount of exposure to the most vulnerable small- and medium-sized businesses, including restaurants and brick-and-mortar retailers, which were effectively at ground zero of what we're now calling The Great Shutdown.

What many investors failed to realize is that the firm also had a stellar e-commerce platform and a wonderful slate of products that mirrored Shopify's add-ons.

The Lightspeed payments and delivery platforms also proved to be very successful amid the coronavirus crisis, as retailers did everything in their power to dampen the blow brought forth by revenue-killing lockdowns.

Foolish takeaway on Lightspeed over Shopify

In many prior pieces, I pounded the table on Lightspeed stock, noting that the company, like Shopify, was seen as a crucial lifeline for many vulnerable firms amidst the crisis.

Shares of LSPD have nearly tripled, surging 191% from those March depths, but I still think the name has a tonne of room to run. The stock is still off 28% from its all-time high, which could be tested over the coming weeks and months.

With shares trading at 16.4 times sales, Lightspeed isn't cheap, but compared to the likes of a Shopify, it looks like a compelling bargain.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:SHOP (Shopify Inc.)

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