



Better Buy: Lightspeed POS or Docebo?

Description

I recently published an article discussing my [three favourite Canadian companies](#). I am very bullish on all three and think they will all be leaders in their respective industries by the end of the decade. Although **Shopify** has already grown quite a lot, **Lightspeed** ([TSX:LSPD](#)) and **Docebo** ([TSX:DCBO](#)) are both still relatively small. Which of these two smaller companies should you add to your portfolio?

Overview

Lightspeed POS provides point-of-sale and e-commerce services to small- and medium-sized businesses. The company was founded in 2005 by Dax Dasilva and is currently based in Montreal. Dasilva has been Lightspeed's CEO since its founding and has been attracting much attention for his excellent leadership.

In 2019, he was [named Innovator of the Year](#) as part of *The Globe and Mail's* CEO of the Year feature. As of 2020, Lightspeed offers its services to 23,000 businesses across many industries and 100 countries.

Docebo is an enterprise training platform, which is offered to companies under a Software-as-a-Service business model. The company was founded in 2005 by Claudio Erba who still leads the company as its CEO today. The company currently has clients spanning dozens of industries in 68 countries around the world. Some big names that use Docebo's services include **Cineplex**, **DocuSign**, **Thomson Reuters**, **Uber**, and **Walmart**.

Edge: Docebo's client list is much more impressive than that of Lightspeed, featuring large-cap companies from different countries.

Performance and valuation

Lightspeed is currently listed at a market cap of \$3.66 billion. The company is on track to grow, as its revenue has increased each year. Over the past four years, Lightspeed's revenue has grown 283%!

Since its IPO in March 2019, Lightspeed stock has gained 108.25%. This includes a large crash in its stock earlier this year when it fell to \$10.50. Year to date, Lightspeed stock has gained 6.89%.

Docebo is a smaller company by market cap, only listed at \$1.39 billion. Similar to Lightspeed, its revenue has been increasing tremendously over the past four years. Since 2017, Docebo has seen a 421% increase in its annual revenue! This strong growth has been reflected in its short time as a publicly traded company. Since its IPO in October 2019, Docebo stock has gained 262.53%! This gain mostly came after the market crash, as investors realized the significance of this sort of business after the pandemic.

Edge: Docebo is smaller, thus it can be more volatile. However, its stock and revenue growth have been much more impressive than that of Lightspeed.

Other measures

Lightspeed is in a very strong financial position. It currently has enough assets in the short term to cover both of its short- and long-term liabilities. The company has \$27 million of debt on its balance sheet, but that is easily covered by its \$204 million of cash on hand. This indicates that the company has been able to grow without taking on an extraordinary amount of debt. CEO Dax Dasilva holds a 15.78% ownership stake in the company. Insider ownership at Lightspeed is currently 16.5%.

Akin to Lightspeed, Docebo is also in a very strong financial position. Its short-term assets are also able to cover both its short- and long-term liabilities. Although it has a lot less cash available (\$43 million) than Lightspeed, the company has no debt on its balance sheet. CEO Claudio Erba currently has a 5.59% ownership stake in Docebo. Individual insiders within the company hold a 79.4% ownership stake, led by Jason Chapnik the company's chairman of the board (62.18%).

Edge: Both companies are very financially secure. Although Docebo has a much higher level of insider ownership, I like the fact that Lightspeed's CEO has a much larger ownership stake in his company than Claudio Erba of Docebo.

Foolish takeaway

Although I am very bullish on both companies, it appears that Docebo is the slightly better company to buy in terms of a growth outlook. Its client list is much more impressive, and its stock and revenue growth has been stronger than that of Lightspeed.

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TICKERS GLOBAL

1. TSX:DCBO (Docebo Inc.)
2. TSX:LSPD (Lightspeed Commerce)

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