



Better Buy: Lightspeed POS (TSX:LSPD) Stock or Shopify (TSX:SHOP) Stock?

Description

The pandemic has advanced the business of e-commerce significantly. **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) CEO has said that it has brought the company 10 years into the future. Things that were expected to take 10 years or more to happen are happening now.

The pandemic has affected us in many ways, mostly negative. [Lockdowns and closures have decimated the economy](#), and the health toll is severe. But e-commerce stocks have been given new life. So, which e-commerce stock is the better buy, Shopify stock or **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) stock?

Lightspeed POS stock has caught investors' attention in 2020, and it still has huge upside

After getting hit hard when the coronavirus crisis hit, Lightspeed POS stock has come back with a vengeance. It has soared 200% since March lows, as e-commerce stocks benefit from the new world.

Lightspeed POS began as a point-of-sale solution for the [restaurant and retail industries](#). Today, Lightspeed is becoming so much more. It has grown into an all-in-one solution, helping clients to sell across channels. It is what is known as an omni-channel e-commerce solution provider. Whether we are shopping online from a mobile device, a laptop, or at a brick-and-mortar store, Lightspeed provides a fully integrated shopping experience.

Lightspeed is growing its offering to capture a greater piece of the e-commerce pie. It is continuously striving to add new customer solutions to its platforms. This, in turn, is driving revenue. For example, new delivery and payment solutions have diversified the company's revenue. And new data-driven solutions will enable deeper customer relationships and further growth.

Shopify remains two steps ahead

Over at Shopify, we continue to see more of the same. There are so many reasons why Shopify's revenue doubled last quarter. As we dive into all of the reasons, we quickly realize how much this innovative company has going for it. And we realize that there's a well-diversified path to growth that has brought Shopify to where it's at today.

Shopify Studios is one of the most interesting recent investments made at Shopify. It reflects the company's far-reaching and ambitious vision. Shopify Studios will debuted in August, with its first series on Discovery. The series is called *I Quit*. It features real life entrepreneurs who gave up their jobs to focus on launching their own business.

Lightspeed POS stock wins on valuation

Perhaps Lightspeed wins on valuation because it is a bit later in the game compared to Shopify. In 2019, Lightspeed generated \$120 million in revenue. This compares to Shopify's \$1.5 billion in revenue. Or perhaps it is because Lightspeed has big exposure to the restaurant industry.

Whatever the reason, the bottom line is that Lightspeed POS stock is much more attractively valued than Shopify stock. To be more precise, Lightspeed stock trades at 18 times sales versus a whopping 57 times sales for Shopify stock. This is despite the fact that 2019 revenue growth at Lightspeed was 56% versus 47% over at Shopify.

Motley Fool: The bottom line

The build-out of e-commerce has been happening at lightning-speed pace since the pandemic hit. It was born out of absolute necessity, and this has accelerated its growth significantly. Within this space, both Shopify and Lightspeed stocks have skyrocketed. But I believe that Lightspeed stock is the better buy.

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2. TSX:LSPD (Lightspeed Commerce)
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