



Warren Buffett Bought \$250 Million of This Tech Company

Description

The Oracle of Omaha is not widely known for investing in tech companies. Warren Buffett is quite famous for investing only in businesses that he can understand. However reluctant he was to invest in the tech sector, Buffett did invest in **Apple**, but it was already massive by that time.

[In a recent move](#) during a time when Buffett has been unusually inactive, Buffett's **Berkshire Hathaway** has announced that it has agreed to buy a hot tech initial public offering (IPO). Let's take a look at the tech company and what the move could suggest for Canadian tech stocks like **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)).

Berkshire making a risky move

Snowflake is the new tech IPO that Buffett's company just allocated US\$250 million to in the latest move. The cloud-based data-warehousing startup company filed its initial S-1 Registration Statement at the beginning of September 2020 and an amended version a week later. The company expected to raise approximately US\$2.7 billion in fresh capital through the IPO.

Additionally, Snowflake announced that it would be conducting two concurrent private placements, and one of them is Buffett's Berkshire Hathaway. According to the announcement, Berkshire would purchase US\$250 million worth of its Class A common shares at a price per share equal to the IPO price. Snowflake is planning to register its shares at a price range between US\$75 and US\$85.

Based on the estimated share price, Buffett could own more than three million shares of Snowflake's Class A common stock. Snowflake is no lightweight company. It has recently generated stratospheric revenue growth that is attracting investors.

A Canadian tech stock

While Buffett still has not expressed interest in Canadian tech stocks, Lightspeed POS also looks like a promising prospect for investors who want to leverage the tech industry boom. Lightspeed has grown

120% since March 8, 2019. The stock is up by more than 200% from its March low caused by the pandemic sell-off.

Lightspeed offers cloud-based point-of-sale solutions to retailers and restaurants. The onset of COVID-19 shuttered many of its clients' businesses, and the lockdown took a toll on Lightspeed's earnings. However, its recent launch of e-commerce offerings by adding features like online payments, Lightspeed Capital, and shipments helped the company revitalize itself.

The company is still in its early stages and relies on subscription fees for earnings. The company depends heavily on new customer acquisitions for revenue growth. Currently, the demand for its services is skyrocketing.

Foolish takeaway

As Lightspeed continues to strengthen its financial position and fund growth opportunities, it continues to look like an attractive high-growth stock to consider. Its [IPO launch in the U.S.](#) can further bolster Lightspeed's position in the near future. I don't know whether the Oracle of Omaha will ever decide to invest in the company, but it could be an explosive stock soon that you might want to consider adding to your portfolio.

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1. Dividend Stocks
2. Investing

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