



Better Than Lightspeed (TSX:LSPD): This Under-\$20 Tech Stock Offers Great Value

Description

Shares of **Lightspeed POS** ([TSX:LSPD](#)) have marked a stellar recovery and have increased by over 300% from March lows. The massive rally in Lightspeed POS stock followed a surge in demand for its digital products and offerings amid a structural shift towards the omnichannel platform.

While growing customer demand led small- and medium-sized businesses (SMBs) to move online, the pandemic further accelerated the pace of the shift, which is benefiting Lightspeed POS significantly. Lightspeed is witnessing incremental demand for its payments solutions and e-commerce platform, which is reflected through its growing customer base and stellar growth in gross transaction volume (GTV).

In the [most recent quarter](#), Lightspeed's customer base increased to 77,000 customer locations from 51,000 in the prior-year period. Despite challenges, Lightspeed's GTV increased 17% year over year during the quarter.

While I do not doubt Lightspeed's growth prospects and expect the company to perform well in the long run, its valuation fails to attract. The company trades at next 12-month EV-to-sales ratio of 16.7, which seems pretty high. Investors looking for growth, even at higher multiples, can consider buying the shares of Lightspeed POS for the long term.

However, if you are looking for value in the tech sector, consider buying this under-\$20 **TSX** stock.

A better bargain

Despite the steep rally in the majority of the TSX listed tech stocks this year, a few continue to offer good value. **Absolute Software** (TSX:ABT) is one such stock that is available at a bargain, despite the stellar run.

Shares of Absolute Software are up about 91.5% so far this year. However, it is trading at next 12-month EV-to-sales multiple of 4.2, which reflects a discount of 75% when compared to Lightspeed's

forward multiple.

Like Lightspeed, Absolute Software is also benefiting from a favourable industry trend and a large addressable market. Its software and solutions help in the security and management of computing devices, data, and applications. With the structural shift toward working from home and distance learning, the demand for its endpoint security software remains elevated and is likely to [support its growth](#) in the foreseeable future.

The company's annual recurring revenues remain strong and suggest strong performance in the coming quarters. Also, it is fast acquiring customers, which is encouraging. Absolute Software boasts of +13,000 customers. Some of these customers include the world's largest banks, Fortune 500 companies, and national governments.

Absolute Software also benefits from lower competitive activity. Moreover, with its zero-debt balance sheet and growing cybersecurity spending, it remains well positioned to deliver strong returns in the coming years.

While the company is likely to benefit from strong industry tailwinds, its expansion into newer markets, the launch of new products, and a very high customer retention rate should accelerate its growth further. Besides offering robust growth, Absolute Software also pays a quarterly dividend of \$0.08, which implies a decent dividend yield of about 2%.

Investors looking for a high-growth tech stock offering great value could consider buying the shares of Absolute Software.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

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2. TSX:LSPD (Lightspeed Commerce)

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