



## Stock Deep Dive: Lightspeed (TSX:LSPD)

### Description

Two of my favourite trends to invest in are the adoption of ecommerce and the digitization of different industries. **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) has a foot in both of these trends, which makes it very interesting. The company is an enabler of the e-commerce market in Canada, which is expected to grow to US\$6.54 trillion worldwide by 2022. What makes this company so intriguing?

### What does Lightspeed do?

The company [provides point-of-sale and ecommerce](#) software to small- and medium-sized businesses. Originally specializing in restaurant and retail stores, the company has since expanded into golf courses. Currently, Lightspeed has customers in the pet, electronics, and sporting goods markets among many more. These businesses are also not focused on a particular part of the world, as more than 100 countries feature Lightspeed customers.

Lightspeed has a plethora of services that it offers to businesses. In 2013, the company first launched its cloud-based POS and Lightspeed Retail to more than 15,000 customers. In 2017, Lightspeed Analytics was released, allowing companies to more efficiently organize sales and marketing efforts. Lightspeed Loyalty and Payments launched in 2018 and 2019, respectively. These offerings simply highlight just some of the products that are available to businesses currently.

### What makes Lightspeed an interesting investment?

As shown previously, Lightspeed does not rely on a single product. Rather, it has a large number of offerings, allowing it to cater to the many needs that businesses will have. This means that companies may start with one or two of Lightspeed's products, and eventually add on to their subscriptions after finding early success. This will be great for Lightspeed's year-over-year revenue.

Lightspeed is also very diversified in its customer base. The company sees diversity in terms of the industries that it serves as well as geographically. This means that if one area were to be hit financially, Lightspeed can lean on other countries or industries to pick up the slack.

Next, the company's management is top notch. Dax Dasilva is the CEO of the company and has been since he founded the company in 2005. Dasilva has received numerous awards for his work with Lightspeed. These include the Ernst & Young Entrepreneur of the Year Award in 2012 and Startup Canada's Entrepreneur of the Year Award in 2016, for both Quebec and Canada.

Finally, Lightspeed features a fairly high amount of insider ownership. This is a [detail that I look for](#) in companies with 10 times earnings potential. In the companies I invest in, I look for at least a 5% ownership stake from its founder-CEO. Regarding Lightspeed, Dax Dasilva owns 13.79% of the company as of this writing. In fact, the entire company's insider roster owns 14.5% of Lightspeed.

This is very important because it shows that the interests of the company's management are aligned with those of the shareholders. All of these reasons listed are a subset of example of what makes Lightspeed such an interesting investment.

## Foolish takeaway

Lightspeed definitely has the potential to grow to 10 times earnings. It is a leader in two very strong trends for the next decade. Lightspeed has a diversified customer base, a strong business model, and a top notch management team. Growth investors should definitely consider adding this company to their portfolios.

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jedlloren

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