



Lightspeed (TSX:LSPD) Stock Is SOARING: Time to Buy?

Description

Lightspeed Pos ([TSX:LSPD](#))([NYSE:LSPD](#)) has finally begun to demonstrate why it is a top Canadian technology stock. Since early November the stock has surged close to 90%! Yesterday alone the stock rose as much as 11%!

Some Canadian companies have experienced the pandemic as a challenge, others as an opportunity. Lightspeed has certainly turned a challenging year into [a great opportunity](#) for future growth. Rather than just surviving through the pandemic, Lightspeed has gone on the offensive. It has reflected in strong performance for Lightspeed stock.

Lightspeed quickly adapted in the pandemic

The company started the year by acquiring Gastrofix, a leading point-of-sales systems provider in Germany and Europe. After the March pandemic crash, the company continued to invest. It took a listening/supportive approach to its merchants, and quickly started deploying products that would assist through the pandemic. This included expanding its e-commerce platform to include shipping, pick-up, delivery, payment optionality, digital wallets, retail analytics, and greater mobile optionality.

It also launched a merchants loan division (Lightspeed Capital) in the U.S. This helped provide merchants the opportunity to overcome pandemic challenges, but also invest in business growth opportunities. Lightspeed's merchants historically have outperformed their broader industry peers, so this was another "helping hand."

Lightspeed also expanded offerings for restaurants to help enable more fluid take-out, delivery, and contactless payment/ordering options. Despite a huge drop in March, Lightspeed stock has had a massive recovery due to the above actions.

The U.S. listing has been hugely beneficial

Lightspeed listed an initial public stock offering on the **New York Stock Exchange** in September,

raising raised US\$300 million of gross proceeds. It also gave Lightspeed stock much broader exposure to a generally larger, and more tech-friendly, U.S. investment market. This exposure has broadly started to pay off, especially in Lightspeed stock's strong performance.

In early November, Lightspeed announced its \$440 million acquisition of ShopKeep, bringing its customer location count to over 100,000 and provides it broad exposure to the U.S. Given the potential for further Fed stimulus, a COVID-19 vaccine and pent-up retail demand, this acquisition should prove itself sooner than investors expect. The market liked it and Lightspeed stock started bubbling.

Lightspeed's eleventh acquisition has given the stock a boost

On Tuesday, Lightspeed stock rallied again after it announced its eleventh acquisition since inception. It is acquiring Upserve for \$430 million — another U.S.-focused acquisition that will give Lightspeed broader exposure to larger, high-performing restaurateurs and hospitality businesses. It will add over 7,000 customer locations and generate over \$6 billion in gross transaction volumes.

This acquisition gives Lightspeed scale and the opportunity to develop and deploy broader commerce innovation in the hospitality industry. Most of Upserve's merchants are larger, which means likely more stable and capable of a [strong recovery out of the pandemic](#).

Lightspeed has an opportunity to combine its offerings with Upserve's. This should generally make for a better customer experience and up-selling opportunities. Likewise, Lightspeed can potentially integrate payments into Upserve's services, which could be quite accretive for revenue growth.

Lightspeed stock still has more upside

Likely due to the challenged pandemic environment, Lightspeed was able to acquire Upserve at a relatively attractive valuation of just 10.75 times price to sales. Analysts estimate Lightspeed still has about \$200 million of dry powder available.

Consequently, if valuations remain attractive, Lightspeed still has capacity for further tuck-in acquisitions. All-in, this means that Lightspeed stock could keep on chugging higher. I believe this stock is still in the early innings and could have a long way upwards through a pandemic recovery!

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