



## Lightspeed POS (TSX:LSPD) Just Soared 12%: Should You Buy the Bounce?

### Description

Don't look now, but **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) stock just bounced as high as 12% on Tuesday alongside various other high-flying Canadian [tech stocks](#), including the likes of **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), which was up over 7% on the day. The explosive upward move was sparked in part by analysts at Credit Suisse who initiated their coverage on the name with a hefty US\$70 price target alongside an "outperform" rating. There's no question that the big upgrade put shares of the Canadian commerce-enabling firm on the radar of U.S. investors.

In many prior pieces, I'd urged investors to load up on Lightspeed POS stock after it plummeted over 70% in the February-March market crash. At the time, it was scary to even think about touching shares of Lightspeed, given the firm served small business clients that were the most vulnerable to COVID disruptions. I called LSPD stock vastly "misunderstood" at the time, and just months later, as shares went on to recover and breakout to new all-time highs, I was proven to be correct with the name.

### What a run it's been

With the stock now multitudes higher, growth investors may be wondering if they missed the boat or if the firm's best days are still ahead. There's no denying the incredible technologies under the hood of Lightspeed's platform. But with Lightspeed POS stock now trading at north of 41 times sales, is the stock too risky of a proposition even for fearless growth investors? Or is Lightspeed capable of blowing out today's sky-high expectations, as Shopify did a few years back?

Lightspeed stock's valuation is tough to stomach here. And while the name could be at risk of a severe pullback in a broader growth-to-value rotation, I still think younger investors with the ability to stomach amplified levels of volatility should seek to get at least some skin in the game here, even with shares now up over 550% from their March lows. Like with Shopify, those who seek to wait for shares to fall to a more reasonable valuation may end up missing the boat if Lightspeed is, in fact, one of those generational growth plays.

## Lightspeed POS still not as expensive as Shopify

The multiple expansion enjoyed by Lightspeed stock in recent months is nothing short of unprecedented. While I'm not an advocate of chasing momentum stocks, I think Lightspeed shares are not nearly as expensive as many other high-flying plays out there that have continued to defy the laws of gravity. Shopify trades at 60 times sales (that's sales, not earnings!), which would make Lightspeed seem undervalued on a relative basis.

Fellow Fool contributor Kay Ng is [bullish](#) on both Lightspeed and Shopify but thinks that Lightspeed is the better e-commerce bet since it won't take as much to move the needle: "It's hard to go against Shopify. But between the two, Lightspeed should be a better e-commerce bet simply because it is much smaller — a similar revenue growth will have a bigger impact on LSPD stock than on SHOP stock."

I think Kay is right on the money and would encourage strong-stomached investors to scale into a full Lightspeed position over time to smooth out the big bumps in the road that are to be expected from such a high-flying mid-cap.

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### TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)

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